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# Bid Evaluation Practices and Contract Performance in Government Departments: A Case of Uganda Police Force

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**Abstract:** *The study focused on the relationship between Bid evaluation practices and Contract performance in the Uganda Police Force (UPF). The study examined the three research objectives namely: relationship between bidder compliance and contract performance, relationship between technical evaluation of bidders and contract performance and lastly the relationship between financial evaluation of bidders and contract performance in UPF. In chapter two the study reviewed the resource based theory developed by Edith Penrose (1959) and identified the major gaps in the literature in line with the research objectives. In the methodology the study adopted a cross sectional survey design and employed both quantitative and qualitative approaches in data collection and analysis. The researcher used both primary and secondary data and analyzed data using Pearson correlation and multiple linear regression models. The results of the finding showed that there was a significant relationship between bid valuation practices under study and contract performance where by (bid compliance  $r = .062$ ;  $p < .802$ ) (technical evaluation  $r = .349$ ;  $p < .156$ ) and (financial evaluation  $r = .074$ ;  $p < .771$ ) respectively. The study concluded by mentioning that it's important for UPF to effectively conduct bid evaluation practices so as to enhance contract performance for effective service delivery. The study came up with several recommendations that UPF should comply with for optimal and effective utilization of resources by the force which include complying with general Procurement Principles and PPDA guidelines on public procurement in order to achieve effective contract performance. The researcher encountered various limitations that hindered access to information sought by the study. The researcher encountered problem of time and delay in granting permission to access information in UPF.*

**Keywords:** Bid Evaluation Practices; Contract Performance; Government Departments ; Uganda Police Force; Bid Evaluation; Practices

## 1.0 Introduction

The study sought to examine the relationship between bid evaluation practices and contract performance in the Uganda Police Force. Bid evaluation practices in this study was conceived as the independent variable while contract performance as the dependent variable.

Globally, manufacturing firms have shifted to quality management due to changing and competitive business environment thus bidder evaluation has emerged as a very important technique to cope up with the quality issues (Golden, 2010). The researchers in the field of quality management initiated the first phase of supplier development investigation during 1989-1991.

In Europe many researchers focused on quality management, supply chains and supplier relationships (Krause and Hand field, 2014). In the last four decades, supplier development was defined in the context of purchasing (Talluri and Narasimhan, 2009). In Japan, supplier development can be traced back in the mid-1940s in car manufacturing industry with an aim of improving efficiency and effectiveness in production (Rogers et al., 2007). Companies attain competitive advantage by accessing suppliers who offered quality products and services (CIPS, 2013). In a competitive and global context, organizations change as a result of market factors thus there is need for companies to ensure cost reduction in production through cost cutting on its inputs while establishing bid relationships and evaluation (Weber, 2008).

According to Nadir (2012) bid evaluation enables firms to measure the performance of the bidder's capacity to supply goods, works and services. However, there are cases of bidder inefficiencies regardless of bid evaluation practices. Bidder selection and relationships are instrumental for any organizational success. Sloan (2008) asserted that quality improvement programs and JIT production efforts have transformed bid evaluation to its current position. This has shifted bid evaluation from traditional price focus to quality and product characteristics. The buyer-vendor information sharing has facilitated efficiency and effectiveness in contracts performance through promoting consistency and capacity thus mitigating risks (Bernardin, 2008). Bemmels (2006) confirms that communication and cooperation between the buyer and the bidder, is vital for efficiency in bid evaluation. Bid evaluation and

selection has improved on the efficiency and effectiveness of contracts performance by establishing long-term relationships (Dwivedi, 2009).

In developing countries like India, bidder development and relationship has helped in cost reduction and time to learn new vendors. Bidder evaluation has improved on the contract performance in terms of consistency, capacity and commitment to quality hence reducing on delivery time and risks (Gupta 2006).

In Africa, many organisations uphold bid evaluation through bidder compliance; this has improved on operational efficiency of contract performance thereby achieving competitive advantage and cost reduction (Nguyen, 2013). Poor contract performance has resulted into inconsistency, incapacity and incompetence. This has led to increased costs, low customer satisfaction and accumulation of financial risks (Saxena, 2008 as cited by Nguyen, 2013). In Uganda, both private and government institutions have designed policies relating to bidder compliance, technical and financial evaluation of bidders with the purpose of improving on the efficiency and effectiveness of contracts performance thus developing bidder relationships and risk management (PPDA, 2015).

**Bid evaluation** is a pre-contractual activity in the procurement process. Bidding is the process of evaluating a list of interested bidders in terms of capacity and capability. Bid evaluation aims at selecting best bidders to deal with thus improving on contract performance, reducing costs, minimize risks and driving continuous improvement (Monczka, 2008). Bid evaluation enables government departments to identify and remove hidden costs, provide high quality products and services by offering sufficient capacity and quality service delivery.

**Contract performance** are indicators of contractual obligations and rights effectively and efficiently executed between the contracting parties i.e. the buyer and the supplier so as to minimize costs and risks involved in the procurement process. Contracting is a legal framework which spells out the subject matter, rights and duties of the contracting parties in a specific period of time (Cuganesan, 2007).

**Behavior practices** are acts that are manifested in any transaction or dealing and these broadly relate to ethical issues. In this study attention is given to opportunistic behavior and trust. "Opportunism refers to the incomplete or distorted disclosure of information, or calculated efforts to mislead, distort, disguise, obfuscate or otherwise confuse" (Williamson, 2005). Such behavior greatly affects agreements between parties and as such, there is need to avoid opportunism (Brown et al., 2000). Findings by Grzeskowiach et al. (2008) reveal that opportunism is a general behavioral problem in contracting. Hunter et al. (2002) and Grzeskowiach et al. (2008) view opportunism in three distinct moral standards i.e. flattery (strategic behavior designed to influence the other party in contract), Cynicism (violation of set laws and standards) and deceit (deliberate act or omission of facts by one party intended to create support for false belief or taking advantage of the situation). According to Morgan and Hunt (1994), trust is instrumental in building confidence in buyer-supplier relationship thus enhancing partner's reliability and integrity. To Anderson and Narus, (1990), trust is viewed as the firms' belief that the other company will perform actions that will result in positive outcome and not in negative outcome for the firm. Scholars like (Morgan and Hunt, 1994; Ganesan, 1994; Kumar, 1995; Etel, 2004; Greenberg et al, 2008) present accountability, integrity, honesty, ability, benevolence, credibility, reliability and confidentiality as key issues in trust.

