

**THE EFFECT OF SUPPLIER COLLABORATION IN PROCUREMENT AND  
OPERATIONAL EFFICIENCY,  
(A CASE STUDY OF KAABONG DISTRICT LOCAL GOVERNMENT)**

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**A RESEARCH REPORT SUBMITTED TO THE DEPARTMENT OF  
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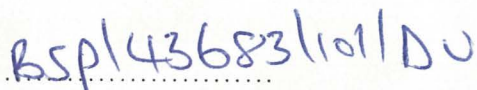
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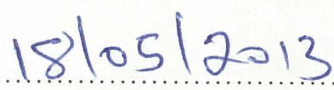
### DECLARATION

I ILUKOL BENJAMIN KABANDOLE, hereby declare that this research report is my original piece of work and has never been submitted to any university, institution for any award

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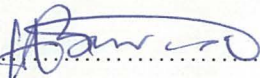
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### APPROVAL

This is to certify that this research work conducted by ILUKOL BENJAMIN KABANDOLE was done under my supervision and is now submitted for examination with my due approval as University research supervisor.

Signed.....

Mr. BARASA HENRY.

Date.....

## DEDICATION

I dedicate this research report to my family members for the support they rendered me throughout my education. This made me to see the academic side of life. Also my dear friends and many others, God bless you abundantly.

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## ABSTRACT

The study was conducted to examine the relationship between procurement and supplier relationship to an organization efficiency with specific reference to Kaabong district local government. The study considered twelve (12), the staff in procurement department , three (3) members of contracts committee and five (5) accounting officers and fifteen (15) suppliers of goods and services making a total of thirty five (35) respondents. Questionnaires and interview were used as the major methods for data collection.

The objectives of the study were to: examine the different ways of procurement relationship, establish the benefits of procurement relationship and find out the barriers to procurement relationship in Kaabong district local government.

The major findings of the study were that; Third party groups, horizontal purchasing and lead buying as being the major ways of procurement relationship practiced in Kaabong district local government, efficient utilization of resources, low cost of transaction, strengthening relationship among members, improved communication, and reduction in inventory and increase in competitive advantage as the most benefits of procurement relationship in Kaabong district local government and internal resistance, inadequate information sharing, differences in priorities and characteristics of councils, lack of commitment to relationship and broader procurement landscape as the major barriers to procurement relationship in Kaabong district local government.

It was recommended that: there is need for the procurement department to cope with changing procurement relationship process; there is need for the parties involved in procurement collaboration to learn how to share information freely, the parties involved in procurement relationship need to agree on common goals and objectives; the procurement department needs to be committed on the procurement relationship process and there is need for scaling down the broader procurement landscape in Kaabong district local government in order to achieve operational efficiency.

## CHAPTER ONE:

### INTRODUCTION

#### 1.1 Background of the study

Today's business environment has become so versatile in that organizations try their best to gain more profits from their investment and attain value for money. It should be noted that most organizations used to carry out purchasing individually, however due to limited time, money, skilled workers, among others have forced organizations to come together in a bid to work together collectively in form of a collaboration with other business entities so as to gain benefits like collective bargaining power, better technology, reduce transaction costs, and others. Therefore because of the dynamic business environment which changes every now and then, organizations have resorted to collaboration in procurement so as to ensure normal operation of the organizations.

Collaboration in procurement has its roots in the cooperative movements of early 19<sup>th</sup> century in England (Woolen, 2003). The idea of collaboration in procurement started when several smaller organizations, purchasing the same items realized that putting their request together would equal the size of a larger organization procuring the same thing; especially in cases where the supply manager would normally go through competitive bid. According to Woolen, these "relationships" were roughly designed to gather the power of many small voices to make one big voices in the market place. They were generally based on the values self-help, responsibility, democracy, equity, equality and solidarity- (Wooten, 2003).

Collaboration is an arrangement where two or more independent organizations join together, either formally or informally or through an independent third party, for the purpose for combining their individual requirements for materials, services and capital goods to leverage more value added pricing, service technology from their external suppliers than could be obtained if each firm purchased goods and services alone, (Hendricks, 1997).

