

**PROCUREMENT PROCEDURES AND SERVICE DELIVERY OF DRUGS IN  
UGANDA PUBLIC HOSPITALS:  
A CASE STUDY OF BUTABIKA HOSPITAL:**

**By**

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## DECLARATION

I, **DAWA FLAVIA** declare that this study is my original work and to the best of my knowledge has never been submitted to any institution for the award of a degree or any other award.

NAME: **DAWA FLAVIA**

Signature ..... 

Date ..... 

## APPROVAL

This is to certify that this study has been carried out by the candidate under my supervision and has been submitted with my approval in partial fulfillment of the requirements for the award of a degree of Bachelor of **supplies and procurement** of Kampala International University.

Signature  Date 1st Aug. 2013.

**DR. STANLEY KINYATTA**

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## **DEDICATION**

This work is dedicated to my family for their generous contribution towards the whole course.

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## **ABSTRACT**

The purpose of the study was to examine the effect of procurement methods and procedures and service delivery of drugs in Uganda public hospitals using a case study of Butabika Hospital. The study was to find out the level of adherence, compliance to the procurement methods /procedures at Butabika hospital. The objectives of study were to identify of effect of procurement methods and procedures on the organizational performance in public hospital. It will also identify the problem faced in Using procurement methods and procedure in public hospital. The study used case study involving quantitative and qualitative methods. The study will involve 20 staffs in management and 21 staff in non – management totaling 41 staffs of Butabika hospital. The finding are supported by fact that much of findings in public procurement is through grants which are subjected to a lot of statutory and regulatory requirement creating red tape bureaucracy. Result also revealed that there is strong realization that problem exist in the use of procurement methods and procedures. This implies that even though the methods have registered success, there are as well setbacks that must be corrected in order to improve the success factor. In respect to strategic procurement and procedures in general, more consultation should be made with the wider community and with stakeholder in procurement system, especially of public who was directly affected by out came of procurement. Procurement practitioner' Association should be established where representative from centre of expertise and various procuring entities should meet regularly to inform test and develop policies and where appropriate operationalize issues. And bureaucracy which was noted for slowing down the rate of acquisition should be minimized if an organization is to reap from the benefit of the, procurement method and procedures.

## **CHAPTER ONE**

### **BACKGROUND OF THE STUDY**

#### **1.1 Introduction**

The study was conducted on the effect of procurement methods and procedures and service delivery of drugs in Uganda public hospitals using Butabika Hospital as a case study. The chapter introduces the background of the study, the statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study and significance of the study.

**Butabika National Referral Hospital**, commonly known as **Butabika Hospital** is a hospital in Kampala, Uganda's capital and largest city. It is the mental health national referral hospital for the entire country's estimated population of 32 million in 2010.

For over 40 years, Butabika Hospital has provided comprehensive diagnosis, treatment and follow-up care and training in mental health.

Butabika Hospital was established in 1955, and currently is the only National Referral Mental Health Institution in the country.

The Hospital provides specialist care and management for all patients with mental and psychosocial problems on a referral basis.

At the same time, it is a teaching hospital for all cadres specializing in mental health ranging from nursing cadre to postgraduate students.

Butabika Hospital also provides General Outpatient services to people from the surrounding area.

#### **1.2 Background of the study**

Kovacs (2004) defines procurement methods and procedures as the guidelines for or means of acquisition of appropriate goods and/or services at the best possible cost to meet the needs of the organization in terms of quality, quantity, time, and location. Thus, procurement methods and procedures must be

appropriate to circumstances. On the other hand, Mullins (2007) defines service delivery of drugs as the practice of utilizing drugs, that is making use of the drugs. Service delivery of Drugs in hospitals is measured in terms of drug stock, drug wastage, patient access to drugs, and drug mismanagement (Lawino, 2009).

According to Thai (2005), every organization that purchases goods or services must have effective standard procurement procedures, the methods they use to acquire those things required for an organization to provide goods/services to its clients. These procedures should cover all aspects of the procurement cycle, including the selection of the supplier, contract negotiations, order placement and payment and should ensure appropriate service delivery.

Uganda public hospitals have procurement methods/procedures guided by the Public Procurement and Disposal of Public Assets Authority (PDDA, 2003). The PPDA Act governs procurement of drugs, which is supposed to contribute to their best usage.

Despite this, drug misuse is common in Uganda public hospital. Public hospitals have been criticized for drug stock-out and drug wastage (Hampton, 2010). There is a countrywide concern about people dying of treatable diseases such as malaria, arising from patients' failure to access drugs in public health facilities (Auma, 2008; Lawino, 2009). Some patients are told to buy the few drugs stocked at public hospitals and yet they do not have any money (Kikonyogo, 2008). Thus, this calls to examine how procurement methods and procedures in Uganda public hospitals affect service delivery of drugs.

The study was carried out in Butabika Hospital which is a public psychiatric hospital, funded and administered by the Uganda Ministry of Health and general care in the hospital is free. The hospital is the only referral psychiatric hospital in Uganda. Opened in 1955, it has a bed capacity of 900, as of February 2010.

The hospital also serves as the psychiatric teaching hospital for Makerere University College of Health Sciences for both undergraduate and postgraduate training, especially for the degrees of Bachelor of Medicine and Bachelor of Surgery (MBChB), Master of Medicine in Psychiatry (MMed Psych) and Doctor of Philosophy (PhD) in Psychiatry.

Butabika Hospital is also the location of the **Institute of Psychiatric Clinical Officers (IPCO)**, a school administered by the Uganda Ministry of Health, which trains high school graduates to become Psychiatric Clinical Officers. It is the only school of its kind in Eastern Africa.

➤ **Its mission statement**

To offer super specialized and general mental health services; conduct mental health training, mental health related research and to provide support to mental health care services in the country for economic development."

➤ **Its vision statement:**

-A population in a state of complete mental, physical, and social wellbeing which is a prerequisite for development and poverty alleviation.

-A community in a state of complete mental, physical and social well-being as a prerequisite for development and poverty eradication.

### **1.3 Statement of the Problem**

Public hospitals are made to provide service delivery of drugs and treat the entire people in the entire Country but Concern has been raised about service delivery of drugs in Ugandan public hospitals for over years without positive change. This has been evident through delayed delivery of drugs, drug stock-out, drug wastage, and patients' failure to access drugs and other services. These have put people's lives at risk. However these problems associated with service delivery of drugs have been attributed to ineffective and inefficient procurement methods and procedures in Uganda public hospitals.

Therefore, basing on the above evidence, there is a need for Uganda public hospitals to follow the right procurement procedures methods and procedures and service delivery of drugs in order to minimize on the problems above using this case study of Butabika Hospital. The main aim of this study is to investigate the effect of procurement methods and procedures and service delivery of drugs in Uganda public hospitals using Butabika Hospital.

#### **1.4 The purpose of the study**

To investigate the effects of procurement methods and procedures and service delivery of drugs in Uganda public hospitals using Butabika Hospital.

#### **1.5 Objectives of the Study**

The following objective guided the study

1. To establish the level of adherence/compliance to the procurement methods/procedures in Uganda public hospitals
2. To come up with strategies for improving the procurement methods/procedures for better service delivery of drugs in Uganda public hospitals
3. To establish the relationship between procurement methods/procedures and service delivery of drugs in Uganda public hospitals

#### **1.6 Research questions**

The research questions were

1. What are levels of adherence/compliance to the procurement methods/procedures in Uganda public hospitals?
2. What are strategies should be adopted for improving the procurement methods/procedures for better service delivery of drugs in Uganda public hospitals?
3. What is the relationship between procurement methods/procedures and service delivery of drugs in Uganda public hospitals?

#### **1.7 Scope of the study**

The study was carried out in Uganda public hospitals and the case study of Butabika Hospital. The content scope focused on awareness and compliance/adherence to procurement methods and procedures for drugs and strategies for improving methods/procedures including service delivery of drugs.

It was perceived under three perspectives: - Geographical scope, Subject scope, and Time scope.

### **Content scope**

The study analyzed the Effects of procurement methods and procedures and service delivery of drugs in Uganda public hospitals in Butabika Hospital which would be representative of other hospitals in Uganda. This is because there seemed to be a relationship between procurement methods and procedures and service delivery of drugs.

### **Geographical scope.**

The current study case was of Butabika National Referral Hospital is located in Butabika, a neighborhood within Kampala, Uganda's capital and largest city. Butabika lays in the southeastern part of the city, in Nakawa Division, adjacent to the northern shores of Lake Victoria, Africa's largest fresh-water lake. This location is approximately 12 kilometres (7.5 mi), by road, east of Kampala's central business district. The coordinates of Butabika Hospital are: 00 18 54N, 32 39 22E (Latitude: 0.3150; Longitude: 32.6560). It also has the address bellow

### **BUTABIKA NATIONAL REFERRAL MENTAL HOSPITAL**

Plot 2, Block 237-238

Butabika Road

P.O.Box Kampala

This geographical scope will be studied because of its proximity to the researcher.

