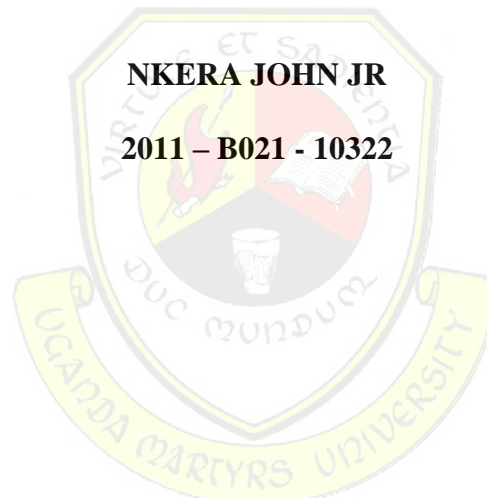


**THE EFFECT OF PROCUREMENT PRACTICES ON SERVICE DELIVERY IN
ORGANIZATIONS**

A CASE STUDY OF UMEME UGANDA LTD

BY



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**A RESEARCH REPORT SUBMITTED TO THE FACULTY OF BUSINESS
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DEDICATION

This research is dedicated to my late mother Florence Rugamba Nkera who unfortunately isn't here to see me graduate, but who strived to provide my siblings and I with quality education from only the best schools and who I only want to make proud by succeeding in life. It is also dedicated to my father John Nkera, who despite difficult circumstances managed to educate all his children and to whom I am grateful.

I would also like to dedicate this research to my dear uncle and aunty Jack Rwanyange and Rosemary Rugamba Rwanyange who have provided me with endless support throughout my education.

Last but not least I would like to dedicate this research to my elder brothers Derrick Nkera and Mark Nkera who have been role models throughout my life and have ensured I got whatever I needed to complete this course.

Thank you all. This is for you.

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LIST OF ABBREVIATIONS

A:	Agree
CDC:	Commonwealth Development Corporation
D:	Disagree
DV:	Dependent Variable
F:	Frequency
IV:	Independent Variable
MDG:	Millennium Development Goals
N:	Number of respondents
PPDA:	Public Procurement and Disposal of Public Assets
SA:	Strongly Agree
SD:	Strongly Disagree
SPSS:	Statistical Package for the Social Sciences
UEDCL:	Uganda Electricity Distribution Company Limited
UGX:	Ugandan Shillings
UK:	United Kingdom
UMU:	Uganda Martyrs University
VFM:	Value for Money

ABSTRACT

The main purpose of the study was to establish the effect of procurement practices on service delivery in organizations using UMEME (U) Ltd the case study. The study was guided by the following objectives: to establish the impact of negotiation techniques on service delivery of organizations, to assess how the contract management affects service delivery of organizations and to identify the effect of procurement planning on service delivery of organizations. Due to the increased customer complaints, reduced sales and some inefficiency in service delivery which could be related to procurement practices the study therefore aimed at investigating how the procurement practices affect service delivery.

The researcher used a case study research design and data was collected using a self-administered questionnaire and face to face interviews with the employees and management of UMEME (U) Ltd respectively. The results from the findings indicated that majority of the respondents were females (60.0%) in the company and were in the age group between 21 - 30 years who were married. The findings from the study revealed that there is a strong performance evaluation system to measure how effectively our organization negotiates and that contract management ensures that the products and services are fit for purpose in terms of quality of product/service and give room for continual improvement/innovation. Further still, the integration of procurement plans has improved the annual work plan and budget which has enabled efficient service delivery.

Finally, a number of recommendations were suggested such as the organizations should develop good, proper and effective negotiation strategies that can help them achieve value for money and that organizational leaders need to invest strategically in the developing of their human resource with skills on how to effectively design procurement plans.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

Procurement practices refer to how a buying firm conducts its procurement activities and this includes the way staff responsible for procurement goes about doing their duties. As such, the extents to which firms encourage and support its procurement staff to act professionally and with integrity influence the firms (Bailey et al 1998). Organizations that ensure the use of best procurement practices normally take into account the economic, environmental and social impacts of the entity's spending and procurements made.

Best procurement practices allow organizations to meet their needs for goods, services, construction works and utilities that achieve value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment (Bruel, et. al., 2007).As such, procurement also referred to as purchasing in this study broadly means the acquisition of goods, services, capabilities and knowledge required by businesses, from the right source, at the right quality, in the right quantity, at the right price and at the right time to maintain and manage the company's primary and support activities (Bailey et al 1998). Therefore, this study attempts to establish the various procurement practices being used in organizations and how these procurement practices affect organizations. This chapter introduces the background of the study, problem statement, objectives of the study, scope of the study, and conceptual frame work.

1.2 Background to the Study

Until the second half of the 20th century, procurement practices were viewed as not being important to organizational performance and competitiveness. According to Bailey et al (2005), recent developments in global markets have led to evolvement of firms' procurement practices. Several research findings identified a number of environmental factors influencing looming developments in procurement practices such examples include the 1973 Oil crisis, scarcities of essential commodities, and the continued demand for effective and efficient sourcing and procurement practices (Hines 2004).

The continued pursuit for effective service delivery and sustainable competitive advantage by firms led to significant recognition of the role of procurement function in most businesses. Essentially, Weele (2005) argues that procurement practices are becoming more and more crucial for most organizations and are changing dramatically, from being clerical and administrative to a more strategic role that contributes to the competitive advantage of firms. For proper service delivery, it is normally a good procurement practice to properly align and staff the supply chain organization. It can be difficult to organize the supply chain function in a way that will maximize its effectiveness and bring commensurate benefits to the company. Some companies are best served by embedding proficient supply chain management professionals in various business units. For others, a more centralized operation is most effective. Many of the progressive companies we have worked with, however, have adopted a hybrid approach that combines a centralized strategy to gain consensus with decentralized execution to improve service delivery (Bigley& Roberts, 2001).

Eminently, in African developing countries, recent studies reveal that firms' procurement functions are more and more delegated responsibility to question organizational needs, forge

relationships with suppliers, understanding the needs of the end customer (Ellram, 1998). The broader field of supply chain management continue to evolve significantly over the years, and procurement practices are more and more expected to contribute to a firm's efficiency in service delivery. Nowadays, there is a strong belief and a general consensus that best in class procurement practices includes building and sustaining strategic partnerships with superior suppliers and cross function teams within the firm (Rozemeijer, 2003).

According to Hines, (2006), procurement practices manifest a combination of a firm's commercial principles and values. Procurement is the sourcing and purchasing of goods and services for business use (Ellram, 1998). Individual businesses set procurement policies that govern their choice of suppliers, products and the methods and procedures that are going to be used to communicate with their suppliers. For example, businesses often have set procedures for calling for and evaluating proposals (Wild & Zhou, 2011). Important issues in procurement include: identifying the needs of customers and suppliers; choosing and preparing tools and processes to communicate with suppliers; preparing requests for proposals and requests for quotations; and setting policies for evaluating proposals, quotes and suppliers.

In Uganda's economic environment today, strategic partnerships are widely accepted as creating good value for money goods and services in organizations, however, they are also perceived to be costly to develop, nurture and maintain. It is important to note that doing what you've always done even if you do it very well is no longer acceptable (Hines, 2006). Under pressure to contain costs and produce results despite challenging circumstances, organizations must transform rather than simply improve their operation. Glass, J. (2011) pointed out that adopting new procurement practices, philosophies, methods, and processes that will make your organization "best in class." What makes a supply chain organization best in class in delivering its services? The answer

varies for each company, but there are some procurement practices that many leading companies are adopting now.

UMEME was formed in 2004 when the Government of Uganda sold Uganda Electricity Distribution Company Limited (UEDCL) to a consortium belonging to Globeleq (56%), a subsidiary of the Commonwealth Development Corporation (CDC) of the United Kingdom (UK) and Eskom (44%), the electric generating company of South Africa (UMEME Company Overview, 2000). UMEME is the largest energy distribution network company in Uganda, by customer numbers, area of coverage and by assets. As of December 2013, the company's total assets were valued at approximately US\$345 million (UGX889 billion), with shareholder's equity of approximately US\$86.3 million (UGX223.5 billion) (Audited Financial Statement, 2013).

Organizations like UMEME are committed to deliver better value for money (VFM) for both its corporate and programmed requirements and to influence the organizations they work with to procure more effectively and innovatively as a contribution towards the achievement of the MDGs. Buying goods and services more efficiently can release funds that can be used either to procure more goods and services or deliver other outputs that contribute to the organization's mission.

1.3 Problem Statement

Since the nineties, there has been growing acceptance and utilization of procurement practices commonly used in business operations (Matthyssens and Van den Bulte, 1994). There is much support by organizations for the idea of shifting from a traditional unfriendly approach towards more collaborative procurement where partnership and collaborative procurement practices are

perceived to be more superior to adversarial procurement practices in the medium to long term (Bailey et al, 2005).

However, some unanswered questions remain in the present situation, for instance, the choice of measuring the different procurement practices remain a major challenge for most organizations. It is not clear as to which measurements are appropriate on how to measure the importance and performance of procurement practices and how does it bring about effective service delivery Ramsay (1996). As such, there is a need for research on the actual operationalization of procurement practices, and how they influence the organizations service delivery and overall performance in an economy marred with unprecedented shortage of goods and services supplies. In light of this, the researcher has been prompted to investigate procurement practices and their effect on service delivery of organizations.

1.4 Purpose of the Study

To establish the effect of procurement practices on service delivery in organizations

1.5 Specific Objectives of the Study

The specific objectives of the research program are:

- i. To establish the impact of negotiation techniques on service delivery of organizations
- ii. To assess how the contract management affects service delivery of organizations
- iii. To identify the effect of procurement planning on service delivery of organizations

1.6 Research questions

- i. What is the impact of negotiation techniques on service delivery of organizations?
- ii. How does contract management affect service delivery of organizations?

- iii. What is the effect of procurement planning on service delivery of organizations?