Collaborative procurement is also known as horizontal / vertical purchasing, group purchasing, collective purchasing, combined purchasing, joint purchasing, consortium, share, bundled, mutual and many others; but Internet search Google gives group and cooperative purchasing as far as the most used ones.(Schotanus, 2005). Other outstanding descriptions put forward include 'the pooling of purchasing related information, experience, resources, or volumes between independent organizations to improve their performances. (Veeke, 2002).

Many local governments and organizations are attempting to improve their organizational performance and gain a competitive advantage by integrating their clients more thoroughly into key procurement chain processes. This calls for greater strategic and operational cooperation between buyer and supplier firms often involving some degree of collaborative planning. Advances in technology are making it possible for firms to share planning information more quickly and easily. (Nollet and Beaulieu, 2005).

Despite its long history and increasing popularity in practices, collaboration in procurement has received relatively little attention in management research (Dobler and Burt 1996, Essig 2000, Heijboer 2003, Laing and Cotton 1997, Mudambi et al 2004, Telia and Virolainen 2005). Why most sources dealing with collaboration in procurement are in professional literature and are often descriptive. Academic publications dealing explicitly with collaboration in procurement are rare (Schotanus and Telgen). This clearly explains why organizations have failed to achieve their goals and objectives because of the inadequate top management attention and support. It is against this background that this research proposal have been developed so as to have an in depth and empirical evidence of the effects of collaboration on organization's operational efficiency.

## **1.2 Statement of the problem**

Though it is globally clear that procurement collaboration is now becoming a strategy of improving organization's operational efficiency, many organizations in developing world including Uganda have not yet taken up effective operational efficiency in organization by pursuing procurement collaboration strategies (Harris et al 2000, Caloghirou et al

2003). Even those who are practicing the strategy are not achieving the expected positive results that can easily be reflected in their performance- Many researchers have not extensively taken initiatives to study and come up with empirical evidence on procurement collaborations and their impacts on organizational performance (Matovu, 2004). It is against this background that this research proposal has been prepared so as to find out the relationship between procurement collaboration and operational efficiency.

### **1.3 Purpose of the study**

The main purpose of the study was to examine the relationship between procurement collaboration and organization operational efficiency with specific reference to Kaabong District Local Government.

### **1.4 Research objectives**

The study was guided by the following specific objectives;

1. To examine the different ways of procurement collaboration in Kaabong District Local Government.
2. To establish the benefits of procurement collaboration in Kaabong District Local Government.
3. To find out the barriers to procurement collaboration in Kaabong District Local Government.

### **1.5 Research questions**

The study was guided by the following research questions:

1. What are the different ways of procurement collaboration in Kaabong District Local Government?
2. What are the benefits of procurement collaboration in Kaabong District Local Government?
3. What are the barriers of procurement collaboration in Kaabong District Local Government?

## **1.6 Scope of the study**

The scope of the study encompassed the subject scope, the geographical scope and time scope.

### **1.6.1 Geographical scope**

The study was conducted in Kaabong District Local Government in North Eastern region of Uganda (Karamoja).

### **1.6.2 Subject scope**

The study mainly focused on the procurement collaborative practices at Kaabong District Local Government that enhance their operational efficiency. It was specifically to examine the different forms of collaborative procurement, benefits of procurement collaboration and barriers to collaboration and operational efficiency. These were the main issues in the study.

## 1.7 Conceptual frame work

### Independent variables

#### Collaboration

- Through buying consortia
- Outsourcing purchasing
- Through virtual networks
- External parties

### Dependent Variables

#### Operational efficiency

- Improving communication
- Sharing purchasing information and knowledge with other organizations in a large network.
- Defining roles of each stake holder.
- Sharing information about the relationship

### Intervening variables

- Capital
- Change in procurement policies
- Resistance to sharing data and good practice particularly service departments
- Differences in priorities and characteristics of councils.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

In this section, the researcher reviews literature related to procurement collaboration and operational efficiency. The review is centered in line with the study objectives and focuses mainly on the advantages and disadvantages of procurement collaboration, how operational efficiency is attained through procurement collaboration and the barriers to procurement collaboration.

#### 2.2 Different ways of procurement collaboration in procurement

According to Murray et al., (2008), there is not a large body of academic work on procurement as a shared service between local authorities. Nevertheless, it is possible to identify three structural options for the organizations of procurement. Traditional models comprising of centralization, decentralization and hard core/soft core; the consortia and shared services.