Uganda Police Force (UPF) is a department under the Ministry of Internal Affairs. It is found in Naguru, Nakawa Division, Kampala Capital City. It comprises of 20 directorates which include directorate of Operations, Logistics and Engineering, Human Resource Development, Human Resource Administration & Management, Counter Terrorism, Traffic and Road Safety among others. Currently the UPF complies with the PPDA Act of 2003, aimed at ensuring accountability, transparency and value for money in public institutions.

Despite the presence and application of PPDA regulations, the UPF has continued to face challenges in improving contract performance. Most procurement contracts are never fulfilled because of malpractices and fraud (PPDA, IGG & USAID, 2006). The existing law and the structure of the public procurement process do not also enable the force to get the best price for goods and services so as to get best service providers. Consequently, the UPF registers high contracting costs which in turn negatively impacts on contract performance. Despite availability of above evidence, no significant research has been undertaken to provide empirical evidence on how contracting impacts behavioral practices in procurement performance, especially in the UPF. It is against this background the researcher sought to empirically find out whether contracting impacted behavioral practices in procurement performance of the UPF. Bid evaluation at the UPF represents one of the most important decisions in evaluating and approving potential suppliers, this has been done through quantitative and quality assessment to ensure best bidders to deal with. Bid evaluation has been applied to potential bidders to the force in order to measure and monitor their performance to minimize costs, mitigate risks and driving continuous improvement. The challenges remain a matter of debate to fill this knowledge gap. Thus, the study sought to examine the effectiveness of bid evaluation practices on contract performance in the UPF.

## 2.0 Literature Review

### 2.1 Theoretical Review

The study was anchored on resource based theory that was developed by Edith Penrose (1959) which states that firms can achieve competitive advantage when they efficiently and effectively utilize their resources. This in turn reduces on material wastage and costs (Mahoney, 1995). Penrose (1959) recommended that it's important for firms to implement operation controls to achieve efficiency and effectiveness. Penrose (1959) argued that regular monitoring of material supplies improves on the production of quality products and services, leading to competitive advantage. However, Penrose (1959) mentioned that there is a significant relationship between bidder evaluation and contracts performance for firm's growth. Related to our study, there is a significant relationship between resource-based theory, bidder evaluation practices and contract performance in government departments as effective management of resources can contribute to firm's competitive advantage and sustainability.

Innovative management of resources enables the firm to achieve its organizational goals in terms of efficiency and effectiveness (Mahoney, 1995). Penrose (1959) recommended firms to adopt bidder evaluation practices to improve on performance thus leading to the growth of firms. Yasemin and Mahoney (2004), argue that Rugman and Verbeke (2002) underestimate the importance of the resource-based theory's contributions to the modern resource-based view of a firm or institutions both public and private. Edith Penrose has been recognized for her contribution to our knowledge of creation of competitive advantage, sustaining competitive advantage, isolating mechanism as well as economic rent.

Rugman and Verbeke (2002, 2004) propose that Penrose's theory does not make direct contributions to modern resource-based thinking. Their arguments underestimate the relevance of Penrose's theory in strategic management research. Rugman and Verbeke (2002), stated that it is not their purpose to critique their entire paper but rather instead, their focus is on the contributions and relevance of Penrose's classic to the modern resource-based view of organizations. Teece (2002) in his observation believes that human capital is instrumental in firm's performance in terms of efficiency and effectiveness. Furthermore Teece (2000) argues that firms efficient and effective utilization of their resources can lead to achievement of competitive advantage which is in line with the views of Penrose.

Therefore, there is need for government department to uphold resource-based management if they are to attain their organizational goals of efficiency, effectiveness and economy since there is a significant relationship between resource utilization and growth of the firm, thus there is a significant relationship between bidder evaluation practices and contract performance.

### 2.2 Bidder Compliance and Contract performance

According PPDA Act (2014) bidders are evaluated after meeting the necessary statutory requirements like tax clearance, incorporation and trade license as per the act, thus deciding on the preferred bidder. Evaluation of bidders' compliance is important since it helps to identify the purpose, legal status, and business activity, ownership of the entity and tax obligations to government which is vital in carrying out the due diligence.

Namatovu (2017) stressed that the result of the bid evaluation process depends on bidder compliance with the statutory requirements and guide lines of the PPDA Act to determine the selected service providers. Bid compliance is a basis for recommendations for negotiations and contract award.

CIPS (2017) takes the view that it is the responsibility of the receiving committee of the bids and then the evaluation committee to determine a right bidder basing on the statutory requirements. The evaluation committee is responsible for determining and defining all other parameters associated with the bid evaluation procedures. Bidder's tax compliance proves to be a good indicator of bid evaluation criteria. CIPS considered bidding as most appropriate for higher-value, and certainly high-risk, procurements where openness is a key requirement.

CIPS (2017) considers incorporation as a vital precondition for successful bidding. Furthermore CIPS believes that trading license is a useful tool to employ prior to issuing Invitation to bidders. One of the most important roles of the procurement function in an organization is bidder evaluation as it affects the price, quality, constant supply and availability of its products (Li, 2008).

CIPS (2017) advocates for compliance to statutory requirements as a basis for ascertaining the right bidders where possible. This is because suppliers who are unsuitable for the requirement in question can be eliminated. Bid evaluation enables the organization to reduce cost and ensuring provision of quality after-sale services (Sonmez, 2006). Li (2008) recommend that efficient supplier appraisal is a key to procurement success. Business organizations are focusing their Procurement strategies on revamping contract performance. Contract performance is vital in achieving efficiency and effectiveness of organizations. This has made companies to start considering environmental issues from a competitive view point (Humphreys, 2003).

Murigi (2014) concluded that there is significant relationship between supplier appraisal and performance of the procurement process with 57.1% of the performance of the procurement process being directly determined by the bidder evaluation and appraisal criteria. Financially stable suppliers pose lower business risks as they are likely to remain independent than their financially weak counterparts (Kipkorir, 2013). Other criteria such as the geographical proximity of the bidder is also important since increased geographical distance can sometimes bring other challenges associated with logistics transportation and foreign exchange fluctuations thereby posing setback to flexibility (Kavale and Mwikali, 2012).