### **Time scope.**

It took only four months, as during this period several reforms and studies took place in respect of Effects of procurement methods and procedures and service delivery of drugs in Uganda public hospitals.

### **1.8 Significance of the study**

The study findings may be significant in many aspects as follows:

The study finding may help to inform the Uganda public hospitals on how their procurement methods and procedures affect service delivery of drugs .

The study findings may also help policymakers in Uganda health sector by availing them with information that they may use to procurement methods and procedures for better service delivery of drugs in Uganda public hospitals.

The findings may be of great use to the academia, especially those who may wish to carry out further research on how procurement methods and procedures affect service delivery. More so, it will contribute to the body of knowledge that will be used by other researchers.

### **1.9 Conceptual/theoretical framework.**

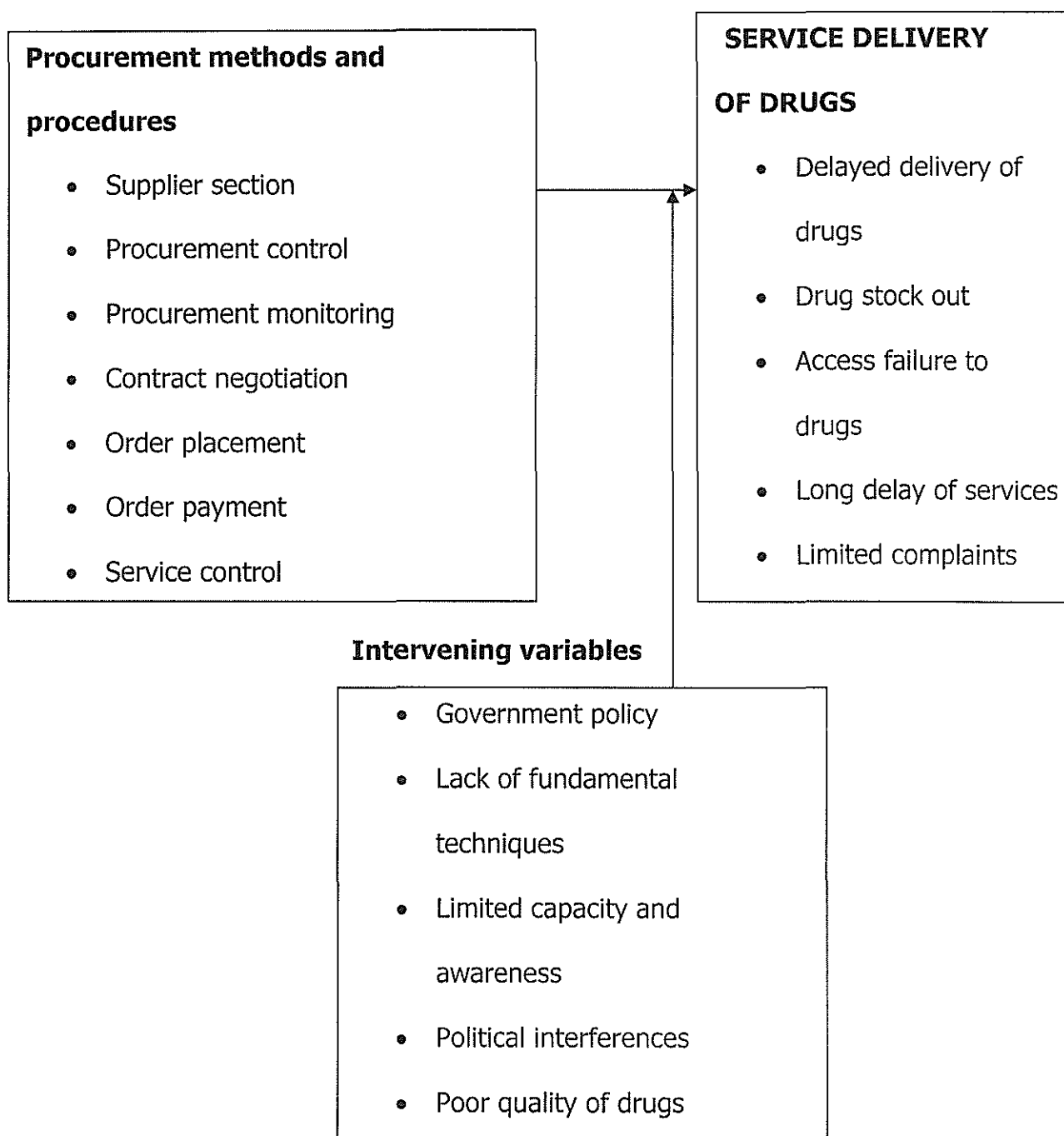
A conceptual framework is a systematic representation between the relationship of variables and congregative map. The conceptual framework theory describes the effects of procurement methods and procedures and service delivery of drugs.

It consists of the independent and dependent variables as well as the control variables. The independent variable is effect of procurement methods and dependent variable is procedures on service delivery of drugs, whereas the control variables consist of the various regulations that significantly influence both the independent and dependent variables.

**Figure: 1** illustrating the relationship between the Effects of procurement methods and procedures and service delivery of drugs in Uganda public hospitals.

**Independent variables**  
variable

**Dependent**



The framework posits that goal achievement by governmental/public sector organizations contributes positively to compliance. In other words, there is a positive relationship between goal achievement and compliance. The model also predicts that individuals/entities comply more with the rules when monitoring mechanisms are instituted. Monitoring therefore has a positive relationship with



compliance. The model also predicts that intra-organizational pressure which has to do with the decisions and action of other staff within the organization is expected to have a negative impact on the effort of procurement practitioners to comply with the Procurement Act.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents the literature review. It is divided into three sections according to the objectives of the study. The first section review literature related to procurement compliance. The second section review literature related to strategies for improving the procurement methods/procedures. The first section review literature related to the relationship between procurement methods/procedures and service delivery of drugs.

#### **2.1 Procurement Compliance in Organizations**

Organizations have taken on the challenge of obtaining more value for their procurement through enhancing procurement compliance. Despite this, they struggle to get maximum internal compliance to their strategies and processes (Kearney, 2008). Even the most successful organizations find themselves in the position of evangelist, having to preach the virtues of compliance and how it drives value to the bottom line.

According to D'Avanzo, Lewinski and Wassenhove (2003), procurement activities must be skillfully monitored to ensure adherence to legislation, set procedures and best practice. Monitoring is also necessary to guarantee procurement operates efficiently and effectively as possible to realize organizational objectives within available resources. In addition, without proper controls, multiple opportunities for corruption exist at all stages of the procurement process.

Croom (2000) categorizes procurement compliance into system compliance and contract compliance. System compliance is defined as the extent to which internal customers actually use a procurement system to purchase goods and services (Croom & Brandon-Jones, 2003). The use of electronic documentation and process automation in procurement ensures high levels of accuracy in requisition, invoicing and payment Barnes, Hinton & Mieczkowska, 2002).

Contract compliance is focused on the extent to which individuals comply with mandated contracts within a system. As such, the term considers how a procurement system is used, as disagreed to if it is used. The use of electronic catalogues can significantly reduce processing and thus increase compliance (Croom & Johnston, 2003)

## **2.2 Strategies for Improving the Procurement Methods/Procedures**

According to Emiliani (2000), organization should maintains carefully defined and disciplined processes at every level, from strategic to transactional, across the entire procurement life cycle to enhance procurement compliance. Just as important, end-users across enterprises that manage the procurement process should understand those processes and willingly adhere to them. Well structured, widely understood processes enhance transparency and ensure compliance with procurement guidelines.

Similarly, Flynn, Sakakibara, Schroeder, Bates, and Flynn (1990) emphasizes that procurement should seek to establish clearly structured, easily understood, and easily used systems and tools to streamline execution and manage compliance on the part of end-users. Neef (2001) adds that organizations must design clear procurement processes. To do this, procurement needs to be integrated both at the front end - aiding end-users in developing their sourcing strategies and processes - and at the back end, assessing whether end-users are complying with procurement policies and contract terms.

Subramaniam and Shaw (2004) discuss the issues of increased control in ensuring compliance. As such, procurement implementation is seen to create the ideal conditions for reducing maverick spending (Neef, 2001; de Boer et al. 2002; Croom & Johnston, 2003; Harink, 2003; Subramaniam & Shaw, 2004). The term 'maverick spending' incorporates the failure of individuals to use a procurement system when placing orders (system compliance) and the failure to use mandated contracts within the system (contract compliance).