Buying consortia: Besides the internal organization of procurement, organizations have the option of collaborating agreement such as buying consortia (Essig, 2000; Rozmeijer, 2000; Bakker et al., 2006; Schotanus and Telgen, 2007). Such arrangements have been encouraged in the UK as a means of improving efficiency in procurement. Cooperative purchasing can be define as "the cooperation between two or more organization in a purchasing groups in one or more steps of the purchasing process by sharing and/or bundling their purchasing volumes, information, and/or resources" (Schotanus and Telgen, 2005).

Piggy backing is the simplest form. It entails informal purchasing cooperation, perhaps just the sharing of purchasing information and knowledge with other organization in a large net work. Typically an organization establishes a contract on its own specification and a smaller organization uses that contract under same or similar contract conditions. A

potential disadvantage is that the smaller body generally cannot influence the specification and supplier choice (Schotanus and Telgen, 2005).

Third party groups consist of public or private external parties or central authorities with devoted resources. They focus on achieving a large volume for common products and services and carry most of the purchasing activities by themselves using their specific purchasing expertise. Members have a formal relationship with the third party (perhaps a membership fee) but do not have to be engaged with other members. The members have little control over the purchasing process so cannot influence specifications and purchasing choice (Nollet and Beaulieu, 2005).

Lead buying groups involve out sourcing purchasing activities to one of the other members of the group. The particular item is purchased by the most suitable member of the group according to their expertise, resources or purchasing volume. This requires some collaboration to decide which member carries which activities, and members can influence tenders. Lead buying groups tend to be smaller than other forms of collaboration and the members share some similarities, such as geographical location. A potential disadvantage of such collaboration is that members become dependent on the knowledge and skills of other members (Aylesworth, 2003).

Bakker et al (2008) identified two distinct structural forms of collaborative procurement in the literature; informal, virtual organizations and third party organizations. Virtual networks are member owned and operate without (many formal rules). Staffs are not employed by the collaboration, nor are they dedicated specifically to the collaboration; collaborative working is often part of their other job at the member organization and third party organization which is separate organizations that are set up especially to manage and coordinate the collaboration. In both extreme forms, some degree of collaboration has to be organized. An organizational form has to be chosen and designed.



### 2.3 Benefits of Procurement Collaboration

According to a recent US department of Commerce survey, for **every** dollar of sales revenue, 50 cents are spent on component procurement in the US manufacturing industry. It is therefore crucial that firms manage their procurement effectively in order to maintain a competitive edge in the market. One way of achieving this goal is to change the nature of intra-and inter-firm relationships from adversarial to collaborative. Through collaboration in procurement, firms may lower their costs, reduce their inventory, increase their sales and revenue, and utilize their resources more efficiently. (Schotanus and Telgen, 2005). There has been considerable work in England and elsewhere in the world on collaborative local authority procurement. The fundamental argument for collaboration is that it can realize benefits to contracting authorities in terms of getting better deals from the market and reducing internal transaction costs. Management literature sees the procurement function as a way to increase the competitive advantage of organizations. (Porter, 1990)

While purchasing was once considered a low level clerical buying function, its status has changed to that of a strategic business function capable of contributing to the competitive position of organizations (Lamming et al, 2000; Zheng et al, 2007; Tassabehj and Moorhouse, 2008).

In centralized procurement models, the organization has a single, collective sourcing and buying power (Cavinato, 1991). Centralization may mean that procurement is done nationally or regionally, but most often it refers to centralized procurement at the level of individual organization or local council (Murray et al, 2008). Centralized procurement has become more relevant as result of advances in ICT, which allow tenders to be posted and orders to be made in real time, thus reducing communication costs dramatically (Dimitri et al, 2006)

Centralization allows cost reduction, due to reduced transaction costs and minimal duplication of costs, specialization and knowledge and resource sharing. A better use of qualified human resources would positively influence the transparency, quality and

measurability of the procurement procedures. Indeed, according to (Murray et al 2008), the rationale behind centralization in the case of local government has been the concentration of professional procurement expertise in one place, maximizing its internal organization 'leverage' and therefore extracting the best deals from the market.