1.7 Scope of the Study

1.7.1 Subject Scope

The study was refocusing on the analysis of procurement practices and how it affects their service delivery of organizations. The study also paid attention to the best procurement practices used in organizations such as negotiation techniques, procurement planning and contract management as procurement practices affecting service delivery

1.7.2 Time Scope

This research conducted put into consideration the period of 4 years that is from 2010 -2013. The study considered this time period because it had enough relevant information about procurement practices used in organizations and how they have affected service delivery

1.7.3 Geographical Scope

The research was carried out at the head office of UMEME (U) Ltd located at Rwenzori House, Plot1, Lumumba Avenue, Kampala Uganda. This area was considered because it is where the main headquarters are located and is therefore where data for the study can be best extracted.

1.8 Significance of the Study

- i. The study benefited the researcher in fulfilling the requirement for the award of a Bachelors degree in Business Administration and Management.
- ii. To future researchers, the study also added to the already existing literature in the library to be used by other researchers as a future reference.

iii. The study also helped policy makers and top authority in formulation of new policies on procurement practice and how to improve service delivery.

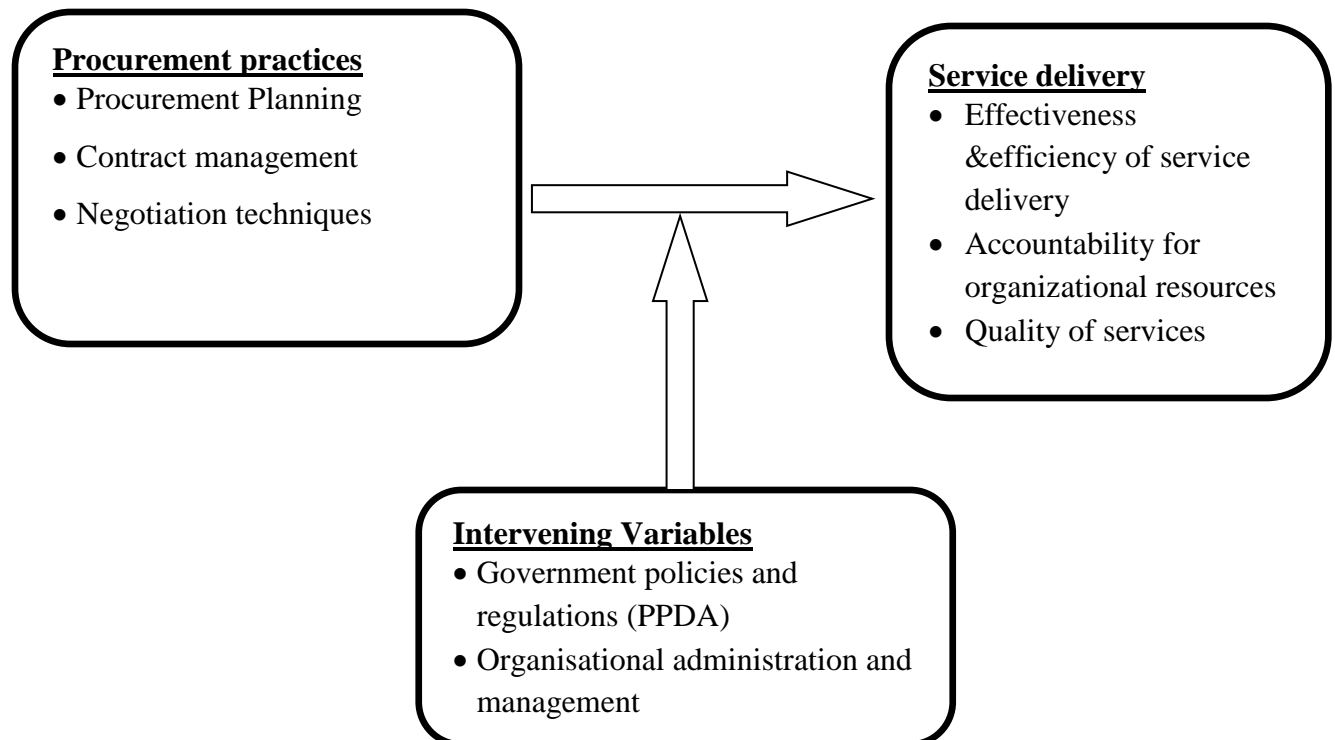
1.9 Conceptual Frame work

Sekeran, (2003) states that, a conceptual framework helps to postulate or hypothesize and test certain relationships which improve the understanding of a situation. In other words, the conceptual framework describes the relationship between the independent variable and the dependent variable

Fig.1 Showing the conceptual frame work on the effect of Procurement Practices on Service Delivery of Organizations

INDEPENDENT VARIABLE (IV)

DEPENDENT VARIABLE (DV)



Source: Adopted and modified from Bruel, Olivier, K., and Menuet, (2007)

Procurement practices manifest a combination of an organization's commercial principles and values with regard to the growing acceptance and utilization of procurement practices commonly used in business operations. These can be evidenced by the firms to enhance proper procurement practices such as procurement planning, contract management, and negotiation techniques. All these appear to have a significant effect on the service delivery of an organization measured by effectiveness & efficiency of service delivery, accountability for organizational resources, and quality of services. Additionally, the government policies and regulations (PPDA), organizational administration and management are considered among the intervening variables to the relationship between procurement practices and service delivery.

1.10 Conclusion

In conclusion, the long-term benefits of best procurement practices are linked to effective and efficient service delivery of an organization. This is because these procurement practices are valuable procedures that can help the organization to curb any possible corruption activities and enhance transparency, accountability and integrity. Therefore this study continues to analyze the best procurement practices and how they better the service delivery of the organization as will be seen in chapter two.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with the review of the related literature according to various authors on the study variables of procurement practices and service delivery. The review focused on the major themes of the study: to establish the impact of negotiation techniques on service delivery of organizations, to assess how the contract management affects service delivery of organizations and to identify the effect of procurement planning on service delivery of organizations.

2.2 Over view of Procurement Practices and Service Delivery

Procurement practices across many organizations are normally aimed at reducing the complaints from potential suppliers, with respect to award of contracts for goods and services below certain thresholds, and complaints concerning the administration of contracts and ensure the provision of an alternative dispute resolution program for contracts. This helps to promote fairness, openness and transparency of the procurement process.

Lyons, (2007) notes that to have a precise roadmap for achieving the desired level of service delivery through best procurement practices for excellence in the organization. The sequence of the procurement practices, moreover, does not indicate priority or suggest a higher or lower importance ranking. It does, however, offer a systematic approach for measuring your effectiveness in building a best-in-class procurement services organization.

Some of these practices may be simple, straightforward, and familiar. Others may be new to your company. Implement them all and you will have a strong foundation for supply chain excellence

Mills, (2005) points out that the most important outcome of effective procurement practices is to clearly and directly link an agency's procurement activities to its service delivery and to improve the way the organization procures the necessary goods and services. Procurement practices assist organizations to identify opportunities to better align procurement with organizational service delivery strategies. Procurement practices need to be clear and succinct so that any user should be able to understand the organization's procurement objectives, how these link to its service delivery outcomes, what initiatives are being practiced, and how the agency will measure the achievement of these initiatives.

Sound procurement practices should take into account the economic, environmental and social impacts of the entity's spending. This allows organizations to meet their needs for goods, services, construction works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment (Maddux, 1995).

Additionally, procurement practices also provide the delivery of operational cost savings through more efficient goods, works and services; challenging demand at source to ensure need; reducing end of life disposal costs; driving efficiency in the supply chain; and developing market capacity, innovation and competitiveness (Oliver, 2010). In other words, procurement practices ensure effective service delivery by reducing waste which, in turn, reduces cost. Oliver, (2010) further points out that in today's economic environment, doing what you've always done, even if you do it very well, is no longer acceptable. Under pressure to contain costs and produce better service

delivery results despite challenging circumstances, must transform rather than simply improve your operation. That means adopting the best purchasing philosophies, methods, practices and processes that will make the organization's service delivery the "best in class".

A service delivery framework is a set of principles, standards, policies and constraints used to guide the design, development, deployment operation and retirement of services delivered by a service provider with the view to offering a consistent service experience to specific user community in a specific business content. It is a context in which a service provider's capabilities are arranged to services. Therefore, strengthening service delivery systems is a key strategy to achieve on organizations goals (Lyons, 2007). How critical are the goods and services to the agency's service requirements is an important issue to be known by responsible procurement officials so as to adopt effective procurement practices. More questions like whom and where the goods and services are purchased from, identify the number of service providers and their respective market shares have to be considered.

According to Thai, (2007), it can be difficult to organize the procurement practices in a way that will maximize its effectiveness and bring commensurate benefits to the organization. Some companies are best served by embedding proficient procurement management professionals in various business units. For others, a more centralized operation is most effective. Many of the progressive companies, however, have adopted a hybrid approach that combines a centralized strategy to gain consensus with decentralized execution to improve service delivery. Another emerging trend seen that involves placing procurement practices, logistics, contract management, and forecasting/demand planning and similar management functions under the management and administration. Management is seen to boost the service delivery of the organization through encouraging better service delivery.

Maddux, (1995) points out that it is important to engage in collaborative strategic sourcing as a good procurement practice in order to better the service delivery of the organization. Strategic sourcing is a cornerstone of successful procurement practices. However a collaborative strategic sourcing initiative produces even better results for service delivery. Rather than consider strategic sourcing as just a matter for the purchasing department, best-in-class organizations get internal "customers" actively involved in the decision-making process. More importantly, they solicit feedback and information regarding their objectives and strategies from those customers, which may include functional areas such as finance and accounting, engineering, operations, maintenance, safety/health/environment, and quality assurance any internal business unit or function that will contribute to the initiative's success. This approach not only ensures availability of supplies but also results in lower total cost, streamlined processes, and increased responsiveness to customers' changing needs.

2.3 Negotiation Techniques and Service Delivery

Negotiation may often be described as an art form, but for organizations it's an essential skill that could make or break a company. The best negotiation is one where both parties walk away feeling like they were heard and received a good outcome. Good negotiation skills grow your network, solidify your relationships with clients and vendors and pave the way for future business opportunities (Mills, 2005).