### **2.3 Relationship between Procurement Methods/Procedures and service delivery.**

Within the literature, a number of authors note the importance of procurement compliance. The broad idea posited in these studies is that if compliance is limited, so too are the user benefits of procurement (Croom, 2000; Neef, 2001; Arbin, 2006; Croom & Johnston, 2003; Subramaniam & Shaw, 2004; Cox et al. 2005; Reunis & van Raaij, 2006).

Arbin (2006) argues that if the potential value of goods/services is to be achieved, it is critical to providers of goods/services to comply adopt with procurement methods and procedures when purchasing goods and services.

Reunis and van Raaij (2006) suggest that procurement benefits are only achieved when individuals use procurement methods and procedures appropriately. According to Subramaniam and Shaw (2004), orders placed outside of a procurement system are liable to errors and may limit usage of the procured product/service (Croom, 2000).

### **2.4 Principal-agent theory**

Principal-agent theory deals with the relationship between two actors: a Principal and the Agent who makes decisions or takes actions on behalf of the principal (Jensen and Mecklin, 1976; Eisenhardt, 1988, 1989; Bergen et al., 1992). Reuschlein and Gregory (1979) defined an agent as a fiduciary third party who acts in the interest of a single principal or constituent group. Principal-agent relationships exist within firms and between firms (inter organizational). It is concerned with how the principal should design the reward structure for the agent for the principal to fulfill his objectives. Jensen and Mecklin (1976), defined agency relationship as 'a contract under which one or more persons (the principal(s)) engage another person (agent) to perform some service on their behalf which involves delegating some decision making authority to the agent' They argued that if both parties (principal and agent) to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interest of the principal. Jensen and Mecklin (1976) suggested that the principal can limit divergences from his/her interest by establishing

appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent.

Most literature on principal-agent theory focuses exclusively on the normative aspects of the agency relationship that is how to structure the contractual relation (including compensation incentives) between the principal and the agent to make choices which will maximize the principal's welfare, given that uncertainty and imperfect monitoring exist (Jensen and Mecklin, 1976). In applying this theory to the study of public procurement in Ghana, the principal can be considered as the government of Ghana while the agents are the procurement practitioners. Agency theory has three key elements: agent opportunism; information asymmetry and risk aversion. It is also concerned with solving two key problems with respect to risk aversion and agency problem (Eisenhardt, 1989). Risk-sharing problem results from the fact that different risk preferences in the principal and agent may lead to preferences for different actions (Ouyang, 2006). Agency problem, which is the major focus of the agency theory, has three sources: conflicting goals or incentives between the principal and the agent, information asymmetry between the principal and the agent and the difficulty in measuring and verifying the agent's behavior and the outcome of the agent's work (Kiewiet and McCubins, 1991; Ouyang, 2006). Literature on principal-agent theory shows that agents have the tendency to pursue their own interest at the expense of the principal (Baker et al., 1988; Wood, 1988).

The government of Ghana being the principal, delegates procurement job functions and decisions to the agents who are the procurement practitioners at the various government entities (the Ministries, decentralized departments and agencies). The interest of the principal and agent at times may not be the same leading to the agents taking decisions not in the best interest of the principal and may lead to opportunism (transaction cost analysis) on the part of the agent. In public procurement contracts, this gives the leeway for corrupt practices, wasteful spending, in-transparent procurement deals and non compliance with the procurement rules and regulations. It is therefore the reason why the principal need to design appropriate incentives to induce the agent to behave and take decisions that will deliver optimum outcomes to fulfill the objectives of the principal. Some of these incentive packages could be wages, bonuses,

decision making rights, promotions, punishments etc (Halepota, 2005). With respect to monitoring, the principal-agent theory also assumes that tighter monitoring by the principal should motivate agent to increase their effort while the 'crowding-out' literature suggests that the opposite may occur (Dickinson and Villeval, 2008). Results show that many principal principals engage in costly monitoring and that most agents react to the disciplining effect of monitoring by increasing effort and complying.

In Principal-Agent relations, the principal is face with two distinct kinds of problems according to Jensen and Mecklin (1976), one being the fact that the principal engages the agent under the condition of incomplete information while on the other hand the agent too may have some information that the principal may not have access to in order for the principal to be in the position to take appropriate decision during the engagement of the services of the agent. These problems come about as a result of information asymmetries existing between the principal and the agent as the agent do not want to share certain information with the principal leading to what is termed hidden information (Douma and Schreuder, 2002). This phenomenon arises because one party has private information that is relevant to a potential transaction but is unobservable to the other party. It is therefore the unobservability of this private information that constitutes the essence of the information problem and introduces risk to the other party (Douma and Schreuder, 1998 2002). Hence the problem of information asymmetry is one of the important reasons for agent opportunism. Agents have better knowledge about their own skill and capabilities with respect to what they can do; and not do; how best they can do it and how much effort they can put into a task which the principal may not have full knowledge of when engaging/hiring an agent. The problem of information asymmetry may therefore lead to misrepresentation of the ability of the agent resulting in adverse selection problem. Agents know how much effort they can put into a particular task and their work in general and how effective they have been than the principal may know also leading to the problem of moral hazard. The most intriguing part of it all is that the behavior of agents is hard to observe, monitor and measure and therefore though the principal wishes to address the information problem, they are faced with the problem of monitoring and metering cost (Williamson, 1985).

To help solve some of these information problems, (Kisser, 1999), suggested: identifying right agents, this is important during the recruitment and selection of procurement professional, government purchasers and buyers; using various forms of monitoring and adopting negative and positive actions with respect to sanctions and incentives respectively.

To sum up, hidden information is usually an ex-ante information problem compared to hidden action which is an ex-post phenomenon. Hence the main issue is how the principal would evaluate and reward the agent's performance so as to motivate the agent to behave in a manner consistent with the principal's goals and objectives and the type of information strategy that should be employed to make such evaluations (Douma and Schreuder, 1998; 2002) and this is where the use of contracting is important to reduce the possibility of the agent becoming opportunistic but rather help exhibit an optimal behavioral output. Eisenhardt (1989) therefore emphasized that the focus of the principal – agent literature is on determining the optimal contract and behavior versus outcome, between the principal and the agent. In linking this to the study at hand it is expected according to theory that familiarity or how knowledgeable procurement practitioners are of the rules and regulations of the procurement Act coupled with the adoption of the necessary monitoring mechanism stipulated by the procurement Act will help influence the way practitioners behave in terms of compliance with the provisions of the procurement Act not forgetting the regulatory role of the Public procurement Authority in ensuring that practitioners comply with the Act. In summarizing this chapter of the write-up it is important to note that the principal-agent theory deals with the relationship between a principal and an agent and how the principal will design an appropriate and efficient contract to govern the relationship and help persuade the agent to act in the best interest of the principal for optimum output. The application of this theory to the study at hand looks at the principal (government of Ghana) and the agent (a public procurement practitioner and/or entity committee) within the new regulatory frame work of public procurement reforms in Ghana. The next chapter makes a review of the literature on the key concepts in public procurement reforms that underpin this study: compliance; monitoring; familiarity and goal

achievement and how these concepts are linked to the principal-agent theory which has been reviewed in this chapter.

## **2.5 Compliance issues in public procurement**

Payan and McFarland (2005, p72), defined compliance as referring to 'acting in accordance with an influence attempt from source' as reported by Gelderman et al., (2006). The concept of compliance looks at the conduct of the regulated actor in comparison to the corresponding obligation that the actor is supposed to obey. Compliance is usually assumed to have a negative connotation since it is usually associated with enforced behavior. This negative connotation of compliance is given further emphasis by its definition in the marketing literature as 'giving in to the wishes of a more powerful channel member' (Hunt et al., 1987, Gelderman et al., 2006). Gelderman et al., (2006) equally reported that '....an individual accepts influence...not because he believes in its content but because he expects to gain specific rewards or approval and avoid specific punishments or disapproval by conforming' (Kelman, 1958). In relating this to principal-agent theory, an agent acting on behalf of a principal may be forced to comply with the laid down rules since the actor assumes that he/she may be sanctioned for non-compliance or rewarded for compliance.

A public procurement practitioner therefore acting on behalf of the government of Ghana (principal) is enforced to comply with the regulatory regime of the new public procurement Act, Act 663 since the inability to comply may result in the agent being sanctioned as mandated by the law. This was evidenced in the assessment report of the Public Procurement where for ethics and compliance with the regulatory framework, Ghana achieved a score of 52.88% which was considered quite satisfactory in view of the relatively short time that the reform process was implemented. It has also been found that academic research in public procurement has been very inadequate (Thai, 2001) not to mention research with respect to compliance (Gelderman et al., 2006). Most compliance research in developing countries are 'more or less fact finding missions' with sponsorship from bilateral or multilateral donors to benchmark performance of the procurement system for which funds were sourced for their implementation and the World Bank is no exception as it has initiated and sponsored a large



majority of such schemes in the developing countries. Non-compliance is considered a major hindrance when it comes to compliance issues since it shows that the directives, rules and regulations are not being followed and therefore would be difficult to achieve the objectives of such reform programs. The significance of the compliant process can not be overstated in that it helps determine if the procurement of goods, services and works are done efficiently and economically. It also helps to assess if the procurement process is being undertaken in accordance with the rules and regulations as pertaining to the regulatory framework within which the reform takes place. The compliance process also helps in identifying weaknesses within the procurement system and how to take corrective measures so as to correct deficiencies within the system. The enforcement of the rules and regulations, the reward of incentives and the sanctioning of practitioners is deemed to influence compliance rates or the degree to which public procurement practitioners/governmental purchasers comply with the rules.