Delivering benefits from closer collaboration between suppliers and customers can not only strengthen the links between them so that the relationship between the suppliers and the customer is one of mutual trust, but it can deliver tangible benefits of efficiency. Collaboration results in best practice being shared throughout the supply chain. All those within the supply chain are aware of what is required. There is a real understanding of what the goods suppliers will be used for what causes problems within the supply chain. The sharing of best practice also results in improvement being made a continuous basis, therefore reducing the instances of waste or poor value. Goods that are defective or substandard are simply not supplied, which in turn drives down any "glitches" within the supply chain (Porter, 1990).

Improved communication: Communication is a direct result of closer collaboration with suppliers. For them to be aware of the requirements that the customers has, there has to be communication. The collaborative approach requires communication to be two way with suppliers being able to report any problems to the customer and hopefully they can take work together to ensure that these are eliminated (Murray *et al.*, 2008)

The closer the collaboration between suppliers and customers ensures that the supply chain can meet any peaks or trough in demand. The flexibility of approach can actually make a huge deference to the customers. They will be able to make on new contracts with little notice or they will be able to withstand periods of low demand, simply by working in a close relation with their suppliers (Bakker *et al.*, 2008).

## **2.4 Barriers to collaboration in procurement**

Despite the impetus given to collaboration, there are many obstacles in bring this agenda forward, such as differences in priorities and characteristics of councils, poor data sharing and data integration, and resistance on the part of procedures. Poor sharing of procurement information: Sharing information is a precondition for informed decisions about collaborative purchasing. However, heads of procurement are often not able to share the necessary information, as they lack a comprehensive view of procurement activity within their own organization. An associated problem is poor and inconsistent data within authorities. Even when available data cannot be easily shared with other councils due to poor integration of financial management systems. Councils use separate financial systems with different specifications, which hinder integration and data sharing (Bakker, et al, 2008).

Poor data sharing places the consortia in a disadvantageous position to negotiate with the supply market. However, suppliers generally have knowledge and good data of their business with the local authorities. A procedure with limited experience is that business area may inadvertently give away information that the supplier may use to negotiate separately better conditions. Such asymmetry and fragmentation therefore works in favour of large suppliers, who can afford not to offer the best or more advantageous conditions in negotiation, rendering the collaborative hub unable to act as intelligent and strategic buyer (Murray, et al., 2008).

There is also some resistance to sharing data and good practice, particularly by the service departments, which see these efforts as interfering with their work, but also procedures who perceive collaboration as a threat that could lead to losses (Schotanus and Telgen, 2005).

Lack of commitment to collaboration: collaboration can be further constrained by lack of commitment to collaborate contracts and lack of compliance. There is clearly a mismatch of expectations and understanding about the terms of the collaboration. Procurement officers will only commit to contracts if the conditions are advantageous. However

failure to commit in advanced means that negotiation cannot be made with a sufficiently large volume of order to get the best deal. Once the contract is secured, some local authorities may negotiate separately a better deal with the suppliers. Procedures often try to prove they can get the best contract rather than delegate the negotiation on the hub. There is no shared understanding of the cost of such lack of commitment, in terms of the hidden costs of negotiating separately (which may be higher than the marginal saving achieved) and of understanding collaboration efforts (Bakker *et al*, 2008).

One expert argued that "part of the problem is focus on commodity-type items where everyone thinks they can be an expert and an inability to get to grips with the difficult procurement that challenges the status quo". The relatively low profit that procedures have in certain authorities suggests that they may be limited in their ability to engage in strategic collaboration on behalf of their organizations or to enforce decisions within their own councils (Schotanus and Telgen, 2005).

The collaborative procurement hub is a voluntary arrangement. It is lack of a clear governance means that is not able to mandate standards and ensures contract compliance, relying on the goodwill and making the participants aware of them can be difficult. It is particularly difficult to measure and implement savings when organizations are working with silos budgets (Murray *et al.*, 2008).

There is also mismatch timing when it comes to collaboration. There is a conflict between the strategic/long term aspirations of the collaborative hub and the short term vision of authorities (financial year). Whereas local authorities tend to privilege 'quick wins' and follow shorter-term imperatives, collaborative initiatives and joint procurement operate more in the medium and long term (Bakker *et al.*, 2008).