There are many techniques that organizations normally apply for effective negotiation so as to improve on their service delivery. Most involve common sense. Listening actively to what others are saying. If you aren't listening, how can you expect others to listen to you? Do your homework in terms of power balance and the substance of what you're doing. Make assumptions, but know that each assumption must be re-examined constantly (Hamilton, 2008). If you keep your mind open, your wits about you, and your analytical faculties working full time, skillful negotiation can yield results that are in everyone's best interests.

Communication plays an important role in negotiation. Communication is the key to a successful business because with good communication everything is organized, carried out properly and operated smoothly. In business, communication does not take place only between the business and their buying customers but also with their suppliers, within themselves and all of the stakeholders that are involved in the business. This includes all of the internal and external customers. Effective communication skills will help organizations to build bridges with others and this will enable them to get the best from the suppliers that can enable them to have an effective service delivery (Oliver, 2010).

The negotiating process involves balancing matters between two parties so that the negotiator not only get what he wants but also gets what he wants in the best possible way (Forsyth, 2009). It is the journey of how to get to the destination and not the destination itself. Companies should pay more attention on how to get there but also at the same time should not lose the sight of the destination. It is all about the process. The physical environment where the negotiation is taking place is also very important. The number of people in the setting and their behavior and temperament influences the negotiation journey. For the negotiation to be effective it is vital that both parties have the information needed in their own field (Forsyth, 2009). Lack of information always gives an unprofessional image to the opponent. It is also important to have self-esteem that will reflect to the counter side. The negotiator should have the ability to command or demand performance.

According to Oliver (2010), negotiation involves a process where two or more parties with different needs and goals discuss an issue to find a mutually acceptable solution. In business, negotiation skills are important in both informal day-to-day interactions and formal transactions such as negotiating conditions of sale, lease, service delivery, and other legal contracts. Good negotiations contribute significantly to business success in service delivery as they help you build better relationships, deliver lasting, quality solutions - rather than poor short-term solutions that do not satisfy the needs of either party and help you avoid future problems and conflicts.

Negotiating requires give and take. You should aim to create a courteous and constructive interaction where you can make concessions that mean little to you, while the other party to makes concessions that mean a lot to you. Your approach should foster goodwill, regardless of the differences in party interests in other words, a good negotiation leaves each party satisfied and ready to do business with each other again.

People negotiate with external business counterparts outside the organization and also with internal co-workers within the organization. The main objective of all negotiation situations is to help to get what the negotiator wants. One of the biggest reasons why people negotiate is that they value things differently. The value of the deal can be different for each party even though its price in money is the same. That is because value and price are not always the same.

In order to get the best out of the negotiation process, it is important to do the research and come prepared with numbers to back up your offer. Look up the other party's financials, study the market, and get familiar with the details of deals similar to the one you're working on. You'll argue more persuasively and have a stronger position if you can cite specific statistics; for example, the percentage of market share the other side can gain from accepting your terms or the number of other companies competing in the same space (Acuff, 2008).

Another technique worth of note is to look at your own organizations' resources to determine how you can use them to help seal the deal (Lyons, 2007). Maybe you can offer additional value like having your marketing team help boost awareness for the other side's business or perhaps your network can provide key business connections.

When people work out their best alternative in a negotiation they are calculating their walk-away position (Mills, 2005). Negotiator to know his opponents gives him a sense of clarity in any negotiation. But the clarity comes only from having a realistic and balanced view of negotiator's alternatives (Lyons, 2007). Lyons gives an excellent advice not to go into the negotiation thinking, 'I'll see what the other party offers and then think about my alternatives'. Armed with this strong technique a person can negotiate with confidence and power. This involves three stages: First, a negotiator should list everything he could do if he does not reach agreement.

Second, he should explore his best options and try to improve on them. Finally, he should choose the best option.

It is worth noting that negotiating is a part of everyday life, but in business it's absolutely critical to your success (Forsyth, 2009). Poor negotiation can cripple a company just as quickly as losing key customers. While most negotiating strategies seem like common sense, it's not uncommon for people to get caught up in the emotion of the moment and ignore their basic instincts. Emotion, luck and magic have no place in a successful negotiation. It takes an iron gut, homework, street smarts and unblinking discipline.

Knowing when you should walk away from a deal that doesn't satisfy your goals are also an important negotiation technique. Set some clear boundaries before you start negotiating for what you can and cannot compromise on, and be ready to end the negotiation if these conditions aren't met. If the other party is not able to provide a mutually beneficial offer, you're better off politely stopping the discussion and looking elsewhere for a deal (Maddux, 1995).

Effectiveness and efficiency of services delivered by the organization can be hiked if proper negotiation techniques are applied. It is therefore important to learn about your counterparty's past performance to better predict what their interests might be. This tactic can help make your offer seem more appealing. For example, if the other party tends to prefer multi-year agreements, consider going into the negotiation with a two-year contract that they might be more likely to sign.

Maintain high aspirations. The level of expectation has a direct relationship to what a person achieves in a negotiation (Maddux, 1995). That is to say, ask for more and you will get more, ask

for less and you will get less. It is important to aim high because there is always the possibility to trade down. It is more difficult to trade up after having stated the intentions (Forsyth, 2009).

Do use experts. In situations where stakes are high it can be beneficial to use other people who have particular skills (Oliver, 2010). It will not only save time but also money. There is a chance getting a greater deal when there is an expert of a certain area in the negotiation team

Do put things in writing. When a person writes things down it will help him to keep authority and control. Having writing in black and white, people will avoid all kinds of embarrassing mistakes. It is hard to remember all details but it is easy to look out from reports and agreements to refresh the memory (Hamilton, 2008).

Most negotiators have a price target or goal in mind before they start. It should be based on realistic expectations considering all the constraints that will undoubtedly surface. These may include budget limits, direction from management, pressure to make sales goals, and a myriad of other external forces. During the course of the negotiation, the goal may change based on changes in scope and other unforeseen actions by either party. While your ultimate goal should be realistic, this should not constrain your first offer or counteroffer.

Successful negotiation is like horse-trading in that it requires a sense of timing, creativity, keen awareness and the ability to anticipate the other party's next move. Negotiation is also like chess in that each move should be designed to set up not only your next move, but several moves down the line. Generally, your moves should get progressively smaller, and you can expect the same from the other party. Therefore, always have the endgame in mind as you plot your strategy, and be prepared at some point to split the remaining difference. It's almost inevitable when the parties are close but can't seem to make that last leap to a single number. It's completely

arbitrary, but it gets the job done. That's why all the offers leading up to that point are so important. They will set the stage for the final handshake.

2.4 Contract Management and Service Delivery

Contract management is the management of contracts made with customers, vendors, partners, or employees. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk. (Aberdeen, 2008)

According to Rossa (2003), review meetings between the parties to the contract are a practical means of keeping control of a contract to ensure effective service delivery, particularly when it is complex or runs over several years. The frequency and coverage of the review meetings, if any, will depend on the nature of the contract. Review meetings are a useful means of communication between the parties to the contract during its execution, and not having them can have negative consequences. They must be well prepared, focused and not too time consuming.

Contract management spans through all levels of the procurement process. At the initial stages of planning, contract management can be split down into service delivery management, relationship management, and contract administration. In public procurement, service delivery management is concerned with meeting fully the deliverables that were agreed upon in the contract, the levels of performance as per the contract, and quality. Changes can affect the performance of the contract (Rowlinson, & McDermott 2005).

Organizational commitment is vital if the organization is to achieve the best out of its contract management process (Rossa, 2003). A contract management system implemented solely by the supplier without active participation from their client will inevitably lack lower level organizational commitment, as well as key components, and that lack will greatly compromise its ability to meet the client's goals.

Contract management activities seem to belong to the responsibilities of the project manager and the whole project team. In fact, they do, however, in larger projects where we have large contracts it is best practice to involve a full-time contract manager who brings in his professional experience, takes responsibility for that process, and ensures the contribution of all team members. Contract preparation comprises analysis and evaluation of the other parties' requirements, a clear statement of our own requirements, and negotiation in order to reach agreement between the involved parties.

It is also necessary to improve procurement performance in organizations regardless of the challenges that may affect proper contract management and the strategies that can be adopted to minimize the short coming in procurement contract management. This calls for the need for commitment trust of suppliers and maintaining relationships with suppliers who are honest and trustful, and suppliers of high level of integrity in contract management.

More so, contracting out is also sometimes inevitably recommended for better contract management. It involves some reduction in accountability through the removal of direct departmental control over the day-to-day actions of contractors and their staff. Indeed, the removal of such control is essential to the rationale for contracting out because the main

increases in efficiency come from the greater freedom allowed to contracting providers (Aberdeen, 2008).

In order to achieve the best out of contract management, the lifecycle of a contract should be analyzed in its entirety - from its conception up to its expiration and possible renewal. However, there are certain agreements that contain automatic renewal clauses so the owner of the business has to keep track of these contracts. If you're not yet aware of the most effective way to handle this task, it is recommended that you hire the best contract management software to help you out (Harris, & Hult, 1998).

Service level agreements. Service level agreements are one excellent way of ensuring control within a contract. By clearly stating the required and agreed quality and delivery requirements of services, both contracting authority and economic operator know and understand what targets have to be met in the delivery and support of services. Targets can only be met if the organizations analyze their performance indicators. The performance indicators may include motivating the individuals involved in the contract management and implementations.

The improvement of the utility concerning access and operational performance is indisputable. Some of the achievements are review meetings (Harris&Hult, 1998). Review meetings between the parties to the contract are another practical means of keeping control of the challenges faced in contract management, particularly when it is complex or runs over several years. The frequency and coverage of the review meetings, if any, normally depends on the nature of the contract. Review meetings are a useful means of communication between the parties to the contract during its execution, and not having them can have negative consequences. They must be well prepared, focused and not too time consuming.

Delivery management in contract management ensures that whatever is ordered is then delivered to the required level of quality and performance as stated in the contract (Harris, & Hult, 1998). Delivery management may include checking the nature, quantity and quality of goods supplied – on delivery and also, when appropriate, at the time of manufacture; works carried out – including conformity with designs and drawings, quality of workmanship and materials and services performed – including checking that required services levels and timescales are met.