## **2.6 Monitoring, familiarity and goal achievement in public procurement**

A useful definition of monitoring is provided by Hellawel (1991) with some modifications as: 'an intermittent (regular/irregular) series of observations in time, carried out to show the extent of compliance with formulated standard or degree of deviation from an expected norm'. Hellawel (1991) further stated that 'important in the rationale for monitoring is the recognition that a change has occurred, and that monitoring is a means of detecting that change; of establishing its deviation and measuring its extent, intensity or degree'. Monitoring can therefore be said to be based on surveillance and is the systematic collection of data or information over time in order to ascertain the extent of compliance with a pre-determined standard or position. Monitoring is an essential part of procurement management and control and is linked with compliance, performance and behavior. With respect to behavior, the monitoring of public procurement practitioners' behavior is expected to influence the degree of compliance due to the fear that non-compliance would lead to imposition of sanction. The verification of behavior of the agent by the principal when the principal has sufficient information is expected that the agent will more likely

behave in the best interest of the principal (Eisenhardt, 1989) and therefore the need for a governance mechanism that limits the agents self-serving behavior in the form of monitoring is important (Jensen, 1983). The sanctioning of agents (public procurement practitioners) who do not comply and the reward of those who comply in terms of incentives is expected to increase the intensity or degree of compliance (Gelderman et al., 2006). Blau and Scott (1962) and Murray and Heide (1998) also argued that in addition to the incentive effect of monitoring, monitoring arrangements can also increase member compliance because the monitoring process in itself may place uncomfortable social pressure on the agent. Ghana for example scored 57.64% for monitoring and control considered very satisfactory 15 during the assessment of its procurement systems.

Familiarity of rules can best be described as having the knowledge with respect to the rules, processes and procedures in carrying out a procurement function. Hunja (2003) argued that knowledge is a key ingredient of a well functioning, modern legal and institutional public procurement framework and that the lack of it brings about capacity problems. How knowledgeable a public procurement practitioner is, is an agent's characteristics that the principal may not have complete information about at the time of engagement of the agent by the principal according to the principal-agent theory (Douma and Schreuder, 2002). Hence, though the principal may have some information about the agent in terms of the agent's characteristics and capabilities, the principal's knowledge about the agent is limited and incomplete and this is term hidden information or adverse selection. It is possible to therefore argue that the human resource base of a reform program in public procurement is indispensable for a successful reform and for achieving a high degree of compliance since the lack of knowledge or familiarity with the procurement rules can lead to non-compliance. Ghana achieved a score of 40.39% with 16 respect to human resource base of the reform program which may not be considered very satisfactory and shows the lack of capacity and knowledge that need to be addressed with the necessary training and development. It is important to note that practitioners need to be very clear about the various rules and regulations governing public procurement, since the lack of clarity can lead to non-compliance. The lack of clarity is believed to increase the possibilities of undeliberate non-compliance (Gelderman, 2002).

A goal or objective can be defined as: 'a projected state of affairs which a person, or a system plans or intends to achieve or bring about, could be a personal or organizational desired end-point'. Organizations set goals and objectives that need to be achieved to realize the purpose for which such organizations were established. For example organizations in the private sector have profit making as the main goal and in the attaining these goal, they put in place the type of business strategy that will help realize those goals. In the pursuit to achieve organizational goals and objectives, there could be goal conflict especially in the principal-agent scenario where the principal and the agent may have divergent goals or objectives either ex post or ex ante when the principal contractually engages the agent. Rokkan and Buvik, 2003 proposed that the lower the level of goal conflict the less likely it is that the agent will behave in opposition to the interests of the principal. For example, the goals and objectives of the procurement entity could be in conflict with what the reform program seeks to achieve or the other way, the goals and objectives of the public sector organization could be in conflict with that of the procurement reforms thereby making it difficult for the organization to achieve its goal while adhering to the rules and regulation of the public procurement law, and thereby making compliance with the rules a problem. It is therefore important for goal between the principal and the agent in order for both to achieve their goals and objectives so that the public organization or entity could still achieve its goals while complying with the provisions of the laid down procurement rules and regulation. The next chapter looks at the procurement reform program in Ghana in detail. It discusses an overview of public procurement in general and then goes on to look at how procurement functions were carried before the new reform program. It then goes on to discuss the legal and regulatory framework of the new procurement system and some procurement processes, procedures and principles.

## **2.7 Overview of public procurement Public procurement**

Has a long history as reported by Thai (2001). He traced this history where the earliest procurement order dates from between 2400 and 2800 B.C with a procurement order written in red clay tablet found in Syria. The order was for '50

jars of fragrant smooth oil for 600 small weights in grain' (Coe, 1987), while other evidence of historical procurement includes the development of the silk trade between China and a Greek colony in 800B.C. The importance of public procurement can not be overstated in view of the huge financial outlays that are usually involved: Pegnato (2003) estimated United States federal procurement figure at around US\$200 billion per annum while Coggburn (2003) put the combined level of state and local government's at more than US\$1trillion. Thai and Grimm (2000) estimated government's collective purchasing at around 20% of GDP while for developing countries, Nicol (2003) put the figure at 15% of GDP. Public procurement is therefore an important function of government as the huge outlays has a great impact on the economy and needs to be well managed (Thai,2001) and secondly, as an important tool for achieving economic, social and other objectives (Arrowsmith, 1998). In view of the importance that public procurement play in both economic and social development, the World Bank's Procurement under IBRD Loans and IBRD Credits specifies four major concerns or objectives of public procurement for projects funded by its loans as reported by Thai (2001):

- ensuring that the loan is used to buy only those goods and services needed for the project;
- ensuring fair competition for all qualified bidders from the World Bank's eligible countries;
- promoting transparency or integrity, and
- Encouraging development of indigenous contractors and manufacturers by allowing local buyers to build in a margin of preference for local contractors and manufacturers (Tucker, 1998).

In the promotion of transparency or integrity, Barden (2006) posited that transparency was important to assure the trust and confidence in the procurement system and that it is important to assure vendors that the opportunity to supply goods and services are offered on a level playing field while avoiding corruptive influences. Barden (2006) suggested that transparency can be achieved by government agencies through the following strategies: use of effective advertising; public bid opening procedures; effective bid evaluation criteria; independent evaluation methods consistent with the stipulations of the

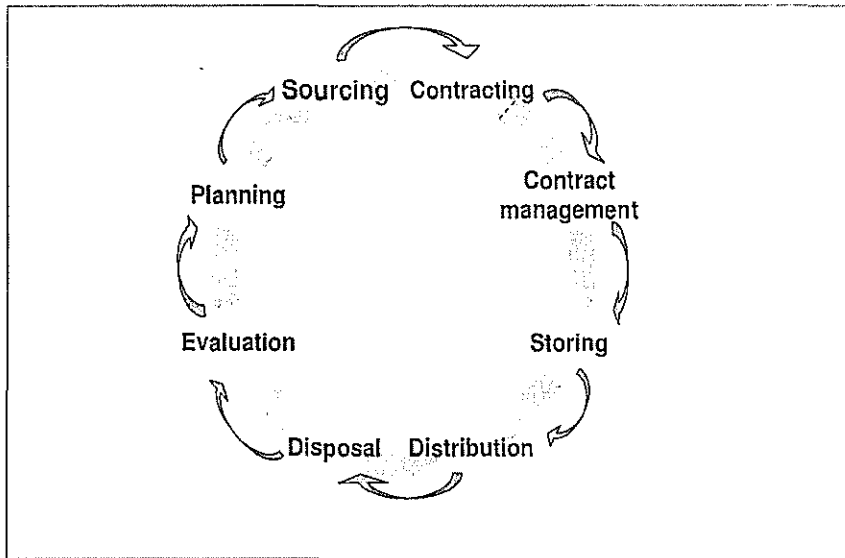
bidding documents and the awarding of contracts to qualified vendors having submitted the lowest evaluated bid without negotiations. Other strategies included: the publication of award results; fair and speedy protest and dispute resolution handling processes and the disclosure of signed contracts and prices. Schapper et al., (2006) made a strong case for the potential of technology to enhance transparency as noted by other authors such as Shadrach and Ekeanyanwu (2003). They suggested that e-commerce helps in the enhancement of transparency through effective audit for the great volume of simple low value transactions while for high value complex procurement processes, the key transparency features included: public access to up-to-date policies; information on bidding programs; standardized documentation and lodgment of bids; progress of tender evaluation and announcement of outcomes. Schapper et al (2006) and Shadrach and Ekeanyanwu (2003) therefore concluded that for high value procurement processes, transparency is strengthened through direct public disclosure of all stages of the procurement process while low value procurement is strengthened primarily through improved audit capabilities. But unfortunately, public procurement reforms programs in developing countries do not incorporate the reformation and incorporation of technology with respect to e-commerce but mostly the reformation of the regulatory and management processes of the procurement systems for efficiency, value for money and compliance. This is affirmed by Schapper et al., (2006): '...enhanced transparency from the application of technology to procurement systems delivers directly what volumes of regulations seek to do indirectly and often tenuously'.