Bidder compliance to the required rules and regulations increases contract performance capacity. Bidder compliance increases on commitment to quality by the supplier hence improving on contract performance and buyer-supplier relationships. Commitments to quality minimize wastage and reduce costs through continuously improving their operations by raising efficiency and being more innovative (Hald and Ellegaard, 2011).

Bidder compliance through regular contract, monitoring and bill payment can improve on contract performance in terms of capability, capacity, competency and commitment to quality. The result is that suppliers are able to improve the metrics and this translates to better metrics to the buying institution, a sign of good procurement performance. Chemoiywo (2014) revealed that state corporations had inadequately applied procurement principles which have contributed to poor contracts performance in the procurement process. Supplier appraisal has the ability to harness the capabilities and skills of suppliers which adds value to the buyers (Dwyer, Schurr and Oh, 1987). In addition, supplier appraisal improves on quality and process performance through continuous cost reduction (Newman, 2008).

According to CIPS, (2007) bid evaluation is instrumental in promoting strategic sourcing, supplier management and realization of competitive advantage. Bid evaluation has enabled firms to revamp visibility into supplier performance and discovering of hidden cost drivers which has contributed to increase in competitive advantage by reducing lead time and tied up capital hence have best leverage between their supply base and supply practices (Gordon, 2006). Companies pursuing bid evaluation register efficient supplier performance such as on-time delivery and quality supplies.

### **2.3 Behavioral Practices**

These are acts that are manifested in any transaction or dealing and these broadly relate to ethical issues. In this study attention is given to opportunistic behaviour and trust. "Opportunism refers to the incomplete or distorted disclosure of information or calculated efforts to mislead, distort, disguise, obfuscate or otherwise confuse" (Williamson, 1985). Such behaviour greatly affects agreements between parties and as such, there is need to avoid opportunism (Bergen et al., 1992; Brown et al., 2000). Findings by Grzeskowiach et al., (2008) reveal that opportunism is a general behavioural problem in contracting. Hunter et al., (2012) and Grzeskowiach et al., (2008) view opportunism in three distinct moral standards i.e. flattery (strategic behaviour designed to influence the other party into a contract), Cynicism (violation of set laws and standards) and deceit (deliberate act or omission of facts by one party intended to create support for false belief or taking advantage of the situation).

According to Morgan and Hunt (2004), trust is instrumental in building buyer-supplier confidence hence leading to reliability and integrity. To Anderson and Narus (1990), trust is a cultural norm which enables the buyer and supplier to conduct business. This improves on contract performance. Scholars like (Morgan and Hunt, 1994; Ganesan, 2004; Kumar, 1995; Ertel, 2004; Greenberg et al., 2008) present accountability, integrity, honesty, ability, benevolence, credibility, reliability and confidentiality as key issues in trust.

Adobor (2005) argues that trust as one critical element to quality commitment, capacity and capability for contract performance through forging a buyer-supplier partnership. Trust minimizes substantial risks and associated costs in economic exchange in partnerships of firm's alliances (Das, 2005; Zaheer and Venkatraman, 1999), and reduces opportunism (Wathne and Heidi, 2000). Lastly, trust promotes free flow of vital information between the buyer and supplier which minimizes risks, saves time and minimizes delays (Larson, 1992; Adobor, 2005).

### **2.4 Technical Evaluation of bidders and Contract Performance**

PPDA (2017) bid evaluation entails opening and assessing of the bids by the bid evaluation committee to determine who among the bidders meets the requirements set by the procuring entity. The volume and complexity of transactions determine the form of bid evaluation technique to be used in a buyer-vendor relationship (Kraljic, 2003; Bensaou, 1999).

According to the PPDA Act 2014, a bidder who is engaged in any act of irregularity and non-compliance is halted from being awarded contracts by the entity. Kirabo (2017) argued that after the bids are fully evaluated the best candidate is given the contract. The successful bidder is detailed about terms and conditions of the contract. The PPDA Act (2014) provides room for complainants to lodge their complaints to the authorities concerned for redress in a case of any irregularities. When there are no complaints, the contractor starts to implement the supply of goods or services. A bid review is carried out after a bid evaluation is completed (Kirabo, 2017).

PPDA Act (2014) states that service providers should disengage themselves from all acts of malpractices in the evaluation process thus bids are submitted in order to ascertain the preferred bidder (Namatovu, 2017). Operation controls, procedural compliances and technical capacity enhance capacity, capability, competency and quality commitment for effective contract performance (Choi and Kim, 2008). Organizational resources affect the capacity and capability in contract performance (Lind and Strömsten, 2006). Therefore, characteristics of buyer-bidder relationship have a value on the bidder evaluation technique to be applied. Therefore, there is a significant relationship between bid evaluation practices and contract performance in terms of capability, capacity, commitment to quality and competency which minimizes risks involved in buying process, delays, wastage and legal and financial costs.

### 3.0 Methodology

#### 3.1 Research design

According to Gorard (2013), a research design is a systematic plan to study a scientific problem. The study adopted a cross-sectional survey design. Kombo and Tromp (2006), define the cross-section survey design as a snapshot of the populations about which a researcher gathers his/her data and intends to make generalisation about. The comparative advantages of this design include the fact that it saves time, captures data at a specific point in time and the fact that this design can be used to generate many findings and outcomes. The researcher employed both quantitative and qualitative approaches in data collection and analysis.

In this study, a cross sectional a survey research was considered as the most appropriate mode of inquiry because it supported the researcher to freely collect quantitative data related to the study variables and enabled the researcher to make inferences about a large group of people based on data drawn from a relatively small number of individuals in that group. The basic aim of a survey was to describe and explain statistically the variability of certain features in a population. Any method of data collection, however, from observation to content analysis has been used in survey research (Czaja& Blair, 2005).

Quantitative approach was used due to the large size of the population to collect quantitative data while qualitative approach helped to collect in-depth information on bid evaluation and contract performance from key informants.

Qualitative approach was used to gain explanations for any phenomenon. Qualitative data was purposeful in getting facts, strengthened the figures and quantitative data was presented, analyzed using charts, figures, tables and frequencies Punch (2005).