In contract management a contracts management committee is set and is responsible for disclosing contract information, ensure supplier(s) deliver the goods or services in accordance with contractual obligations, manage supplier performance, manage contract administration (including price and product variations) and manage transition and exit. The purpose of transition planning is to ensure a seamless and continuous service when changing from one contract or supplier to another. Transition planning should be considered in all procurement plans where it is considered that: the service requirement will extend beyond the life of the contract; and/or the contract will develop assets (including intellectual property) that is to be handed over to the Principal at the end of the contract, particularly where the Principal needs to make arrangements for the management of that asset. This is also vital if the organization has to achieve effective service delivery from its contract management process (Plambeck, & Taylor, 2005).

For better service delivery in contract management, relationship management is key. This is because relationship management seeks to keep the relationship between the economic operator and the contracting authority open and constructive, with the aim of resolving or easing tensions and identifying potential problems at an early stage, while also identifying opportunities for improvement. Relationships must be wholly professional throughout and must include a professional approach to managing issues and dispute resolution

It is therefore obvious that procurement activities start long before the acquisition or contracting process begins and continues long after a contract is awarded or purchase order issued to contractor or vendor. For example, during the front end opportunity framing, concept selection and design, the procurement specialist will seek to find out if all the potential market, commercial, legal and cost challenges and risks associated with each design specification have been fully considered prior to equipment or service type selection. This is so important because the cost of any piece of equipment or project is usually built into it at the design phase of the project.

2.5 Procurement Planning and Service Delivery

Procurement planning is the process used by companies or institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to request budget for staff, expenses, and purchases. The primary concept of procurement is that advanced planning, scheduling, and group buying will result in cost savings, more efficient business operation, and therefore increased profitability. There are four steps that form the basis of procurement planning: group buying, just in time delivery, negotiated bulk pricing, and reduced administrative overhead (Pope, et.al, 1997).

In an organization that is committed to procurement planning, the accountants spend the time to find common purchasing requirements. Based on the budgets submitted, they may direct departments to work with central purchasing to combine their planned spending for specific commodities. This process works best in an organization that is committed to reducing costs. Issues surrounding service delivery dates, contract compliance, and customer service issues must

be resolved internally before going out to contract, helps you procure products and services from external suppliers. It provides you with a complete project procurement plan template, to help you to quickly and easily create a procurement plan for your business. By planning your procurement carefully, you can ensure that you buy the right products for your business, at the right price (Elhiraika, 2006).

The Procurement Planning Guidelines are designed to lead agencies through a planning process for their goods and services procurement activities. Agencies should be developing a strategic approach to procurement and integrating procurement planning with their business planning (Agaba, & Shipman, 2007).

With procurement planning, it is an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements. These stakeholders could be the requesting entity, end users, procurement department, technical experts, and even vendors to give relevant inputs on specific requirements.

According to Agaba & Shipman(2007),procurement planning also permits the creation of a procurement strategy for procuring each requirement that will be included in the procurement plan. Such strategy includes a market survey and determining the applicable procurement method given the requirement and the circumstances

In order to obtain a good service delivery framework, procurement planning guidelines are designed to lead agencies through a planning process for their goods and services procurement activities. Agencies should be developing a strategic approach to procurement and integrating procurement planning with their business planning. Since the 1970s, there has been a growing,

albeit sporadic, interest in strategic approaches to the procurement planning process, with an emphasis on the scope of pro-activity (Goh, Lau & Neo, 1999).

An entity's procurement objectives are achieved when an effective procurement plan is utilized. Each contract package procured has a direct or indirect effect on the general aims and objectives of the procuring entity. With this in mind, when a procurement plan is being prepared, practitioners must consider the impact these purchases will have on the users of these goods, works and services. If the objective of the entity in question is to build modern roads, schools, hospitals; let the goals of achieving higher literacy, better infrastructures development and a healthier society be achieved also.

(Jones, 2007) points out that the most important outcome of the procurement planning process is to clearly and directly link an agency's procurement activities to its service delivery and to improve the way the agency procures the necessary goods and services. Procurement planning assists agencies to identify opportunities to better align procurement with agency service delivery strategies. Procurement plans need to be clear and succinct so that any reader should be able to understand the agency's procurement objectives, how these link to its service delivery outcomes, what initiatives are planned, and how the agency will measure the achievement of these initiatives.

An effective procurement planning will produce more efficient and economical procurements which will deliver goods, works and services in an acceptable and timely manner. Among the objectives for sound procurement planning include identifying activities or project items that need to be procured after a proper needs assessment and budget appropriation; ensuring that these activities are properly classified into works, goods and services; setting realistic time lines for

the critical steps and approval cycles in the procurement process and identifying opportunities to aggregate or consolidate requirements within or between MDAs and leverage on volumes to achieve economies of scale (Agaba, & Shipman, 2007).

Procurement planning is also crucial when identifying action parties and champions to be held accountable for execution and delivery on the plan, when accelerating procurement processing time and budget implementation, identifying potential challenges early and find out solutions before they occur and providing a tool for monitoring and evaluating procurement performance and efficiency (Zalami, 2005).

Procurement planning is an integral part of business planning and much of the procurement information can be collated from the agency's corporate and business unit plans, asset plans, financial system reports and previous procurement plans and saving targets submissions. The organization has to know how does the agency manage and keep staff informed on contract information, service provider/supplier performance information and market information on suppliers, products, pricing, new developments and trends (Soudry, 2007).

An effective plan provides a framework to guide procurement officers in the achievement of their tasks and duties. Practitioners, who do not plan, have already planned to fail. When individuals use effective procurement plans in the execution of their functions, they are more organized, effective and efficient in effecting positive changes and growth in their organizations (Zalami, 2005). This growth and change exposes the procurement officers relevance and reliability in the achievement of duties and responsibilities assigned to his office, thus, producing the necessary measures which would provide the basis for achieving the spirit and intent of the procurement law.

The most important outcome of the procurement planning process is to clearly and directly link an organization's procurement activities to its service delivery and to improve the way the agency procures the necessary goods and services. A procurement plan is an effective tool to identify and review an organization's current procurement profile and practices, establish benchmarks to measure performance, and identify improved ways of purchasing to meet its future needs. Procurement planning plays a big role of assisting agencies to identify opportunities to; better align procurement with agency service delivery strategies, achieve better value for money outcomes, though, for example, aggregation strategies and realize more cost efficient procurement process, through e-procurement, e.t.c (Zalami, 2005).

Good procurement planning also enables proper classification of requirements into goods, works & services, better workload planning and scheduling, identifies the key steps and decision points in the procurement process, consolidation of requirements for economies of scale and providing sufficient lead time for selected procurement methods.

Further still, Agaba, & Shipman, (2007) note that procurement planning provides sufficient time to obtain required approvals, allows for early identification and resolution of potential problems, prevents unrealistic delivery or performance schedules and tool for effective performance monitoring and measurement.

When procurement practitioners outline their procurement activities prior to the beginning of a fiscal year, this process provides an organized means whereby time and money are saved. This happens when timelines are followed in the procurement of contract packages and when patience is exercised in the use of the right procedures enshrined by law to ensure transparency and competitiveness. Some individuals may argue that the process slows down purchasing activities;

however, imagine conducting the process of procurement in a hasty manner disregarding the processing steps required by law and ended up with items that are undesirable, unreliable, nondurable and costly; the results are loss to Government and probably the repurchase of similar items in the not to distance future, thus consuming your precious time and resources.

Mawhood (1993) further adds that effective procurement planning is an important route towards securing the right service to be delivered to the users, and also maximizing the level of service provision which can be achieved within the supporting people. A procurement plan helps procuring entities to achieve maximum value for expenditures on services to be delivered and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they publicize their procurement notices to potential suppliers of goods, works and services.

It is worth to note that with procurement planning links are forged between the user unit, the finance unit, and the procurement unit from the earliest notion of there being requirement/need; economies of scale are gained by uniting the requirements of different areas; there are no surprises when requirements manifest themselves in later months; and everyone can plan and schedule resources for the coming year more effectively. The procurement plan is linked to the national plans and strategic plan of the procuring entity.

2.6 Conclusion

In conclusion, there has been a general exploration of procurement planning, contract management and negotiation techniques and how they interconnect with service delivery in organizations. From the above literature, it can be concluded that procurement practices can have

an effect on service delivery of organizations as confirmed by Bruel, Olivier, K., and Menuet, (2007), hence the relevance of this research proposal.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the methods and tools the researcher used in data collection and analysis. It described the research design that was used by the researcher, data sources and collection tools, processing, analyzing and the challenges that the researcher faced.

3.2 Research Design

The researcher used a case study research design. The researcher used questionnaires to obtain data from employees of UMEME (U) Ltd. The study also used both quantitative and qualitative approaches. These approaches were used to ensure generation of statistics as well as to capture in-depth information regarding procurement practices and how they affect service delivery.

3.4 Population of Study

The study was conducted at UMEME (U) Ltd. However the study targeted only employees from the main branch of UMEME Ltd which is located in Kampala Uganda and at the moment it has around 45 employees UMEME Annual report (2013). The population of the study included the management and employees of UMEME (U) Ltd especially those involved in the procurement/purchasing departments and other related departments.

3.3 Area of the Study

The study was carried out within UMEME (U) Ltd which is located at Lumumba Ave Kampala, the capital city of Uganda. The area was chosen because UMEME is the largest energy distribution network company in Uganda, by customer numbers, area of coverage and by assets. Therefore it has enough relevant data and information regarding the topic under

investigation. The area of the research study was specifically chosen because of the employees within the branch practicing procurement practices.

3.4 Sample Size and Selection

3.4.1 Sample Size

A total of 40 respondents were selected based on Krejcie and Morgan (1970) sampling guidelines (*See in appendix III attached*) using the probability simple random sampling method, and non-probability methods of purposive sampling criteria. Table 1 below shows the different population categories targeted, sample and sampling methods that were used in the study.