Conflicting policies also pose a barrier to collaboration. Each council has its own priorities and they are accountable also pose a barrier to collaboration. They often perceive a conflict between the objectives of the consortium and those of their own council. They may be reluctant to collaborate opportunities. Indeed, the efficiency

objectives of the consortia may conflict then with the objectives of supporting SMES and promoting sustainable development in the local economy (Schotanus and Telgen, 2005).

Trying to respond to multiple procurement policies and objectives may lead to conflicting goals. There is no obvious shared procurement roadmap setting out what should be bought through national deals, what should be bought regionally and where councils may be better placed to act alone. While in markets like energy the purchasing power often councils may not be large, it may provide a sufficiently competitive market to secure good deals in other sectors. There is insufficient awareness of what would be appropriate in different markets (Bakker et al, 2008).

Broader procurement landscape: A perceived lack of clarity in the procurement landscape also influences local authorities; willingness to collaborate. Indeed, (HM Treasury, 2009) notes how fragmentation and lack of co-ordination in the procurement landscape presents a key barrier to driving greater value for money from collaborative procurement. There is overall of the activities of buying organizations and consortia, which seem even to compete with each other over similar geographic or service offerings, resulting in duplication of efforts and contracts offering varying degrees of value for money (Murray et al., 2008).

As a result of this fragmentation, there is no clear information available on the best deals available to the public sector. This is a reflection of the constantly changing procurement landscape and an 'overcrowding' of the policy through procurement agenda. This results in a proliferation of guidance and reports which can be confusing to procurers and can also lead to an excessive use of consultants. There is a risk that some initiatives may slip down the policy agenda before they can even achieve their intended objective, as new and more urgent policy goals emerge (Schotanus and Telgen 2005).

Public procurers may struggle to meet multiple policy objectives and make sense of the many overlapping efficiency programmes, value for money groups, shared services groups, improvement initiatives, collaborative buying and other regional and national

initiatives As a result of this lack of rationalization, initiatives risk not receiving sufficient attention and commitment- And rather than providing efficiencies, such may fail to reduce duplication and could even lead to additional costs (Bakker et al, 2008).

While centralization allows almost immediate efficiency saving through standardizing procedures, running the procurement department also becomes a lot more costly, which poses questions about the long-term sustainability of such arrangements after the initial efficiency saving have been realized. Furthermore, it can generate distrust in other councils which see their model as too rigid; an inflexibility that may prevent cross-council collaboration Centralization may be a less suitable option for smaller councils, which may find it more difficult to attract the procurement expertise that full centralization requires (Murray et al, 2008).

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This section presented research design, data type and source, sample selection and size, data collection methods, data analysis techniques and criteria for interpretation of results.

#### **3.2 Research design**

The study was conducted using a cross-sectional survey research design. Survey is a research design present oriented methodology used to investigate population by samples to analyze and discover occurrences. Survey design used to provide numeric descriptions of the population and to describe and explain events as they are, as they were, and as it was. The survey design was selected for this study because it considered issues such as economy of the design, rapid data , collection and ability to understand a population from a part of it.

#### **3.3 Data types and source**

Both qualitative and quantitative data were collected from Kaabong District Local Government procurement department (men and women). Kaabong local government is a newly created district in with the available resources. Northern Uganda and thus collaboration for procurement is highly required. The researcher was well acquainted with the population of the district and has been interacting with these rural farmers before coming up with this proposal and given this situation, reaching the respondents and parishes within the sub-county was in line.

#### **3.4 Sample selection and size**

The study considered all the staff in the procurement department who, according to PPDA Act (2003) were directly responsible for procurement activities. These included twelve (12) employees in the Procurement and Disposal Unit (PDUs), three (3) members of contract committees and five (5) accounting officers. The accounting officers were members of top management with Procurement Disposal Entities (PDEs). All committees' members and PDU employees are middle level officers in the PDEs. All

respondents to be considered were those who have worked with PDEs for a year. They had enough knowledge to comment of the issues under consideration. They were selected using simple random sampling while fifteen (15) suppliers of goods and services to the district local government who were purposely selected to participate in the study because of the key information regarding challenges and benefits of collaboration in procurement. In total only thirty five (35) respondents were selected to participate in the study due to the resource availability.