#### 3.2 Study population

The study population comprised of 119 (UPF officers and service providers). The study population comprised of 8 Top Managers in the Directorate of Logistics & Engineering, 20 Procurement and Disposal Unit (PDU) staff, 5 Contract Committee members, 36 Logistics Officers as well as 50 Uganda Police Service Providers. This population was considered simply because by all means they had the relevant information vital for the study.

#### 3.3 Determination of Sample Size

A sample of 101 respondents was used in this study thus this sample was selected using the sample size determination table by Krejcie and Morgan (1970) (See Appendix A).

**Table 1:** Shows the number of population in each selected category

Categories	Target Population	Accessible Population	Sample size	Sampling technique
TOP Managers in the Directorate of Logistics & Engineering	8	6	6	Purposive Sampling
Procurement and Disposal Unit	20	20	19	Simple Random Sampling
Contract Committee	5	4	4	Purposive Sampling
Logistics Officers	36	35	32	Simple Random Sampling
Uganda Police Service Providers	50	45	40	Simple Random Sampling
<b>Total</b>	<b>119</b>	<b>110</b>	<b>101</b>	

*Source: Uganda Police Force (2018) and modified by the researcher*

#### 3.4 Sample techniques and Procedure

The researcher used simple random sampling to select Procurement and Disposal Unit staff, Logistics Officers and Uganda Police Service Providers in the study. Simple Random Sampling technique was considered appropriate to the study because each of the respondents had an equal chance to being selected into the sample to fill the research questionnaire and because all these respondents are considered to carry the same weight with regards to their responses. The researcher used Purposive sampling to select key informants into the sample, key informants include Top Managers in the Directorate of Logistics & Engineering and members of the Contract Committee.

#### 3.5 Data Collection Methods

The researcher used the survey method using questionnaires and interviewing approach as illustrated in the subsection below.

##### 3.5.1 Questionnaire Survey

The researcher used a structured questionnaire in the study which contained closed-ended questions which enabled the collection of quantitative data. Primary data was collected using questionnaires with self-administered questions simply because all respondents could read and write, self-administered questions saved both the time of the researcher and the respondent. The questionnaires also enabled collection of vast amounts of data in short time and less expensively (Amin, 2005).

### 3.5.2 Interviews

The researcher scheduled interviews in order to collect qualitative data from key informants which helped to complement the quantitative data. Qualitative data helped in explaining some phenomenon of the study variables, interviews were administered to key informants that included Top Managers in the Directorate of Logistics & Engineering and members of the Contacting Committee because they were knowledgeable and experienced about bid evaluation practices and contract performance in UPF. An interview enabled the researcher to probe further for clarification and was able to get answers to the questions of what, how and why things happen in a specific way (Neuman, 2000).

### 3.6 Data collection Instruments

In this study the questionnaires and interview guide were used as the data collection instruments.

#### 3.6.1 Questionnaire

The study used self-administered close-ended questionnaire on bid evaluation practices and contract performance in UPF, these questionnaires were administered to respondents who filled them accordingly. The questionnaires possessed logically ordered questions to which the subjects responded in writing. Given the fact that all respondents were literate, it was very easy to use this instrument. This tool was chosen because it assured anonymity and above all it offered quick results in a short period of time (Amin, 2005).

#### 3.6.2 Interview Guide

The interview guide was used to guide the researcher in the collection of qualitative data. The interview guide had open ended questions that enabled the researcher to collect more detailed information. This instrument enabled the interviewer to pose questions to the respondents that they answered verbally while the researcher kept taking important notes on permission through writing. Interview guide was employed in this study because they were able to provide a deeper understanding of social phenomena than would be obtained from purely quantitative methods, such as questionnaires (Gill et al., 2008). Also, interviews are more appropriate where little is already known about the study phenomenon or where detailed insights are required from individual participant and according to Gill et al. (2008), they are also particularly appropriate for exploring sensitive topics, where participants may not want to talk about such issues in a group environment.

### 3.7 Data Quality Control

Pre-testing was conducted to establish the validity and reliability of the study instruments.

#### 3.7.1 Validity of the study instruments

In this study, the number of respondents for pre-testing was smaller; the researcher considered 1% to 10% of the sample size Mugenda and Mugenda (1991). The researcher therefore used 10 respondents while pre-testing the instrument which represented 10% of the sample size of 101 respondents. The researcher tested for validity of the instruments using the Content Validity Index (CVI), specifically using expert judgment, taking only variables scoring above 0.7 accepted for social sciences by Amin, 2005. The Content Validity Index (CVI) was measured using the formula

$$CVI = \frac{\text{Number of items declared valid}}{\text{Total number of items}}$$

#### 3.7.2 Reliability of the study instruments

The researcher ensured that the study questionnaire was pilot tested on a sample of 10 respondents which represented 10% of the total sample size of respondents as recommended by Amin, 2005. The internal reliability or consistence of the instrument was measured using the cronbach's alpha coefficient, a value that was generated by a statistical software (SPSS), the researcher considered only variables with an alpha coefficient value that was more than 0.7, accepted for social research (Amin, 2005).

### 3.8 Data analysis

In this study, both quantitative and qualitative data was collected therefore the researcher analysed both qualitative and quantitative data.

#### 3.8.1 Quantitative data analysis

The researcher presented quantitative data in form of descriptive statistics which included mean, variance and standard deviation among others for each variable that was used in this study, data was also analyzed using Pearson correlation and regression analysis. Pearson's coefficient r and significance P was tested at 95% confidence limits to test if there was any significant relationship between the independent and dependent variable (Amin, 2005).

A positive value of the correlation coefficient (r) implied a direct positive relationship between the variables while a negative correlation indicated an inverse or negative relationship between the two variables. The regression analysis as earlier stated was used to test the extent to which the independent variables predicted the variance in the dependent variable mainly using ANOVA (Analysis of variance) statistic of adjusted R<sup>2</sup> values, beta, t-values and significance values (Amin, 2005).

#### 3.8.2 Qualitative data analysis

The researcher analyzed Qualitative data in a narrative form on the different interview questions. The researcher therefore organized statements and responses from different respondents to generate useful conclusions and interpretations on the research objectives

but reported in a narrative form. Qualitative data analysis helped in strengthening the gaps that were identified in the quantitative analysis and helped in affirming what the other researchers had earlier found out.