Table 1: Sample Size and Selection

S/N	Category	Population	Sample Size	Sampling Technique
1	Senior Procurement Managers	4	3	Purposive
2	Deputy Finance staff	4	3	Purposive
3	Other employees	37	34	Simple random sampling
Total		45	40	

Source: UMEME Payroll Report, (2013)

3.4.2 Sampling Techniques.

The researcher used both purposive and simple random sampling for getting respondents. Employee respondents were randomly selected because of the large population while the senior and deputy staff was purposively selected since they are also key informants with relevant information regarding this topic under investigation.

3.5 Data Collection Methods and Instruments

The researcher used both primary and secondary sources of data collection for the study. In using primary sources, the researcher used a number of methods namely interviews, questionnaires,

and observation method. Secondary data collection was done by viewing the records of the company from internet books, journals, magazines. This helped the researcher to access all the relevant information.

3.5.1 Questionnaire

The researcher formulated a questionnaire for the key informants comprised of the employees of UMEME Uganda Ltd. The use of questionnaires enabled the researcher to get information from respondents who can read and write.

3.5.2 Interview Guide

Interviews are open questions often administered to key informants to give them wide latitude to talk about the subject. The researcher conducted oral interviews with senior staff and management. The interviews provided an opportunity for the researcher to interact directly with the respondents.

3.6 Validity and Reliability

3.6.1 Validity

Validity refers to the extent to which questions in an instrument accurately measure the variables therein. In other words, validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda and Mugenda, 1999). It was done by making sure that the questionnaire and interview guide is approved by experts to avoid ambiguity of the questions that need several answers.

3.6.2 Reliability

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). In other words, it is the ability of the research tools to collect data that can be replicated i.e. where different other people can go to the field to carry out the

same research being carried out and get the same results that the researcher got. This was done by test and pre-testing method. It was done by use of the questionnaire to see if it gave the researcher good results.

3.7 Data Management and Analysis

The data collected was edited, coded and later analyzed using Statistical Package for the Social Sciences (SPSS) computer program. Quantitative data was presented in form of descriptive statistics using percentages and frequencies for each of the variables used. Quantitative data was then be presented by using graphs, pie charts and tables. Qualitative data analysis involved identification and transcribing the qualitative findings into different themes (Mugenda and Mugenda, 1999). The themes were then edited, coded and arranged in different categories to generate useful conclusions and interpretations on the research objectives which were deduced for reporting in a narrative form. The data was examined to extract the themes and sub-themes in relation to the research objectives, and then used to describe and explain the phenomenon about the effect of procurement practices on service delivery of UMEME (U) Ltd.

3.8 Ethical Considerations

The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities (Cooper and Schindler, 2001). The following were done to ensure that the respondents' rights are protected:

The researcher sought an introductory letter from the UMU which was presented to the management of the various organizations to seek permission and consent. The data obtained from the respondents was treated purely as academic and confidential for the safety, social and psychological well-being of the respondents.

Informed consent was sought and appropriate documentation was kept.

Questionnaires were coded guarantee anonymity as no one of the respondents was named at any time during the research or in the subsequent study, and

Respondents were selected for their willingness to participate without compulsion and no risks to the respondents were identified at any stage during the research.

3.9 Conclusion

This chapter addressed the methodology that was employed in conducting the research. The methodology basically involved the methods to be used in carrying out the research. The next chapter therefore presented the findings and their analysis and interpretation.

CHAPTER FOUR

DATA ANALYSIS, RESULTS PRESENTATION, AND INTERPRETATION OF FINDINGS

4.1 Introduction

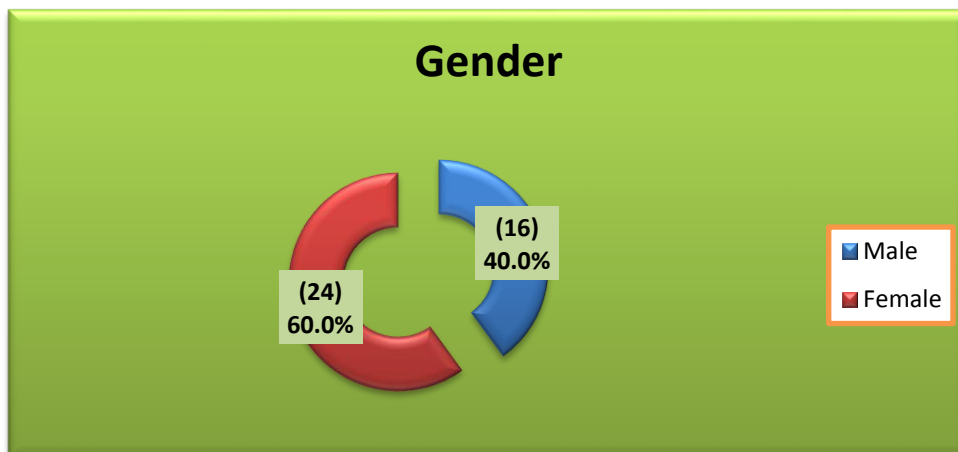
Presentation of the study findings is done in this chapter. In addition to presenting the research findings, the researcher also discusses and analyses the same in reference to the objectives of the study and the research questions. The chapter is organized in such a way that the presentation, discussion and analysis of data is done concurrently.

4.2 Background Characteristics

This section presents the percentage distribution of respondents according to their background characteristics. These characteristics include; gender, age distribution, marital status and educational level of the respondents.

4.2.1 Distribution by Gender

Figure 2: Showing the gender distribution of the respondents

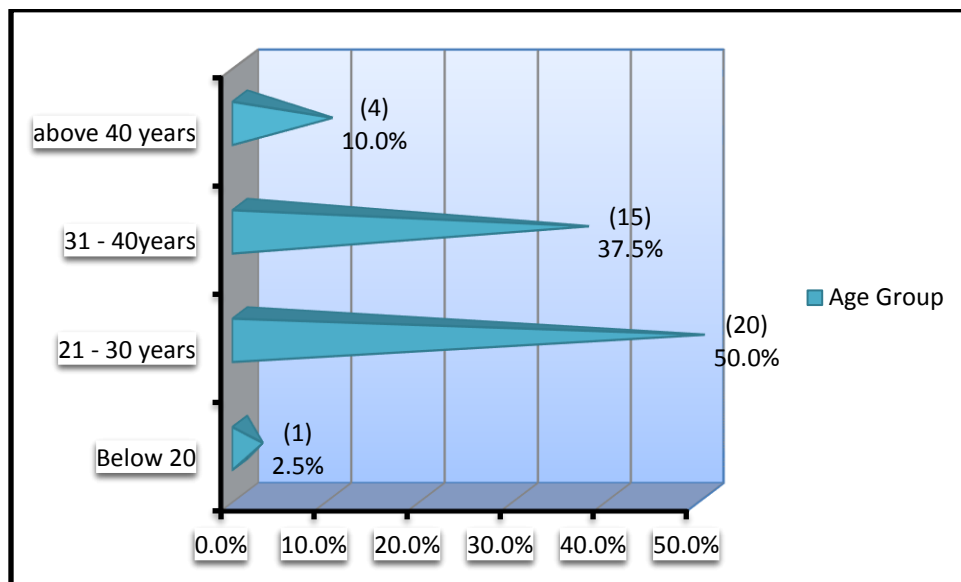


Source: Primary Data

As observed from figure 2 above, both males and females participated in the study since it (the study) was not limited to a particular sex. The findings indicate that majority 24 (60.0%) of the respondents were female compared to the 16 (40.0%) who were male. Therefore, the females were slightly more than males. These findings were deliberately controlled since all the units in the population had the same probability of being selected for the sample. The findings on the respondent's gender was found relevant because respondents in different sexes have varying views and knowledge on effect of procurement practices on service delivery in organizations. The reason for women being more than men was that women are more trusted in financial matters than men. In that they are taken to be more effective in procurement than men who may be easily fraudulent.

4.2.2 Age Distribution

Table 2 Showing the Age Groups of the Respondents



Source: Primary Source

Results from figure 3 show that the majority of the respondents 20 (50.0%) were in the age group of 21 - 30 years, 15 (37.5%) were in the age group of 31 – 40 years, 4 (10.0%) above 40 years and the minority 1 (2.5%) below 20 years. Though there was no written rule against the age at which an organization should employ, the lowest age of the respondents was found to be below 20 and the eldest above 40 years. The findings further reveal that UMEME Uganda relies mostly on the services of young individuals between 21 -40 years. These results imply that majority of the employees in UMEME (U) Ltd are young, energetic and youthful who are hard working. These findings were found relevant because respondents in different age groups have varying views and knowledge on effect of procurement practices on service delivery in organizations.

4.3.3 Marital Status of the Respondents

Table3 Showing Marital Statuses of the Respondents

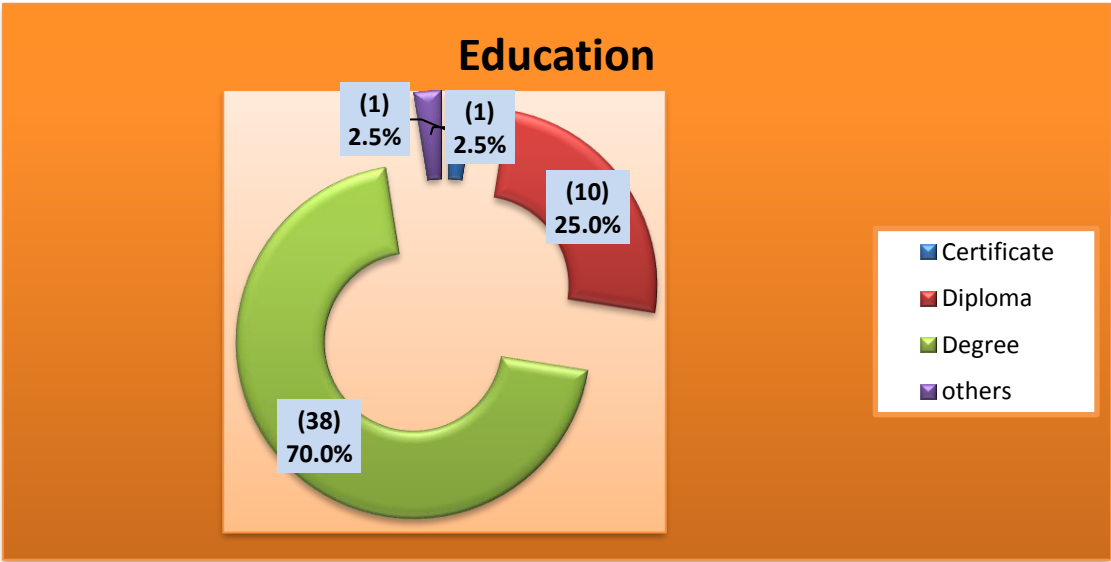
Category	Number of respondents (N)	Percentage (%)
Single	1	2.5%
Married	22	55.0%
Engaged	15	37.5%
Divorced	0	0.0%
Widowed	2	5.0%
Total	40	100.0%

Source: Primary source

Results from figure 2 above indicate that the majority of the respondents 22 (55.0%) were married. 15 (37.5%) were engaged, 2 (5.0%) were widowed, and none of the respondents was divorced. These results were found relevant because respondents in marital groups have varying views and knowledge on effect of procurement practices on service delivery in organizations. This implies that majority of the respondents have family responsibilities and therefore are hard working.