## **2.8 The Procurement Cycle**

The procurement cycle is more or less a road map of the activities within a procurement function. It establishes key activities required at every stage of the procurement process while at the same time providing a benchmark for the monitoring and evaluation of the process by procurement monitors and evaluators. The procurement cycle model emphasizes activities occurring within the entire supply chain and not just procurement as shown in Figure 2; though the Public Procurement Act 663 did not stress on the storage and distribution functions of the supply chain, the law's emphasis on the disposal of stores, plant

and equipment makes it imperative to include all activities of the supply chain. These activities consist of the following: Planning; Sourcing; Contracting; Contract management; Storing; Distribution; Disposal and Evaluation.

Figure 2: Procurement cycle for goods



**Source: master's dissertation**

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter explains the approaches the researcher used to gain information on the research problem and included the research design, study population and sample size, sampling design and procedure, data collection methods, measurement of variables Procedure of data collection, data processing, analysis and presentation and anticipated problems to the study.

#### **3.1 Research design**

This study used a case study research design involving both quantitative and qualitative' methods because it provided detailed knowledge about the effect of procurement methods and procedures on service delivery of drugs. This study was utilized a cross sectional survey approach. The quantitative approach was used to quantify incidences in order to describe current conditions and to investigate the relationships between procurement management and service delivery of drugs using information gained from the questionnaires. The qualitative approach was used to explain the events and describe findings using interviews and documentary analysis.

##### **a. Study Population**

The study was conducted in staff and non staff management of Butabika hospital. The population comprised of 100 individuals from whom the researcher obtained a sample of 41 respondents comprising of 20 staff and 21 non-staff management.

#### **3.2.1 Sample Size**

From the above population, the sample size was obtained using the formulae which was put forward by Saunders, Lewis and Thornhill (1997).

$$\text{Sample size} = P \times Q \times (Z/E)^2$$

Where;

P: Number of target population that conforms to the characteristics of the sample required,

Q: Number of the target population that does not conform to the characteristics of the required sample,

Z: Confidential level required (that is 95%), and

E: Margin of error (5%).

Given individuals as 100, p=87 (87%) and Q=13 (13%)

Therefore,

$$\begin{aligned} &P \times Q \times (Z/E)^2 \\ &= 0.87 \times 0.13 \times (0.95/0.05)^2 \\ &= 40.8291 \approx 41. \end{aligned}$$

From the above, the researcher was used a sample of 41 respondents, comprising of 20 staff and 21 non-staff as shown by the table below;

**Table 1: Shows Categories of Respondents**

<b>Categories of respondents</b>	<b>Number of respondents</b>
staff	20
non-staff	21
<b>Total</b>	<b>41</b>

***Source: Primary data***

### **3.3 Sampling Design and Procedure**

Probability sampling focusing on random sampling technique was used to select low-level staff to participate in the study. Non-probability sampling focusing on purposive sampling technique was used to select high-level staff.

### **3.4 Data Source and Type**

The study was both primary and secondary data. Primary data was collected from the field using - questionnaires and interview guides while secondary data



was collected from available published records such as textbooks, journals, magazines, manuals and internet.

### **3.5 Data Collection Methods**

Data was collected using questionnaires covering all the aspects of the study variables and accompanied with a Likert scale response continuum that is strongly agree, agree, undecided, disagree and strongly disagree, was used for this study to collect data from low level staff. This is because they were enable the respondents to express freely their opinion about the variables under study

#### **3.5.3 Document Analysis**

The study was also reviewed existing literature related to the study problem and variables in form of reports, journals, websites and databases to gain information on the topic.

### **3.7 Procedure of data collection**

A letter of authorization from Kampala International University was provided as a request for permission to conduct the study. A covering letter accompanied the questionnaires explaining the purpose of the study and the questionnaires were distributed directly to the respondents in their respective areas for filling and were collected after two week following its dispatch and filling. The data collected was edited and decisions were made on whether to use it or not

### **3.8 Data Analysis**

Two types of analyses were conducted and these are quantitative and qualitative analysis. The following sub- sections explains the analyses, in detail.

#### **3.8.1 Quantitative Analysis**

Quantitative data was collected, edited and coded using the Statistical Package for the Social Sciences (SPSS). Two types of analyses were computed. The first will include descriptive statistics (frequencies and percentages) and the second will include inferential statistics (correlations). The frequencies and percentages are to be used to determine the respondents' views on each of the study

variables. Pearson correlation tests were used to test for significant relationships between the variables.

Using compute Statistical Package for social sciences (SPSS) in the generation for frequency table and descriptive statistics percentages, frequencies and counter were used simply because it is useful in summarizing small amount of data and micro soft excels. These packages were proffered because it is fast, reliable and accessible. MS-Excel was used for simple calculations and generation of graphs and charts.

### **3.9 Anticipated Problems to the Study**

1. These included financial problems in terms of photocopying, secretarial services, transport costs.
2. Inadequate time to exhaustively conduct the research since it was done in the course of the semester. This was overcome by putting more effort and spending conducting research.
3. The research encountered problem of non responses from some respondents.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

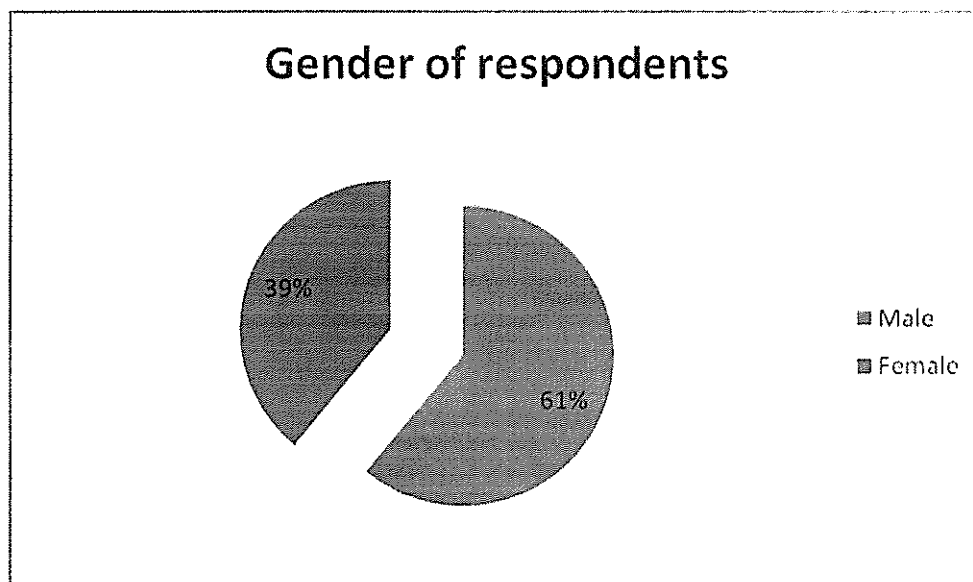
#### 4.0 Introduction

This chapter presents, analyzes and interprets the results. It is divided into four sections. The first section presents, analyzes and interprets the results about the background information. The second section presents, analyzes and interprets the results about levels of adherence/compliance to the procurement methods/procedures. The third section presents, analyzes and interprets the results about strategies to improve the procurement methods/procedures. The fourth section presents, analyzes and interprets the results about effect of procurement method and procedure on drug usage.

#### 4.1 Background Information

Respondents were asked about their gender, age, level of education and tenure with their organization. Findings are presented in Figures 1 to 4 followed with an analysis and interpretation.