### 3.9 Measurement of variables

In this study, variables were measured by their exact meaning as defined under the operational definitions of concepts. They were channeled into observable and measurable elements that enabled the development of an index of the concept using a five likert scale which ranged from 5=Strongly agree, 4=Agree, 3= Not sure, 2=Disagree and 1= Strongly disagree. These measured both the independent and dependent variables in the study.

Mean	Response mode	Interpretation
3.26-4.00	Strongly Agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly Disagree	Poor

## 4.0 Presentation, Analysis and Interpretation of Results

### 4.1 Response rate

Questionnaires issued	Responses received	Percentage
101	90	89%

Source: Primary data

The response rate shows that (89%) of the respondents actively participated in the research project thus attaining a reasonable and acceptable sample to collect sufficient and vital information on the relationship between bid evaluation practices and contract Performance in Uganda police force.

### 4.2 Descriptive statistics for Bidder compliance

Table : Bidder Compliance in Uganda Police Force

Statement	Minimum	Maximum	Mean	Std. Deviation
Bidders have a certificate of Incorporation	1.00	5.00	4.1111	1.32349
Our department complies with PPDA guidelines in selection of service providers	1.00	5.00	4.333	1.3284
Police adheres to PPDA procurement principles	1.00	5.00	4.3333	1.32842
Ethical code of conduct document is signed by bid evaluation committee before evaluation commences	1.00	5.00	3.9444	1.21133
Bidders have transaction tax clearance	1.00	5.00	4.0000	1.32842
Bidders comply with bid specifications	1.00	5.00	4.0000	1.45521
Bidders have valid trading licenses	1.00	5.00	4.2222	1.35280
The evaluation committee signs and observes signing ethical code of conduct during the evaluation of bids	1.00	5.00	4.1111	1.02262
Police complies with contractual terms to avoid breach of contract with suppliers	1.00	5.00	3.9444	1.21133
Bidders comply with NSSF requirements	1.00	5.00	3.056	1.1618
Bidders have powers of attorney	1.00	5.00	3.3889	1.33456
<b>Average mean</b>			<b>3.9495</b>	

**Source:** *Primary data:*

Results in table above shows that the relationship between bidder compliance and contract performance in UPF was significant on the whole (mean = 3.9495). The interpretation is that UPF procurement and logistics departments ensures that bidders comply with the statutory requirements of incorporation, business registration, tax clearance, trading license and NSSF compliance and clearly follow the PPDA guidelines on public procurement to ensure accountability, transparency which improve contract performance for quality service delivery

All the components of bidder compliance indicated that bidders had a certificate of incorporation (Mean=4.1111, Sd 1.32349), our department complies with PPDA guidelines in selection of service providers (mean=4.333, Sd=1.3284), Police adheres to PPDA procurement principles (mean=4.3333, Sd=1.32842), ethical code of conduct document is signed by bid evaluation committee before evaluation commences (mean= 3.9444, Sd=1.21133), bidders have transaction tax clearance (mean= 4.0000, Sd=1.32842), bidders comply with bid specifications (mean=4.0000, Sd=1.45521), bidders have valid trading licenses (mean=4.2222, Sd=1.35280), The evaluation committee signs and observes signing ethical code of conduct during the evaluation of bids (mean=4.1111, Sd= 1.02262), Police complies with contractual terms to avoid breach of contract with suppliers (mean=3.9444, Sd=1.21133), bidders comply with NSSF requirements (mean=3.056, Sd=1.1618), bidders have powers of attorney (mean=3.3889, Sd=1.33456). The entire mean indicated strongly agree and agree category which imply UPF clearly observes bidder compliance for effective contract performance.

#### 4.3 Descriptive statistics for Technical evaluation of bidders

**Table : Technical Evaluation of Bidders in Uganda Police Force**

Statement	Minimum	Maximum	Mean	Std. Deviation
We select bidders using bid selection methods	1.00	5.00	4.3333	1.28338
We carry out market survey to determine price, quality and other specifications	1.00	5.00	4.1667	.98518
Opening of bids is done in the presence of service providers	1.00	5.00	4.1111	1.27827
Our bidders have the required technical capabilities	2.00	5.00	4.1111	1.02262
Our bidders have technical expertise	1.00	5.00	3.7778	1.26284
<b>Average mean</b>			<b>4.1</b>	

**Source:** *Primary data*

The mean in table above revealed that there was a significant relationship between technical evaluation of bidders and contract performance in UPF (mean = 4.1) which falls under the strongly agree category. All the components of technical evaluation of bidders in the UPF indicated that UPF select bidders using bid selection methods (mean=4.3333, Sd=1.28338), UPF carry out market survey to determine price, quality and other specifications (mean=4.1667, Sd=.98518), Opening of bids is done in the presence of service providers (mean=4.1111, Sd=1.27827), Our bidders have the required technical capabilities (mean=4.1111, Sd=1.02262), Our bidders have technical expertise (mean=3.7778, Sd=1.26284). Therefore, all the mean indicated a strongly agree and agree category which imply that UPF conducts technical evaluation of bidders so as to ensure effective contract performance.

#### 4.4 Descriptive statistics for Financial Evaluation of Bidders

**Table: Financial Evaluations of Bidders in Uganda Police Force**

Statement	Minimum	Maximum	Mean	Std. Deviation
Our bidders clear their obligations in time	1.00	5.00	3.5000	.98518
payments are made to bidders after deliverables	1.00	5.00	2.3889	1.41998
There is provision for price variation during contract process	1.00	5.00	3.3889	1.24328
There is regular monitoring of suppliers by UPF	3.00	5.00	4.2222	.73208
Bidders understand concept of bill payments	1.00	5.00	3.7778	1.21537
Bidders meet their financial obligations through payment of bills	1.00	5.00	3.7222	1.12749
<b>Average mean</b>			<b>3.5</b>	

Source: Primary data

The mean in table above revealed that there was a significant relationship between financial evaluation of bidders and contract performance taking (mean = 3.5) which fall under the category of agree. All the components of financial evaluation of bidders in the UPF show that UPF bidders clear their obligations in time (mean = 3.5000, Sd = .98518), payments are made to bidders after deliverables (mean = 2.3889, Sd = 1.41998), There is provision for price variation during contract process (mean = 3.3889, Sd = 1.24328), There is regular monitoring of suppliers by UPF (mean = 4.2222, Sd = .73208), Bidders understand the concept of bill payments (mean = 3.7778, Sd = 1.21537), Bidders meet their financial obligations through payment of bill (mean = 3.7222, Sd = 1.12749). All the mean fall under the agree category which implies that UPF conducts financial evaluation of bidders for effective contract performance and quality service delivery.