4.2.4 Academic Qualification of the Respondents

Figure 3 Showing the Academic Qualification of the Respondents



Source: Primary Source

Results from figure 3 above indicate that the majority 38 (70.0%) of the respondents had attained degrees. This could be because most of the positions in the organization require educated personnel with a minimum requirement of a degree. The results also indicate that 10 (25.0%) of the respondents had diplomas while 1 (2.5%) had certificates and other qualifications each. These

results therefore imply that the company employs educated personnel who have enough skills and proficiency to run the company's operations. The education background was found relevant because respondents with different educational backgrounds have different attitudes, knowledge and experiences with regards to procurement practices and service delivery in UMEME (U) Ltd.

4.3 Negotiation Techniques and Service Delivery

The first objective of the study was to establish the impact of negotiation techniques on service delivery. The findings were presented, analyzed and interpreted using a number of indicators as shown below. Table 4 comprises of questions posed to respondents about data collection with answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), neutral (NS), disagree (D) and strongly disagree (SD). F stands for frequency.

Table 4: Negotiation Techniques and Service Delivery

Negotiation technique	SA		A		NS		D		SDA		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Our organization has a transferable methodology and process for how to negotiate	22	55.0%	13	32.5%	4	10.0%	1	2.5%	0	0.0%	40	100%
The collective results of individual negotiations within the organization are leaving unclaimed value on the table	19	47.5%	20	50.0%	1	2.5%	0	0.0%	0	0.0%	40	100%
We have a corporate-wide method to evaluate the acceptability of a proposed negotiated agreement	12	30.0%	13	32.5%	4	10.0%	1	2.5%	0	0.0%	40	100%
We have a strong performance evaluation system to measure how effectively our organization negotiates with our suppliers	23	57.5%	12	30.0%	3	7.5%	0	0.0%	2	5.0%	40	100%

The way we conduct your negotiations helps to build trust	18	45.0%	17	42.5%	3	7.5%	2	5.0%	0	0.0%	40	100%
We have achieved optimal outcomes from our negotiations with the suppliers	22	55.0%	13	32.5%	3	7.5%	2	5.0%	0	0.0%	40	100%
Our negotiations are engaging and collaborative with suppliers	28	70.0%	12	30.0%	0	0.0%	0	0.0%	0	0.0%	40	100%
Our negotiations result into strong working relationships with the suppliers	16	40.0%	17	42.5%	4	10.0%	2	5.0%	1	2.5%	40	100%

Source: Primary Source

Results from table 3 above indicate majority (55.0%) strongly agreed, (32.5%) agreed, that their negotiation processes can be transferred and easily taught to other members of company.(10.0%) of the respondents were neutral, (2.5%)disagreed and (0.0%) strongly disagreed to the same. This implies that in UMEME Uganda it is vital that there is a corporate-wide negotiation process, system and methodology in place that is transferable and can easily be taught to others. This is important because many executives are good negotiators but are unable to explain and teach others what it is that they are doing so effectively. They do it intuitively and naturally. Others who do not possess these intuitive and natural skills are left behind in their negotiation capacity, thereby costing the organization enormously by not optimizing negotiated outcomes. To develop corporate negotiation strength, it is vital that there is a corporate-wide negotiation process, system and methodology in place that is transferable and can easily be taught to others.

Asked whether the collective results of individual negotiations within the organization leave unclaimed value on the table,(47.5%) strongly agreed, (50.0%) agreed, (2.5%) were neutral, (0.0%)disagreed and (0.0%) strongly disagreed.This is important because although the outcome of any single negotiation may not have much effect on an organization’s fortunes, the thousands of negotiations a typical company undertakes have, in combination, an enormous impact on its

strategy and its bottom line. As partnerships, alliances and other agreements become more important in business; those organizations with negotiation strength tend to treat negotiation as an institutional capability, rather than as a series of discrete and isolated events. These findings are in line with Oliver, (2010) who asserted that negotiations have enormous impact on both the internal and external customers. This is because it is through effective communication skills, that organizations build bridges with others and this will enable them to get the best from the suppliers that can enable them to have an effective service delivery.

Further still, (30.0%) strongly agreed, (32.5%) agreed, (10.0%) were neutral, (2.5%)disagreed and (0.0%) strongly disagreed that they have a corporate-wide method to evaluate the acceptability of a proposed negotiated agreement. This could be probably because many negotiators accept or reject proposals arbitrarily often on a hunch and in a corporate environment like that of UMEME, this can be costly. Companies with negotiation strength have a predetermined corporate-wide set of criteria (which do not limit creative and innovative ideas) that need to be met before agreement can be reached. This gives negotiators the confidence and tools to know when to accept or reject proposals based on true standards; they can explain and justify their decisions to others; and it provides a standardized protection for the companies' interest

Asked whether, they have a strong performance evaluation system to measure how effectively the organization negotiates with supplies, the majority of the respondents (57.5%)strongly agreed, (30.0%) agreed, (7.5%) were neutral, (0.0%)disagreed and (5.0%) strongly disagreed. This implies that the company has negotiation strength since it has been able to establish corporate-wide negotiation processes in place and link their performance evaluations to those processed. These results are in agreement with Maddux, (1995) who asserted that a performance

evaluation system helps the organization to set some clear boundaries that enable organizations to know the setbacks and loop holes in the negotiations.

Additionally, (45.0%) strongly agreed, (42.5%) agreed, that the way they conduct your negotiations helps to build trust whereas (7.5%) were neutral, (5.0%) disagreed and (0.0%) strongly disagreed. This means that they understand that customers do business with people they trust. Trust can be established or destroyed by the way we conduct negotiations. Companies with negotiation strength deploy a consistent negotiation approach and process that projects authenticity and integrity. They understand the value of trust in business relationships and know how to use their negotiations as trust building tools. These results are in agreement with Forsyth, (2009) who noted that negotiations should always be aimed at building mutual trust at the outset of or even before the negotiation despite the fact that trust is often difficult to achieve.

These findings are also in conformity with one of the respondents interviewed who attested that they conduct negotiations built on trust and that they have a strong performance evaluation system to measure how effectively our organization negotiates with our supplies.

Considering the fact that they had achieved optimal outcomes from our negotiations with the suppliers, (55.0%) of the respondents strongly agreed, (32.5%) agreed, (7.5%) were neutral, (5.0%) disagreed and no respondent strongly disagreed. Additionally (70.0%) of the respondents strongly agreed and (30.0%) agreed that their negotiations are engaging and collaborative with suppliers. This is because when entering into negotiations, people often feel intimidated, threatened, exploited and stressed. This commonly leads to an adversarial and confrontational environment that stifles creativity and effective problem solving, which are both important components in reaching optimal outcomes. Companies that enjoy negotiation strength have the

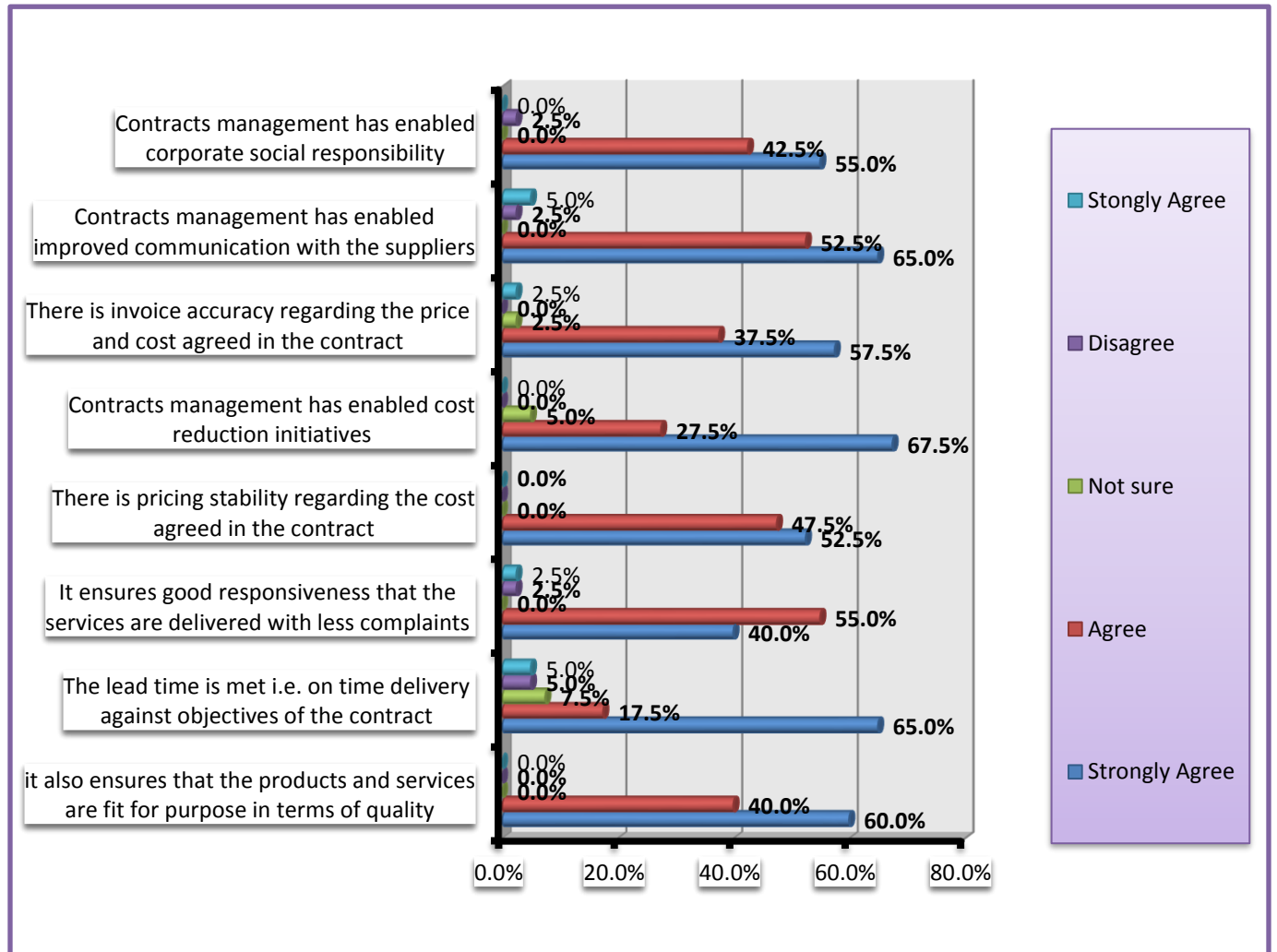
tools, skill and technique to engage their counterparts and put them at ease. They are able to turn potential face-to-face confrontations to side-by-side collaborative problem solving. This encourages creative solutions and optimal outcomes in which all parties feel that they have participated in crafting