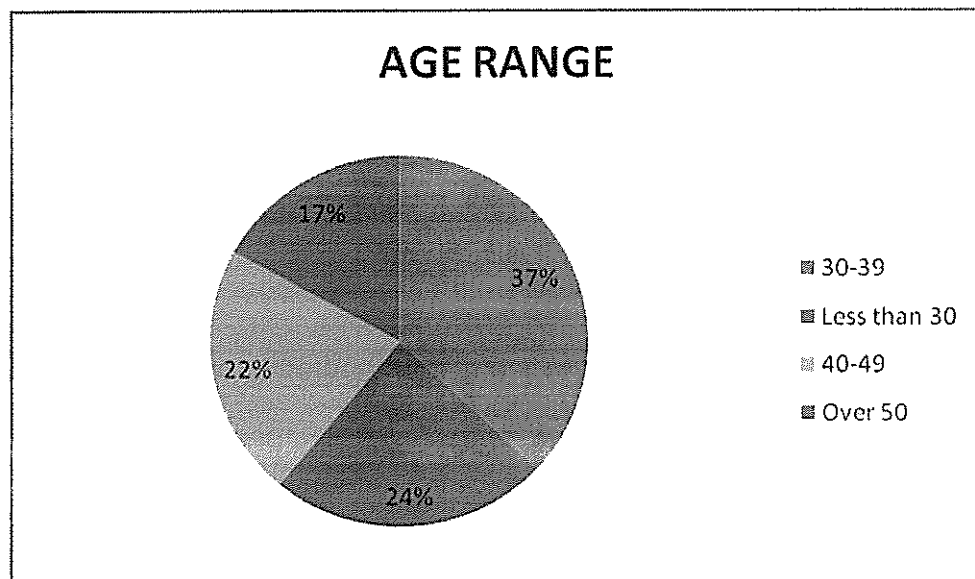
**Figure 3: Gender of respondents**



**Source: Primary data**

Findings in Figure 1 show that most respondents (61%) were male compared to the female respondents (39%). This implies that there are more staff members at Butabika Hospital compared to the female staff members.

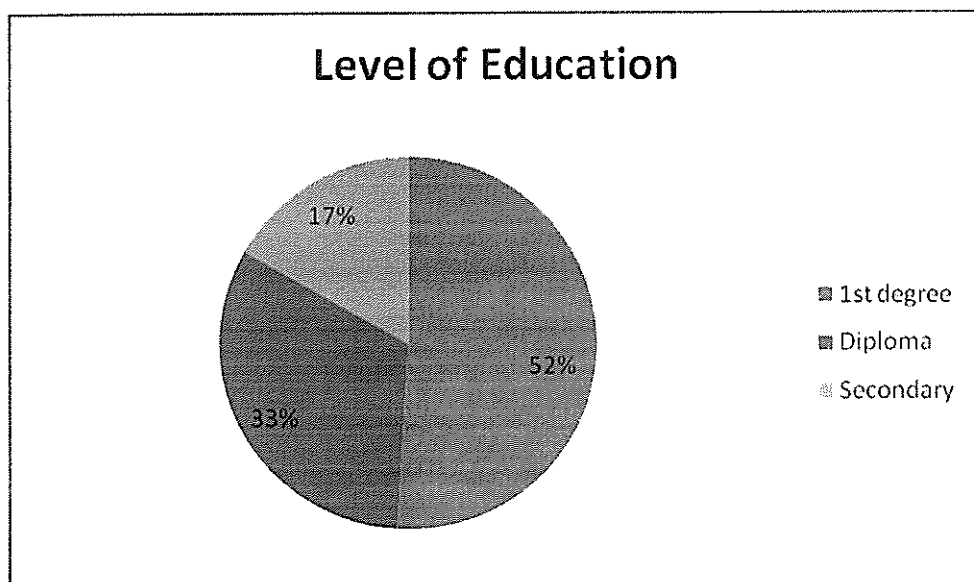
**Figure 4: Age range of respondents**



**Source: Primary data**

Findings in Figure 2 show that a large proportion of respondents (37%) were in the age range of 30-39 years compared to the respondents in the age range of less than 30 years (24%), 40-49 years (22%) and over 50 years (17%), respectively. This implies that there is large proportion of staff members at Butabika Hospital are in the age range of 30-39 years.

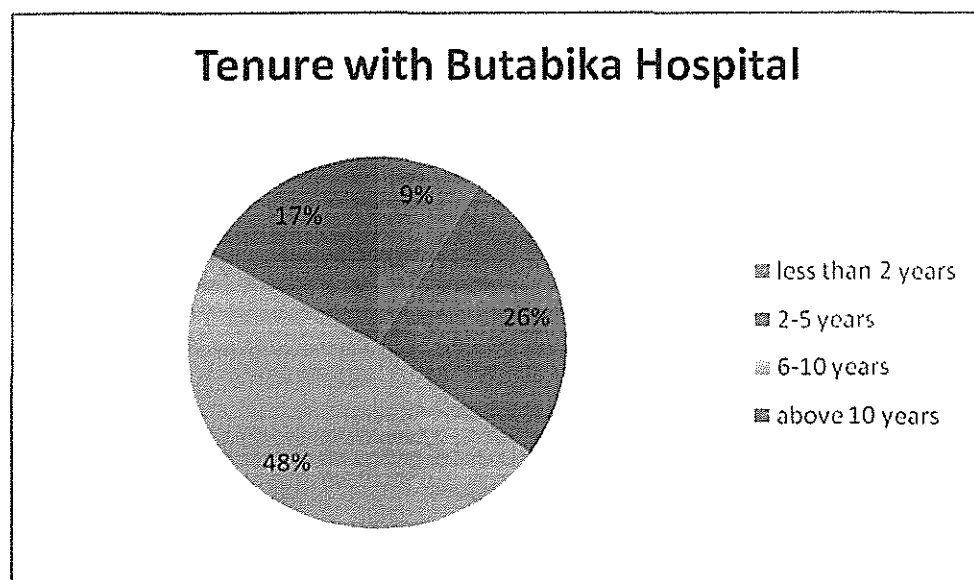
**Figure 4: Level of education of respondents**



***Source: Primary data***

Findings in Figure 3 show that a large proportion of respondents (52%) had a 1<sup>st</sup> degree level of education compared to the respondents with a diploma level of education (33%) and with a secondary level of education (17%), respectively. This implies that there is large proportion of staff members at Butabika Hospital are in the age range of 30-39 years.

**Figure 5: Tenure with Butabika Hospital**



***Source: Primary data***

Findings in Figure 4 show that a large proportion of respondents (48%) had served Butabika Hospital for a period of 6-10 years compared to the respondents who had served for a period of 2-5 years (26%), above 10 years (17%) and less than 2 years (9%), respectively. This implies that there is large proportion of staff members at Butabika Hospital are in the age range of 6-10 years.

#### **4.2 Levels of Adherence/Compliance to the Procurement Methods/Procedures**

Five statements about levels of adherence/compliance to the procurement methods/procedures were presented to respondents at Butabika Hospital. There were requested to respond to the statement using a five Likert scale from "Strongly disagree to "Strongly agree". Findings are presented in Table 2 followed with an analysis and interpretation.

Table 2: Findings about levels of Adherence/Compliance to the Procurement Methods/Procedures

Statements	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
1. There are effective procedures to control wasteful spending in procurement of goods/services of this organization	3 (7%)	5 (12%)	4 (9%)	20 (48%)	9 (21%)	41 (100%)
2. Employees usually use a procurement system in place to purchase goods and services	20 (48%)	19 (46%)	0 (0%)	1 (2%)	1 (2%)	41 (100%)
3. Management ensures that staff adhere to the procurement system in place	4 (9%)	17 (41%)	7 (17%)	13 (31%)	5 (12%)	41 (100%)
4. Procurement system in place is easily understood	6 (14%)	16 (39%)	8 (19%)	10 (24%)	1 (2%)	41 (100%)
5. Procurement system in place is regularly followed	12 (29%)	7 (17%)	9 (21%)	10 (24%)	2 (4%)	41 (100%)

From Table 2, findings show that (5%) disagreed with the statement that there are effective procedures to control wasteful spending in procurement of goods/services of this organization compare to those who concurred (48%) while only 9% were not sure. This implies that in most cases, there are effective

procedures to control wasteful spending in procurement of goods/services of Butabika Hospital.

46% disagreed with the statement that employees usually use a procurement system in place to purchase goods and services compare to those who concurred (2%) while 0% were not sure. This implies that most employees do not usually use a procurement system in place to purchase goods and services of Butabika Hospital.

41% disagreed with the statement that management ensures that staffs members adhere to the procurement system in place compare to those who concurred (31%) while 17% were not sure. This implies that some staff in management ensures that staff members adhere to the procurement system in place of Butabika Hospital.

39% disagreed the statement that procurement system in place is easily understood compare to those who concurred (24%) while 19% were not sure. This implies that most staff members do not easily understand the procurement system in place at Butabika Hospital.

29% disagreed with the statement that procurement system in place is regularly followed compare to those who concurred (24%) while 21% were not sure. This implies that most staff members do not regularly follow the procurement system in place at Butabika Hospital.