#### 4.5 Empirical findings on the state of Contract Performance in Uganda Police Force

Table : Contract Performance in Uganda Police Force

Statement	Minimum	Maximum	Mean	Std. Deviation
In Uganda Police Force, before a contract is executed, time frame and timeliness of project implementation are determined	1.00	5.00	4.0000	1.32842
Our organization has professional and competent staff to handle procurement and logistics	1.00	5.00	4.3333	1.28338
In Uganda Police Force, there is an improvement in the rate of contract completion by service providers	1.00	5.00	3.5000	1.46528
The Uganda Police Force administration has put in place different strategies for ensuring quality of contracts delivered	1.00	5.00	3.5000	1.15045
In Uganda Police Force, there is an increasing number of delayed contracts cases	1.00	5.00	3.9444	1.16175
Bidders' are consistent in quality of goods and services provided	1.00	5.00	4.1111	1.23140
Our bidders adhere to quality standards in our country (UNBS) and (ISO)	1.00	5.00	3.7778	1.26284
In my opinion, service providers in Uganda Police Force are not well handled and therefore needs improvement	1.00	5.00	3.9444	1.34917
Generally, I am satisfied with the performance of contracts in Uganda Police Force.	1.00	5.00	3.8333	1.15045
<b>Average mean</b>			<b>3.8827</b>	

**Source:** Primary data

The mean in table revealed that UPF has registered effective contract performance (mean = 3.8827) which fall under the agree category. All the components of contract performance showed that the UPF agrees on timeframes and timeliness of project implementation before contract is executed (mean = 4.0000, Sd = 1.32842), Our organization has professional and competent staff to handle procurement and logistics (mean = 4.3333, Sd = 1.28338), there is an improvement in the rate of contract completion by service providers (mean = 3.5000, Sd = 1.46528), Uganda Police Force administration has put in place different strategies for ensuring quality of contracts delivered (mean = 3.5000, Sd = 1.15045), there is an increasing number of delayed contracts cases (mean = 3.9444, Sd = 1.16175), Checks and controls are in place to ensure bidders' consistency in supplying quality goods and services (mean = 4.1111, Sd = 1.23140), Our bidders' adhere to quality standards in our country (UNBS) and (ISO) (mean = 3.7778, Sd = 1.26284), service providers in Uganda Police Force are not well handled and therefore needs improvement (mean = 3.9444, Sd = 1.34917), Generally, I am satisfied with the performance of contracts in Uganda Police Force (mean = 3.8333, Sd = 1.15045). Therefore, this implies that UPF has effective contract performance for quality service delivery.

**Table: Analysis of the significant relationship between bid evaluation practices and contract performance in UPF (level of significance = 0.05)**

		Bidder compliance	Technical evaluation	Financial evaluation	Contract performance
Bidder compliance	Pearson Correlation	1	.129	.255	.062
	Sig. (2-tailed)		.609	.307	.808
	N	90	90	90	90
Technical evaluation	Pearson Correlation	.129	1	.206	.349
	Sig. (2-tailed)	.609		.413	.156
	N	90	90	90	90
Financial evaluation	Pearson Correlation	.255	.206	1	.074
	Sig. (2-tailed)	.307	.413		.771
	N	90	90	90	90
Contract performance	Pearson Correlation	.062	.349	.074	1
	Sig. (2-tailed)	.808	.156	.771	
	N	90	90	90	90

Source: Primary data

Pearson linear correlation coefficient results in table indicated that bid evaluation practices was conceptualized as: bidder compliance, technical evaluation of bidders and financial evaluation of bidders. They were positively correlated with contract performance (which was conceptualized as: price, quality commitment and delivery reliability) in UPF. Basing on those results, there was a positive correlation between bid evaluation practices and contract performance i.e. (bid compliance  $r = .062$ ;  $p < .808$ ) (technical evaluation  $r = .349$ ;  $p < .156$ ) and (Financial evaluation  $r = .074$ ;  $p < .771$ ).

**Table: Regression analysis of the relationship between bid evaluation practices and contract performance in UPF (level of significance = 0.05)**

ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.536	3	.179	.722	.555 <sup>a</sup>
	Residual	3.464	14	.247		
	Total	4.000	17			

a. Predictors: (constant), bidder compliance, technical evaluation, financial evaluation.

b. Dependent variable: Contract performance

The results in table 4.8 suggested that bid evaluation practices have a positive and significant relationship with contract performance ( $F = .722$ , Sig .555). The interpretation is that bid evaluation practices conceptualized as: bidder compliance, technical evaluation of bidders and financial evaluation of bidders were positively correlated with contract performance (which was conceptualized as: capacity, consistency, competency and commitment to quality) in UPF.

#### 4.6 Qualitative data analysis

Qualitative data was presented and analyzed in line with the research objectives:

##### 4.6.1 Bidder compliance and contract performance in UPF

One of the participants stated that bidders comply with PPDA guidelines, principles of public procurement and this has helped to streamline the process of bidder evaluation and selection. However, he stated that performance is easy when (PDU) evaluation team spells out the specifications, terms and condition of the contract in relation to packaging and application usage. This in most cases

make contract performance better. The participant went ahead to mention that compliance is directly proportional to contract performance if only bidevaluation was properly done.

#### **4.6.2 Technical evaluation of bidders and contract performance in UPF.**

The key informant stated that technical evaluation of bidders is very important at the point of execution of the contract. He mentioned that technical evaluation has enabled UPF to adhere to the contract specifications that would explain the usability, packaging and branding or customization of the product. The participant mentioned that, during the technical evaluation, a number of stakeholders who are multi-sectoral from various user departments that include; Professional Standard Unit (PSU), procurement and disposal unit, accounts section, Internal audit team and user representatives are involved to ensure that the right quality, right item, right quantity at the right time is delivered at the right place. Multi sectoral team ensures that, what is pledged is complied with from small to high level procurement. He further revealed that every contract, contract managers are appointed with a purpose of ensuring that suppliers comply with the terms and conditions of contracts. An example is when it comes to complex contracts like contracting for a hanger where helicopters are serviced, technical personnel who include the civil aviation authority, UPF aero engineers are part of the technical team of the contracts committee that participates in the monitoring process of the contract.