The majority of the respondents (40.0%) strongly agreed, (42.5%) agreed, (10.0%) were neutral, (5.0%)disagreed and (2.5%) strongly disagreed that their negotiations result into strong working relationships with the suppliers. This may be probably because negotiators find themselves faced with a dilemma. Should they be "soft" negotiators and concede on substance to preserve the relationship or should they be "hard" negotiators and forfeit the relationship to preserve substance. Neither outcome can be good. Companies with negotiation strength realize that the negotiation of substance and the negotiation of relationship are two distinct processes and they have the tools to manage the relationship component wholly independently of the substance component so that they are able to achieve good working relationships within the relationship component and optimal outcomes within the substance component

These results are in agreement with Hamiltan, (2008) who pointed out the many techniques those organizations normally apply for effective negotiation so as to improve on their service delivery. He further noted that most involve common sense i.e. listening actively to what others are saying. If you aren't listening, how can you expect others to listen to you? Do your homework in terms of power balance and the substance of what you're doing. Make assumptions, but know that each assumption must be re-examined constantly (If you keep your mind open, your wits about you, and your analytical facilities working full time, skillful negotiation can yield results that are in everyone's best interests).

4.4 Contract Management and Service Delivery

Figure 4: Showing the Contract Management and Service Delivery



Source: Primary Source

Results from figure 4 above reveal that (60.0%) strongly agreed, that contract management ensures that the products and services are fit for purpose in terms of quality of product/service and give room for continual improvement/innovation whereas (40.0%) agreed. This implies that contract management plays a big role in ensuring that the supplies deliver the right quality and

even quantity. These findings are in line with Rossa, (2003) who asserted that contract management enables the organizations to ensure that the right products are delivered in the high quantities and qualities. This also helps the organization to look at every aspect and phase of the operating processes as well as the results of those processes. If a process results in a bad output, you will be able to identify where changes need to be made to produce an acceptable product.

The results also reveal that majority of the respondents (65.0%) strongly agreed and (17.5%) agreed that the lead time/delivery time is met i.e. on time delivery against objectives of the contract whereas a few of the respondents (7.5%) were neutral, (5.0%) disagreed and (5.0%) strongly disagreed. These results show that the contracts are managed and executed effectively since the lead time is managed which contributes to better service delivery. Therefore, lead-time reduction initiatives stand a much greater likelihood of delivering results if the organization is from a properly managed contract. It is critical that this metric is shared across the organization, so that lead-time reduction is a mutual goal that does not fall victim to competing objectives of different functional groups

As observed from figure 4, majority of the respondents (40.0%) strongly agreed, (55.0%) agreed, that the services are delivered with fewer complaints whereas (2.5%) disagreed and strongly disagreed each. From the same figure 4, the findings show that (52.5%) of the respondents strongly agreed, (47.5%) agreed that there is pricing stability regarding the cost agreed in the contract. These findings suggest that since the price that is in the contract is not changed (stable), the services are delivered with less complaints. These findings are in agreement with Harris, & Hult, (1998) who notably said that price stability is an essential fact to consider in contract management. This is because all contracts balance between the flexibility of the buyer

adapting to changing market conditions and the stability of the production environment which makes their contracts differ in their assumptions and complexities.

One of the respondents interviewed commented that it is out of proper contract management, that they are now receiving fewer complaints on how they are delivering the services to the customers.

(67.5%) strongly agreed, (27.5%) agreed, (5.0%) were neutral, that contracts management has enabled cost reduction initiatives. This means that the improvement of the initiatives concerning reducing the operational costs so as to improve operational performance is indisputable. Asked whether there is invoice accuracy regarding the price and cost agreed in the contract, (57.5%) of the respondents strongly agreed, (37.5%) agreed, (2.5%) were neutral, (and (2.5%) strongly disagreed.

The findings also indicate that (65.0%) strongly agreed, (52.5%) agreed, that contracts management has enabled improved communication with the suppliers whereas (2.5%) and (5.0%) disagreed and strongly disagreed respectively. This infers that the company has a good relationship with its supplies since there is a good communication linkage between the two. Maintaining good relations with a supplier should be as important to a contract administrator/end user as getting the best price. A good buyer-seller relationship is a partnership, a win-win situation over the long run. A supplier who is treated with courtesy, honesty, and fairness will deliver a quality product at the best price, will provide good service, and will be responsive to emergency situations and special requests.

The responses on whether contracts management has enabled corporate social responsibility, (55.0%) of the respondents strongly agreed, (42.5%) agreed, and (2.5%) disagreed.

This means that the organization monitors and ensures that its active compliance with the spirit of the law, ethical standards, and international norms for effective service delivery. This corporate social responsibility supports projects external to the normal business activities of a company that are not directed towards making a profit. Typically, such projects have a strong developmental approach and utilize company resources to benefit non-profit organizations and communities. These results are also in agreement with Salamon and Robinson Rowlinson, & McDermott (2005), who argued that contract management spans through all levels of the procurement process. At the initiate stages of planning, contract management can be split down into service delivery management, relationship management, and contract administration. In public procurement, service delivery management is concerned with meeting fully the deliverables that were agreed upon in the contract, the levels of performance as per the contract, and quality changes can affect the performance of the contract.

4.5 Procurement Planning and Service Delivery

Table 6 Showing the Frequency Distribution of Procurement Planning and Service Delivery

Table 6 comprises of questions regarding the effect of procurement planning on service delivery which were posed to respondents about data collection with answers obtained in terms of response rates and frequencies and are categorized on how the respondents strongly agree, (SA), agree (A), neutral (NS), disagree (D) and strongly disagree (SD). F stands for frequency.

Procurement Planning	SA		A		NS		D		SDA		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
There are no delays in executing procurements in the procurement life cycle	27	67.5%	12	30.0%	0	0.0%	1	2.5%	0	0.0%	40	100%
Procurement planning has enabled us to use good supply planning practices	34	85.0%	2	5.0%	3	7.5%	1	2.5%	0	0.0%	40	100%
Integration of procurement plans has improved the annual work plan and budget	17	42.5%	19	47.5%	4	10.0%	0	0.0%	0	0.0%	40	100%
Most procurements in the organization are being implemented within the approved annual budget	15	37.5%	21	52.5%	0	0.0%	2	5.0%	2	5.0%	40	100%
Procurement planning sets in motion the entire procurement process of acquiring services	16	40.0%	19	47.5%	0	0.0%	1	2.5%	4	10.0%	40	100%
There is less variance between the procurement plan and what is actually procured	12	30.0%	17	42.5%	1	2.5%	0	0.0%	0	0.0%	40	100%
Procurement planning has helped to achieve the maximum value for expenditures on services	19	47.5%	13	32.5%	7	17.5%	0	0.0%	1	2.5%	40	100%
Procurements submitted in accordance with the samples are implemented in accordance to the planned money	23	57.5%	12	30.0%	1	2.5%	2	5.0%	2	5.0%	40	100%

Source: Primary Source

Results from figure above indicate that (67.5%) strongly agreed, (30.0%) agreed, (0.0%) were neutral, (2.5%) disagreed, (0.0%) strongly disagreed that there are no delays in executing procurements in the procurement life cycle. This may be due to the fact that the organization is committed to procurement planning, whereby the personnel spend the time to find common purchasing requirements which minimizes any delays in the procurement life cycle. These results are in agreement with Jones, (2007) who asserted that the most important outcome of the procurement planning process is to clearly and directly link an agency's procurement activities to its service delivery and to improve the way the agency procures the necessary goods and services so as to eliminate any delays that may come along.

Generally, almost, (90.0%) of the respondents agreed, whereas (10.0%) agreed that procurement planning has enabled the organization to use good supply planning practices which has enabled them to integrate procurement planning with their business planning. Good supply planning practices also enables reductions in resource wastage which is a common source of increase in production costs, often this is due to improper planning. A company that employs proper procurement planning with a sound supply chain management is able to achieve efficiency of its operations since only those value adding activities are encouraged. This ensures that the organization's processes flow smoothly and output keeps in line with the company's needs.

The most important outcome of the procurement planning process is to clearly and directly link an agency's procurement activities to its service delivery and to improve the way the agency procures the necessary goods and services so as to fit in the annual budget of the organization. This explains the reason as to why majority of the respondents (37.5%) strongly agreed, (52.5%) agreed that most procurements in the organization are being implemented within the approved annual budget with a few of the respondents, (5.0%) disagreeing.