Thus, the following deduction is made in this study basing on the above analysis and interpretation. The findings show that the levels of adherence/compliance to the procurement methods/procedures at Butabika Hospital are compromised.



### 4.3 Strategies to Improve the Procurement Methods/Procedures

Five statements about strategies to improve the procurement methods/procedures were presented to respondents at Butabika Hospital. They were requested to respond to the statement using a five Likert scale from "Strongly disagree" to "Strongly agree". Findings are presented in Table 3 followed with an analysis and interpretation.

**Table 3: Findings about strategies to improve the procurement methods/procedures**

Statements	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
1. Carefully defined and disciplined processes at every level are maintained in this organization	4 (9%)	19 (46%)	3 (7%)	5 (12%)	10 (24%)	41 (100%)
2. Procurement activities are always well monitored to ensure adherence to best practice	1 (2%)	15 (46%)	2 (4%)	9 (21%)	14 (34%)	41 (100%)
3. Evaluations of the procurements are always conducted by the evaluation committee to ensure compliance	1 (2%)	29 (58%)	4 (9%)	8 (19%)	4 (9%)	41 (100%)
4. Stringent mechanisms are in place to ensure procurement compliance in this organization	4 (9%)	13 (31%)	11 (26%)	11 (26%)	2 (4%)	41 (100%)

5. People who do not adhere to procurement procedures/laws are usually punished	4 (9%)	12 (29%)	4 (9%)	18 (43%)	3 (7%)	41 (101%)
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**Source: Secondary data**

From Table 3, findings show that more respondents (46%) disagreed the statement that carefully defined and disciplined processes at every level are maintained in this organization compare to those who concurred (24%) while only 7% were not sure. This implies that in most cases, carefully defined and disciplined processes at every level are not maintained at Butabika Hospital.

46% disagreed the statement that procurement activities are always well monitored to ensure adherence to best practice compared to those who concurred (34%) while only 4% were not sure. This implies that procurement activities are sometimes well monitored to ensure adherence to best practice at Butabika Hospital.

58% disagreed with the statement that the evaluation committee at Butabika Hospital always conduct evaluations of the procurements to ensure compliance compare to those who concurred (34%) while only 9% were not sure. This implies that in most cases, the evaluation committee at Butabika Hospital does not always conduct evaluations of the procurements to ensure compliance.

31% disagreed with the statement that stringent mechanisms are in place to ensure procurement compliance in this organization compare to those who concurred (26%) while 26% were not sure. This implies that in most cases, stringent mechanisms are not in place to ensure procurement compliance at Butabika Hospital.

An equal proportion of respondents (29%) disagreed the statement that people who do not adhere to procurement procedures/laws are usually punished like those who concurred (43%) while only 9% were not sure. This implies that some people who do not adhere to procurement procedures/laws are usually punished while others are not.

Thus, the following deduction is made in this study basing on the above analysis and interpretation. The findings show that the strategies to improve the procurement methods/procedures at Butabika Hospital are not effective.

#### **4.4 Effect of Procurement Method and Procedure on Drug Usage**

Five statements about effect of procurement method and procedure on drug usage were presented to respondents at Butabika Hospital. There were requested to respond to the statement using a five Likert scale from "Strongly disagree to "Strongly agree". Findings are presented in Table 4 followed with an analysis and interpretation.

**Table 4: Findings about effect of procurement method and procedure on drug usage**

Statements	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
1. Procurement methods and procedures in place have contributed to procurement of low value drugs	1 (31%)	4 (9%)	2 (4%)	17 (41%)	6 (14%)	41 (100%)
2. Drug procurement benefits are realized because of appropriately procurement	9 (21%)	8 (17%)	2 (4%)	16 (39%)	6 (13%)	41 (100%)

methods and procedures						
3. Orders placed outside of a procurement system have been liable to errors that have limited drug usage	5 (12%)	5 (12%)	8 (17%)	17 (41%)	6 (13%)	41 (100%)
4. Complaints in drug usage have been associated with the procurement methods and procedures in place	12 (29%)	6 (13%)	2 (4%)	20 (48%)	6 (13%)	41 (100%)
5. Procurement methods and procedures in place have contributed to low drug usage	12 (29%)	4 (9%)	3 (7%)	16 (39%)	6 (13%)	41 (100%)

***Source: Secondary data***

From Table 4, findings show that 31% disagreed with the statement that procurement methods and procedures in place have contributed to procurement of low value drugs compared to those who concurred (41%) while only 4% were not sure. This implies that sometimes, procurement methods and procedures in place have contributed to procurement of low value drugs at Butabika Hospital.

21% disagreed with the statement that drug procurement benefits are realized because of appropriately procurement methods and procedures compared to those who concurred (39%) while only 4% were not sure. This implies that

sometimes, drug procurement benefits are realized because of appropriately procurement methods and procedures at Butabika Hospital.

12% disagreed with the statement that orders placed outside of a procurement system have been liable to errors that have limited drug usage compare to those who concurred (41%) while 17% were not sure. This implies that in most cases, orders placed outside of a procurement system have been liable to errors that have limited drug usage at Butabika Hospital.

29% disagreed with the statement that complaints in drug usage have been associated with the procurement methods and procedures in place compare to those who concurred (48%) while only 4% were not sure. This implies that sometimes, complaints in drug usage have been associated with the procurement methods and procedures in place at Butabika Hospital.

29% disagreed with the statement that procurement methods and procedures in place have contributed to low drug usage compare to those who concurred (39%) while only 7% were not sure. This implies that sometimes, procurement methods and procedures in place have contributed to low drug usage at Butabika Hospital. Thus, the following deduction is made in this study basing on the above analysis and interpretation. The findings show that the effect of procurement method and procedure on drug usage has at most times been negative at Butabika Hospital.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the discussion, conclusions and recommendations. It is divided into three sections. The first section presents the discussion. The second section presents the conclusions. The third section presents the recommendations.

#### **5.1 Summary of findings**

##### **5.1.1 Levels of Adherence/Compliance to the Procurement Methods/Procedures**

The study found out that the levels of adherence/compliance to the procurement methods/procedures at Butabika Hospital are compromised. This was because, there were effective procedures to control wasteful spending in procurement of goods/services of Butabika Hospital, most employees did not usually use a procurement system in place to purchase goods and services of Butabika Hospital, some staff in management ensured that staff members adhere to the procurement system in place of Butabika Hospital, most staff members did not easily understand the procurement system in place at Butabika Hospital, and most staff members did not regularly follow the procurement system in place at Butabika Hospital.

These findings support Kearney (2008) who emphasized that organizations struggle to get maximum internal compliance to their strategies and processes. Some of the findings of this study are contrary to D'Avanzo, Lewinski and Wassenhove (2003) who suggested that procurement activities must be skillfully monitored to ensure adherence to legislation, set procedures and best practice.

##### **5.1.2 Strategies to Improve the Procurement Methods/Procedures**

The study established, the strategies to improve the procurement methods/procedures at Butabika Hospital were not effective. This was because, carefully defined and disciplined processes at every level were not maintained at

Butabika Hospital, procurement activities were sometimes well monitored to ensure adherence to best practice at Butabika Hospital, the evaluation committee at Butabika Hospital sometimes did not always conduct evaluations of the procurements to ensure compliance, stringent mechanisms were not in place to ensure procurement compliance at Butabika Hospital, and some people who adhere to procurement procedures/laws are usually punished while others did not.

Some of these findings are contrary to Emiliani (2000) who emphasized that organization should maintains carefully defined and disciplined processes at every level, from strategic to transactional, across the entire procurement life cycle to enhance procurement compliance. They also contrary to Flynn, Sakakibara, Schroeder, Bates, and Flynn (1990) who emphasized that procurement should seek to establish clearly structured, easily understood, and easily used systems and tools to streamline execution and manage compliance on the part of end-users. In addition, they contrary to Neef (2001) who observed that organizations must design clear procurement processes. To do this, procurement needs to be integrated both at the front end - aiding end-users in developing their sourcing strategies and processes - and at the back end, assessing whether end-users are complying with procurement policies and contract terms. Furthermore, they are contrary to Subramaniam and Shaw (2004) who discussed the issues of increased control in ensuring compliance.

### **5.1.3 Effect of Procurement Method and Procedure on Drug Usage**

The established that poor procurement methods and procedures resilted into poor drug usage at Butabika Hospital. This was because procurement methods and procedures in place sometimes contributed to procurement of low value drugs at Butabika Hospital, drug procurement benefits were sometimes realized because of appropriately procurement methods and procedures at Butabika Hospital, orders placed outside of a procurement system have been liable to errors that have limited drug usage at Butabika Hospital, complaints in drug usage were sometimes associated with the procurement methods and procedures

in place rugs at Butabika Hospital, and procurement methods and procedures in place sometimes contributed to low drug usage at Butabika Hospital.