#### **4.6.3 Financial evaluation of bidders and contract performance in UPF**

The participant stated that during financial evaluation, the evaluation committee looks at the audited books of accounts and other financial statements and letters of commitment from the financiers and guarantees' as evidence that they would support the contractors by 10% performance guarantee. Contract signing demand 10% performance guarantee however documents issued by the bank state that if that contractor fails, they would pay an advance payment guarantee not beyond 20% of the contract value, but the bidder would have to put security like mortgage for example fixed assets like buildings payable against the certified deliveries.

### **5.0 Discussion, Conclusion and Recommendations**

#### **5.1 Discussion of the findings**

The discussion of the finding was based on the research objectives

##### **5.1.1 Evaluation of bidders compliance and contract performance in the UPF**

The study examined the relationship between evaluation of bidder compliance and contract performance in UPF. The relationship between evaluation of bidder compliance and contract performance has an average mean of 3.9495 which was satisfactory. This implied that bidders comply with statutory requirements of incorporation, business registration, tax clearance, trading license and NSSF. Uganda Police Force follow the PPDA guidelines on public procurement for purposes of accountability and transparency and economy which has revamped contract performance hence quality service delivery

The findings concur with PPDA Act (2014) which states that bidders are evaluated after meeting the necessary statutory requirements like tax clearance, incorporation and trade license as per the Act thus deciding on the preferred bidder. Evaluation of bidders' compliance is important since it helps to identify the purpose, legal status, business activity, ownership of the entity and tax obligations to government. These are vital in carrying out due diligence.

Nevertheless the study concurred with the PPDA Act (2014) which states that service providers should disengage from all acts of malpractices in the evaluation process thus bids are submitted in order to ascertain the preferred bidder. Namatovu (2017) stressed that the result of the bid evaluation process depends on bidder compliance with the statutory requirements and guide lines of the PPDA Act to determine the selected service providers. Bid compliance is a basis for recommendation for negotiations and contract award.

CIPS (2017) takes the view that it is the responsibility of the receiving committee of the bids and then the evaluation committee to determine a right bidder basing on the statutory requirements. The evaluation committee is responsible for determining and defining all other parameters associated with the bid evaluation procedure. Bidder's tax compliance proves to be a good indicator of bid evaluation criteria. CIPS considered bidding as most appropriate for higher-value, and certainly high-risk, procurements where openness is a key requirement.

CIPS (2017) considers incorporation as a vital precondition for successful bidding. Meanwhile CIPS equally believes that trading license is a useful tool to employ prior to issuing Invitation to bidders. One of the most important roles of the procurement function in an organization is bidder evaluation as it affects the price, quality, constant supply and availability of the products (Li, 2008).

CIPS (2017) advocates for compliance to statutory requirements as a basis for ascertaining the right bidders. Bid evaluation enables the organization to reduce cost and ensuring provision of quality after-sale services (Sonmez, 2006). Li (2008) recommend that efficient supplier appraisal is a key to procurement success. Business organizations are focusing their Procurement strategies on revamping contract performance. Contract performance is vital in achieving efficiency and effectiveness in organization. This has made companies to start considering environmental issues from a competitive view point (Humphreys, 2003).

The findings concur with Murigi (2014) who concluded that there is significant relationship between supplier appraisal and performance of the procurement process with 57.1% of the performance of the procurement process being directly determined by the bidder evaluation and appraisal criteria. Financially stable suppliers pose lower business risks as they are likely to remain independent than their financially weak counterparts (Kipkorir, 2013). Other criteria such as the geographical proximity of the bidder is also important since increased geographical distance can sometimes bring other challenges associated with logistics transportation and foreign exchange fluctuations thereby posing setback to flexibility (Kavale and Mwikali, 2012). Furthermore bidders compliance with required rules and regulations increases contract performance. Bidder compliance increase on commitment to quality by the supplier hence improving on contract performance and buyer-supplier relationships. Commitment to quality minimizes wastage and reduce cost through continuously improving their operations by raising efficiency and being more innovative (Hald and Ellegaard, 2011).

Findings revealed that bidder compliance through regular contract, monitoring and bill payment can improve on contract performance in terms of capability, capacity, competency and commitment to quality. The result is that suppliers are able to improve their metrics and this translates to better metrics to the buying institution, a sign of good procurement performance. Chemoiywo (2014) revealed that state corporations had inadequately applied procurement principles which have contributed to poor contracts performance in the procurement process. Supplier appraisal has the ability to harness the capabilities and skills of suppliers which adds value to the buyers (Dwyer, Schurr and Oh, 1987). Furthermore supplier appraisal improves on quality and performance through continuous cost reduction (Newman, 2008).

According to CIPS, (2007) bid evaluation is instrumental in promoting strategic sourcing, supplier management and realization of competitive advantage. Bid evaluation has enabled firms to revamp visibility into supplier performance and discovering of hidden cost drivers which has contributed to increased competitive advantage by reducing lead time and tied up capital hence have best leverage between their supply base and supply practices (Gordon, 2006). Companies pursuing bid evaluation register efficient supplier performance such as on-time delivery and quality supplies.

### **5.1.2 Technical evaluation of bidders and Contract performance in the UPF**

The study examined the relationship between technical evaluation of bidders and contract performance in UPF. The relationship between technical evaluation of bidders and contract performance has an average mean of 4.1 which means that it was very satisfactory. The findings concur with the findings of Choi and Kim (2008) argued that operational controls, procedural compliances and technical capacity enhance the capacity, capability, competency and quality commitment for effective contract performance. Organizational resources affect capacity and capability in contract performance (Lind and Strömsten, 2006). The findings under technical evaluation of bidders and contract performance are linked to Resource based theory developed by Edith Penrose (1959) which recommended that it's important for firms to implement operation controls to achieve efficiency and effectiveness. Penrose (1959) argued that regular monitoring of material supplies improves on the production of quality products and services, leading to competitive advantage. However Penrose (1959) mentioned that there is a significant relationship between bidder evaluation and contracts performance for firm's growth. However related to our study, there is a significant relationship between resource-based theory and technical evaluation of bidders and contract performance in UPF, as effective management of resources can contribute to organization's effectiveness, efficiency, value for money and sustainability for quality service delivery. On the other hand however, the study findings differ from (Kraljic, 2003) who disregarded mere technical evaluation of bidders being impactful to contract performance arguing that the types of bidder techniques are simply depend on the nature and complexity of the transaction between a buyer-supplier relationship, the gap in Kraljic context is the fact that focus is shifted from technical evaluation of bidders to type of bidder evaluation techniques. More gaps are reflected where (Bensaou, 1999) stressed the concern of power relationship of the involved.