Further still, the study revealed that (40.0%) strongly agreed, (47.5%) agreed, that procurement planning sets in motion the entire procurement process of acquiring services, whereas, a few of them (12.5%) did not agree. This is followed by most the employees (42.5%) agreeing that there is less variance between the procurement plan and what is actually procured. All these results signify the important role that procurement planning is contributing to the effectiveness of service delivery of organizations. This was found relevant because when procurement practitioners outline their procurement activities prior to the beginning of a fiscal year, this process provides an organized means whereby time and money are saved. This happens when timelines are followed in the procurement of contract packages and when patience is exercised in the use of the right procedures enshrined by law to ensure transparency and competitiveness.

Asked whether procurement planning has helped to achieve the maximum value for expenditures on services to be delivered, majority of the respondents strongly agreed evidenced by the (47.5%). Further still, the findings show that most of the respondents (57.5%) also strongly agreed that the procurements submitted in accordance with the samples are implemented in accordance to the planned money value. These findings emplace the significance of procurement planning in ensuring better service delivery. It is worth noting that an entity's procurement objectives are achieved when an effective procurement plan is utilized. Each contract package procured has a direct or indirect effect on the general aims and objectives of the procuring entity.

The above results are in agreement with Elhiraika, (2006) who pointed out that the procurement planning process works best in an organization that is committed to reducing costs. Issues surrounding service delivery dates, contract compliance, and customer service issues must be resolved internally before going out to contract, helps you procure products and services from external suppliers. It provides you with a complete project procurement plan template, to help

you to quickly and easily create a procurement plan for your business. By planning your procurement carefully, you can ensure that you buy the right products for your business, at the right price.

4.6 Conclusion

Conclusively, negotiation techniques and procurement planning are seen to be an important aspect worth considering in order to improve the service delivery of organizations. This can be supplemented with proper contract management that ensures that the products and services are fit for purpose in terms of quality of product/service and give room for continual improvement/innovation.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter generates the summary and conclusions drawn from the study based on the findings presented in data analysis and the study objectives. The chapter also advances the recommendations, as well as identifying the areas for further studies.

5.2 Summary of the Findings

The findings discovered that with negotiation techniques in the organization, there is a strong performance evaluation system to measure how effectively our organization negotiates with our suppliers evidenced by the majority (57.5%) who strongly agreed and that they have achieved optimal outcomes from our negotiations with the suppliers since the negotiations are engaging and collaborative with suppliers.

Majority of the respondents (60.0%) argued that the contract management ensures that the products and services are fit for purpose in terms of quality of product/service and give room for continual improvement/innovation, and that it has also enabled corporate social responsibility among others.

Further still, the study revealed that there are no delays in executing procurements in the procurement life cycle and that the integration of procurement plans has improved the annual work plan and budget which has enabled efficient service delivery. This is in addition to the fact

that the procurements submitted in accordance with the samples are implemented in accordance to the planned money value of which (57.5%) had strongly agreed.

5.3 Conclusions

In conclusion, organizations normally have strong performance evaluation systems that help them to measure how effectively negotiations are carried out and also measure the optimal outcomes from the negotiations. This is because individuals understandably aim to achieve the best possible outcome for their position (or perhaps an organization they represent). However, the principles of fairness, seeking mutual benefit and maintaining a relationship are the keys to a successful outcome of negotiation techniques.

Additionally, contract management enables the execution and monitoring of a contract for the purpose of maximizing financial and operational performance and minimizing risks, involves tracking purchases against contracts to ensure preferred suppliers are used, rates adhered to, and discounts and rebates collected. Contract Management is key, because, as mundane as it sounds, it is another part of the sourcing process that can bring a number of benefits to the service delivery of the organization

Further still, it can be concluded that the integration of procurement planning enables better aligning of procurement strategies with organizational objectives, improved procurement advantages, better value for money outcomes and better planning and risk management. This is because it is seen as a process that analyzes the current situation, determines the objectives pursued in the future and helps in deciding the appropriate strategies to be used in achieving them.

5.4 Recommendations

Based on this study, the researcher made the following recommendations;

It is recommended that the organizations should develop good, proper and effective negotiation strategies. This may involve setting some clear boundaries before start negotiating for what the organization can and cannot compromise on, and be ready to end the negotiation if these conditions aren't met.

In order to get the best out of the negotiation process, it is recommended organizations do research and look up the other party's details, study the market, and get familiar with the details of deals similar to the one you're working on.

Organizations are also recommended to contract out (sub-contracting) for better contract management. It involves reduction in accountability through the removal of direct departmental control over the day-to-day actions of contractors and their staff, and the removal of such control is essential to the rationale for contracting out because the main increases in efficiency come from the greater freedom allowed to contracting providers.

It is further recommended that organizations need to enhance and develop proper procurement planning guidelines so as to lead the organization through a planning process for their goods and services procurement activities in order to obtain a good service delivery framework.

The need for improving the contract management capacity is very important. But this can only happen if the organization improves their capacity, for example, someone upcountry has to supervise five projects in the sub counties, and should therefore have the vehicles and fuel to enable them to effectively supervise the contract's requirements.

It is also recommended that the perceived or anticipated risks should be identified in advance when preparing the procurement and can then be dealt with in the contract documents with clear and appropriate allocation of responsibility and corresponding acknowledgment and understanding of the consequences.

5.5 Suggestions for Further Study

More study and research should be made on the following areas and topics;

The impact of procurement planning on effective supply chain management

The effect of negotiation techniques on competitiveness of an organization

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APPENDI I: QUESTIONNAIRE

Dear Respondent,

I am called **NKERA JOHN JR**, a student of Uganda Martyrs University undertaking a Bachelor's Degree of Business and Administration and Mangement. I am carrying out a research study on the topic of **“THE EFFECT OF PROCUREMENT PRACTICES ON SERVICE DELIVERY IN ORGANIZATIONS”**

This questionnaire is therefore intended to seek information on the above subject matter. The information is purely for academic purposes and all the answers will be handled with utmost confidentiality. I therefore humbly request that you complete this questionnaire correctly in the spaces provided or options given

SECTION A: GENERAL INFORMATION

(Please, tick the appropriate answers where options are given).

1. Gender

(a) Male (b) Female

2. Age Group

(a)Below 20 years (b) 20 - 30 years (c) 31 - 40years (d) above 40 years

3. Marital status

(a)Married (b) Single (c) Engaged (d) Divorced (e) Widowed

4. Education qualification

(a) Certificate (b) Diploma (c) Degree

(d) Others (Specify)

SECTION B: Negotiation Techniques and Service Delivery

The following abbreviations will be used:

Strongly agree (**SA**), Agree (**A**), Not Sure (**NS**), Disagree (**D**), and Strongly Disagree (**SDA**)

5. Do you think the following negotiation techniques affect service delivery of organization?

	Negotiation Techniques	SA	A	NS	D	SDA
a	Our organization has a transferable methodology and process for how to negotiate					
b	The collective results of individual negotiations within the organization are leaving unclaimed value on the table					
c	We have a corporate-wide method to evaluate the acceptability of a proposed negotiated agreement					
d	We have a strong performance evaluation system to measure how effectively our organization negotiates with our suppliers					
e	The way we conduct your negotiations helps to build trust					

f	We have achieved optimal outcomes from our negotiations with the suppliers					
g	Our negotiations are engaging and collaborative with suppliers					
h	Our negotiations result into strong working relationships with the suppliers					

i). Are your suppliers focusing exclusively on price without exploring value?

.....

.....

j). Do your suppliers experience consistency in your negotiation approach and process?

.....

.....

SECTION C: Contract Management and Service Delivery

6. Do the following statements depict the impact of contract management on service delivery?

	Contract Management	SA	A	NS	D	SDA
a	Contract management ensures that the products and services are fit for purpose in terms of quality of product/service and give room for continual improvement/innovation					
b	Contracts management has enabled cost reduction initiatives					

c	It ensures good responsiveness that the services are delivered with less complaints					
d	There is pricing stability regarding the cost agreed in the contract.					
e	The lead time/delivery time is met i.e. on time delivery against objectives of the contract					
f	There is invoice accuracy regarding the price and cost agreed in the contract					
g	Contracts management has enabled improved communication with the suppliers					
h	Contracts management has enabled corporate social responsibility					

i). Is there accurate delivery of services provided by the suppliers as indicated in the contract?

.....

.....

j). How has contract management enabled proper information management in your organization?

.....

.....

SECTION D: Procurement Planning and Service Delivery

7. Do you think the following depicts how Procurement Planning affects service delivery in your organization?

	Procurement Planning	SA	A	NS	D	SDA
a	There are no delays in executing procurements in the procurement life cycle					
b	Integration of procurement plans has improved the annual work plan and budget which has enabled efficient service delivery					
c	There is less variance between the procurement plan and what is actually procured					
d	Most procurements in the organization are being implemented within the approved annual budget					
e	Procurement planning sets in motion the entire procurement process of acquiring services					
f	Procurement planning has enabled us to use good supply planning practices					
g	Procurement planning has helped to achieve the maximum value for expenditures on services to be delivered					

h	The Procurements submitted in accordance with the samples are implemented in accordance to the planned money value					
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i). How has procurement planning enabled quality of services delivered and accountability for organizational resources?

.....

.....

j). To what extent has procurement planning facilitated efficient and effective service delivery in your organization?

.....

.....

8. Do you have any recommendations that you would like to give related to our topic under investigation?

.....

.....

Thanks very much for your cooperation

APPENDIX II: INTERVIEW GUIDE

1. To what extent has procurement planning enabled quality of services delivered and accountability for organizational resources?
2. What other benefits has your organization achieved from procurement planning?
3. In your view, is there accurate delivery of services provided by the suppliers as indicated in the contract?
4. Have you developed better contract management processes?
5. Do your suppliers experience consistency in your negotiation approach and process?
6. What negotiation strategies does your company employ?
7. Do you have any recommendations that you would like to give related to our topic under investigation?

APPENDIX III: SAMPLE SIZE DETERMINATION

Note: “N” is population size and “S” is sample size.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Source: Krejcie, R. V., & Morgan, D.W. (1970).