The findings of this study support the broad idea posited in other studies that if compliance is limited, so too are the user benefits of procurement (Croom. 2000; Neef, 2001; Arbin, 2006; Croom & Johnston, 2003; Subramaniam & Shaw, 2004; Cox *et al.* 2005; Reunis & van Raaij, 2006). The study findings support Arbin (2006) who argued that if the potential value of goods/services is to be achieved, it is critical to providers of goods/services to comply adopt with procurement methods and procedures when purchasing goods and services. Findings also support Reunis and van Raaij (2006) who suggested that procurement benefits are only achieved when individuals use procurement methods and procedures appropriately.

## **5.2 Recommendations**

In respect to strategic procurements and procedures in general, more consultation should be made with the wider community and with other Stakeholders in the procurement system, especially members of the public who was directly affected by the outcomes of procurement.

Better trained and managed professional procurement teams are required in order to operate the principles behind the new procurement methods and procedures given the increasing complexity of procurement, and the need to exercise decisiveness in complex circumstances.

Greater collaboration between procuring entities of public bodies should take place in order to achieve efficiency gains realizable from aggregation. However, aggregation should not be seen as an end in itself. It should be pursued only to the extent that meets the wider goals of procurement.

Procurement practitioners' Association should be established where representatives from centres of expertise and various procuring entities should



meet regularly to inform test and develop policies and where appropriate operationalize issue.

The Authority should ensure that electronic commerce becomes the standard way of doing business by setting strategic targets for the adoption of electronic transactions, including the use of procurement cards. This would reduce on delays.

Bureaucracy which was noted for slowing down the rate of acquisition should be minimized if an organization is to reap from the benefits of the procurement methods and procedures.

In planning and managing their procurement activities, public sector organizations should clearly distinguish strategic and routine requirements and ensure that highly skilled and appropriately Qualified staff are allocated to strategic contracts bearing in mind that the right methods and procedures to follow.

Accountability; effective mechanisms should be put in place in order to enable procurement officers and their responsibility on issues of procurement risk and expenditure.

Compleitive supply; Procurement should be carried out by favourable competition unless there are convincing reasons to the contrary. This is to enhance the element of "value for money"

Effectiveness; Public bodies should meet the commercials, regulatory and Social-economic goals of government in a balanced manner appropriate to the procurement methods and procedures.

Fair-dealing; Suppliers should be treated fairly and without unfair discrimination, including protection of commercial confidentiality as per the regulations on that note, public bodies should not impose unnecessary burdens or constraints on suppliers by selfishly choosing in appropriate, procurement methods and

procedures. For example, using restricted domestic bidding yet open domestic bidding would be appropriate.

Informed decision-making; public bodies need to base decision on accurate information and to monitor requirements to ensure that they are being met.

Responsiveness; public bodies should endeavour to meet the aspirations, expectations and needs of the user departments served by the procurement through its methods and procedures.

### **5.3 Suggestions for Further Research**

Further research is needed in the field of procurement in depth because of the increased interest and complexity involved in it.

As noted in chapter two, that over 70% of organizational resources are allocated to the procurement department, I suggest a comprehensive research to find out the effects of the organizational funding on the procurement methods and procedures.

There is need to find out the effects of electronic procurement on the public procurement mainly focusing on its efficiency and setbacks. The findings here should give a strong basis as why organizations should invest and relay on e-procurement as a better alternative.

There is also need to find out the effects of aggregated procurements in the public sector by the various public procurement entities.

A study should be carried out to determine whether the PPDA has achieved the goals that brought it into existence.

## **5.4 Conclusions**

The field of procurement is extremely interesting and complex.

It is a process that involves all the individuals who make up the organizational levels. In addition, it requires a significant portion of the resources available within the organization from human resource to financial. Any approach to procurement methods and procedures must take into account technical and financial considerations of the organization.

So far as per this study, the positive effects of procurement methods and procedures over whelm the negative effects though the fact remains that a lot is required to improve public procurement through emphasizing timeliness, appropriateness and proper planning so as to achieve the overall concept of "value for money". As a package, the study provides a foundation for a flexible and more modern approach to the efficient and effective management of a significant proportion of the public funds through appropriate users should always be at frontline of making procurement plans so as to select the best way forward other than concentrating every decision only at managerial levels.

The study indicates that the Authority laid a good foundation through demarcating thresholds of the procurement methods and procedures. For example procurements below three million shilling being restricted to micro, quotation and proposal methods while multi million procurements are restricted to open domestic and international bidding methods.

There fore procurement staff and the clients they serve need to get acquitted with the regulations and apply them with utmost good faith so as to have smooth operations.

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**APPENDICES**  
**Research instruments**

**a) Questionnaire**

**Dear respondent,**

I am an undergraduate student of Kampala International University conducting a research titled "Effect of Procurement Methods and Procedures and service delivery of drugs in Uganda Public Hospitals: A Case Study of Butabika Hospital". You have been chosen to participate in this research by providing your views. Information provided is confidential and such you do not need to write any of your identity on the questionnaire. The information will be used only for academic purposes. Follow the instructions provided while filling in this questionnaire.

**Section A: Background information**

**Note:** For each of the questions, tick against your response or write your response in the blank space provided.

1. Gender                      a) Female ☐ b) Male                      ☐
2. Age range    a) Less than 30 ☐ b) 30-39 ☐ c) 40-49 ☐ d) 49-50 ☐  
   e) over 50 ☐
3. Level of education    a) Secondary ☐                      b) Diploma ☐                      c) 1<sup>st</sup> ☐  
Degree
4. Period you have served in this organization  
a) Less than 2 years ☐  
b) 2-5 years ☐    c) 6-10 years ☐    d) Over 10 years                      ☐

**Section B: Levels of adherence/compliance to the procurement methods/procedures**

Note: Use the following scale in this section:

Strongly disagree (1)              Disagree (2)    Not sure (3)    Agree (4)              strongly  
agree (5)

Please show your level of agreement to indicate the extent to which the following statements have been applying your organization by ticking your response corresponding to the number in the scale given above in box against statement.

No.	Statement	1	2	3	4	5
1.	There are effective procedures to control wasteful spending in procurement of goods/services of this organization					
2.	Employees usually use a procurement system in place to purchase goods and services					
3.	Management ensures that staff adhere to the procurement system in place					
4.	Procurement system in place is easily understood					
5.	Procurement system in place is regularly followed					

### **Section C: Strategies to improve the procurement methods/procedures**

Note: Use the following scale in this section:

Strongly disagree (1)      Disagree (2)   Not sure (3)   Agree (4)      strongly agree (5)

Please show your level of agreement to indicate the extent to which the following statements have been applying your organization by ticking your response corresponding to the number in the scale given above in box against statement.

No.	Statement	1	2	3	4	5
1.	Carefully defined and disciplined processes at every level are maintained in this organization					
2.	Procurement activities are always well monitored to ensure adherence to best practice					
3.	Evaluations of the procurements are always conducted by the evaluation committee to ensure compliance					
4.	Stringent mechanisms are in place to ensure procurement compliance in this organization					
5.	People who do not adhere to procurement procedures/laws are usually punished					

**Section D: Effect of procurement method and procedure and service delivery of drugs.**

Note: Use the following scale in this section:

Strongly disagree (1)      Disagree (2)   Not sure (3)   Agree (4)      strongly agree (5)

Please show your level of agreement to indicate the extent to which the following statements have been applying your organization by ticking your response corresponding to the number in the scale given above in box against statement.

No.	Statement	1	2	3	4	5
1.	Procurement methods and procedures in place have contributed to procurement of low value drugs					
2.	Drug procurement benefits are realized because of inappropriately procurement methods and procedures					
3.	Orders placed outside of a procurement system have been liable to errors that have limited drug usage					
4.	Complaints in drug usage have been associated with the procurement methods and procedures in place					
5.	Procurement methods and procedures in place have contributed to low drug usage					

## **b) Interview guide**

1. What is your gender?

.....

2. What is your age range?

.....

3. What is your level of education?

.....

4. How long have you been serving in Butabika Hospital?

.....

.....

.....

5. What is your level of adherence/compliance to the procurement methods/procedures

.....

.....

.....

6. What are the strategies to improve procurement methods/procedures and service delivery of drugs?

.....

.....

.....

7. What are the effects of procurement methods and procedure and service delivery of drugs

.....

.....

**Thank you for cooperation**

### BUDGET

Item	Amount (UgShs)
Stationery – Papers - Pens	50,000/=
Transport Phone calls	100,000/=
Internet Usage	30,000/=
Typing and printing	50,000/=
Miscellaneous	200,000/=
<b>Total</b>	<b>530,000/=</b>

## WORK PLAN

Activity	Time in Months			
	1	2	3	4
Proposal writing				
Data collection				
Data analysis				
Submission				