The findings concur with PPDA (2017) which states that bid evaluation entails opening and assessing of the bids by the bid evaluation committee to determine who among the bidders meets the requirements set by the procuring entity. The volume and complexity of transactions determine the form of bidder evaluation technique to be used in a buyer-vendor relationship (Kraljic, 2003; Bensaou, 1999). Findings are in agreement with the PPDA Act (2014), that a bidder who is engaged in any act of irregularity and non-compliance is halted from being awarded contracts by the entity. Kirabo (2017) argued that after the bids are fully evaluated the best candidate is given the contract. The successful bidder is detailed about terms and conditions of the contract. The PPDA Act (2014) provides room for complainants to lodge their complaints to the authorities concerned for redress in a case of any irregularities. When there are no complaints, the contractor starts to implement the contract. A bid review is carried out after a bid evaluation is completed (Kirabo, 2017).

Furthermore the finding concur with PPDA Act (2014) which states that service providers should disengage from all acts of malpractices in the evaluation process. Bids are submitted in order to ascertain the preferred bidder (Namatovu, 2017). Operation controls, procedural compliances and technical capacity enhance the capacity, capability, competency and quality commitment for effective contract performance (Choi and Kim, 2008). Organizational resources affect capacity and capability in contract performance (Lind and Strömsten, 2006). Therefore there is a significant relationship between bid evaluation practices and contract

performance in terms of capability, capacity, commitment to quality and competency which minimizes risks involved in buying process, delays, wastage and legal and financial costs.

### **5.1.3 Financial evaluation of bidders and Contract performance in the UPF**

The study examined the relationship between financial evaluation of bidders and contract performance in UPF. The relationship between financial evaluation of bidders and contract performance has an average mean of 3.5 which generally means that it was satisfactory. The findings under financial evaluation of bidder and contract performance are linked to resource based theory developed by Edith Penrose (1959) which states that firms can achieve competitive advantage when they efficiently and effectively utilize their resources (financial and human resource) this in turn reduce on costs and material wastage, but increases on commitment to quality, human resource competency and financial capacity for effective service delivery (Mahoney, 1995). The study findings concur with Li (2008) in his study. The researcher concluded that financial evaluation of bidder is largely regarded as the most vital role of the procurement function considering the fact that organization's bidders can affect the price, quality, delivery reliability and availability of its products. The argument by (Li, 2008) slightly departs from (Kipkorir, 2013) who emphasized that bidder selection alone is not enough but rather the financial stability of bidders as well pose lower business risks since bidders who are financially stable remain independent than their financially weak colleagues.

## **5.2 Conclusions**

The conclusions are based on the research objectives

### **5.2.1 Bidder compliance and contract performance**

From the findings on the relationship between bidder compliance and contract performance the study found out that various aspects of bidder compliance have a significant and positive relationship with contract performance in UPF to a great extent. This implies that bid compliance is directly proportional to contract performance if the evaluation team clearly spells out the specifications for supplies, terms of reference for services and the scope of work for works. From the regression analysis, bidder compliance was found to have a positive relationship with contract performance in UPF. The study thus concludes that bidder compliance has a positive relationship with contract performance in UPF to a great extent. This will help the UPF to strictly observe bidder compliance as per the statutory requirements and PPDA guideline so as to streamline procurement process for effective contract performance and service delivery.

### **5.2.2 Technical evaluation of bidders and contract performance**

From the findings on the relationship between technical evaluation of bidders and contract performance the study found out that various aspects of technical evaluation of bidders have a significant and positive relationship with contract performance in UPF to a great extent. From the regression analysis, technical evaluation of bidders was found to have a positive relationship with contract performance in UPF. The study thus concludes that technical evaluation of bidders has a positive relationship with contract performance in UPF to a great extent. This will help the UPF to strictly conduct technical evaluation of bidders so as to streamline public procurement process for effective contract performance and service delivery.

### **5.2.3 Financial evaluation of bidders and contract performance**

From the findings on the relationship between financial evaluation of bidders and contract performance the study found out that various aspects of financial evaluation of bidders have a significant and positive relationship with contract performance in UPF to a great extent. From the regression analysis, financial evaluation of bidders was found to have a positive relationship with contract performance in UPF. The study thus concludes that financial evaluation of bidders has a positive relationship with contract performance in UPF to a great extent. This will help the UPF to strictly conduct financial evaluation of bidders so as to streamline public procurement process for effective contract performance and service delivery.

## **5.3 Policy Recommendations**

The recommendations are based on the research objectives

### **5.3.1 Bidder compliance and contract performance**

- i) Uganda Police Force is encouraged to timely pay contractors upon completion of works or delivery of services.
- ii) E- procurement should be introduced whereby assessment and examination of bids is done by e-procurement to eliminate corruption.
- iii) Bidders and buying entities particularly in UPF should follow PPDA guide lines on public procurement to ensure accountability, transparency, and fairness are observed in the bidding process and contract implementation to minimise bribery, corruption, and conflict of interest. This will greatly improve on service delivery and contract performance
- iv) Due diligence need to be observed before, during and after procurement.

### 5.3.2 Technical evaluation of bidders and contract performance

- i) Uganda Police Force should involve the stakeholders like user departments, police PDU and other Police technocrats in designing specifications for supplies, terms of reference for services and scope of work for works to reduce on the challenges the implementers of the contract encounter.
- ii) Contract Management.  
The Force should develop a contract management plan, that will ensure right communication channels are put in place, timely payment of workers and regular monitoring to ensure steady progress.

### 5.3.3 Financial evaluation of bidders and contract performance

- i) Total costing for the project should be adopted in terms of the prevailing commercial and financial conditions to ensure win- win situation is attained by contracting parties.

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