### **3.5 Data collection methods and instrument**

The study used questionnaires and interview guide as the main tools for collecting data. A self administered questionnaire was used because it allowed face to face interaction and the researcher had the chance to discuss with the respondents some of the unclear questions, and got supplementary explanations to further improve understanding of horizontal collaborative procurement in Uganda. Appointments were made with the respondents to make sure they allocate specific time to fill the questionnaire. These strategies were believed to improve the response rate, especially from the busy procurement staff. In addition to the questionnaire, the researcher was carried out interviews with some of the staff to have a deep understanding of some of the issue. The interview was recorded and edited to "tell a story", Pope et al, (2000). The results of the interviews were used as corroborative evidence to support the questionnaire method and to converge on a single point of truth. (Denscombe, 2000:86).

### **3.6 Data analysis and interpretation**

Data collected was cross tabulated to show the frequency and percentages of different variables involved in the study. The entry and analysis of the data was done by the use of tables and graphs. This generated frequency tables for socio-economic and demographic data taking into account the relationship between independent and dependent variables and extraneous variables under the study. Both qualitative and quantitative data were transcribed and grouped. Double data entry and checking was used to minimize errors.



### **3.7 Ethical dimensions**

Under ethical considerations, verbal consent to participate in the study out of one's volition was obtained from all the respondents. Furthermore, the researcher received approval from the local authorities, particularly Chief Administrative Officer, the District procurement officer and from the head of department of college applied economics and Management sciences Kampala international University to carry out the research exercises.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

This chapter presents the presentation, analysis and interpretation of the findings of the study that were collected by the use of a questionnaire and interview guide in line with the three objectives of the study that included; to examine the different ways of procurement collaboration in Kaabong District Local Government, to establish the benefits of procurement collaboration in Kaabong District Local Government, to find out the barriers to procurement collaboration in Kaabong District Local Government.

#### 4.1 Social demographic factors

The findings below present the demographic factors of the respondents in terms of gender and age bracket that involved all the categories of the respondents that were involved in the study and is presented in table 4.1 and 4.2

**Table 4.1: Gender of the respondents**

<i>Sex</i>	<i>Frequency</i>	<i>Percentage</i>
Male	19	75
Female	16	25
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

The findings of the study presented in table 4.1 above revealed that majority of the respondents were male with 75% against 25% of the female. This therefore shows that the study did not discriminate the respondents on gender basis but was rather considerate to both sexes since it was purposeful in nature of the sampling procedure giving it an opportunity to get views of both sexes.

**Table 4.2: Age bracket of the respondents**

<i>Age bracket</i>	<i>Frequency</i>	<i>Percentage</i>
18-25	3	7
26 -32	10	33
33-39	7	35
40 above	15	25
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Results in table 4.2 above revealed that various age brackets of the respondents participated in the study and as for the results, majority of the respondents with 35% belonged to the bracket of (33-39 years), followed by (26-32 years ) with 33%. Third in the ratings were 40 above years with 25%, 18-25 years with 7%. The findings therefore show that most of the respondents came from the bracket of 33-39 years probably because the students were many but the study still had an opportunity to sample different age brackets giving it a chance to vary the views of different ages.

**Table 4.3 Level of qualification of the respondents**

<i>The award</i>	<i>Frequency</i>	<i>Percentage</i>
Masters/Post graduate degree	4	15
Degree	10	30
Diploma	18	45
Certificate	3	10
Others	-	-
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Regarding the qualifications of the respondents sampled presented in table 4.3 above, the results revealed that the respondents had varying levels of qualification in-terms of education. Majority of the respondents with a frequency of 18 (48%) had diploma awards followed by degree holders with a frequency of 12 (30%) while those with masters/postgraduate degree holders scored a frequency of 6 (15%). Other findings of the study revealed that respondents with a frequency of 4 (10%) the lowest score were certificate holders. Thus the results implied that the study though purposeful in sampling did not base on the qualifications but rather varied giving it a chance to sample respondents of the different levels of education. This created an opportunity for it to collect different views of the respondents of the different education levels can give qualitative data.

**Table 4.4: Duration of service of the respondents**

<i>No of years worked in the company</i>	<i>Frequency</i>	<i>Percentage</i>
Less than one year	2	7
1-2 yrs	3	10
3-4yrs	20	55
5yrs -Above	10	28
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Table 4.4 findings above regarding the duration of service by the employees that were sampled in the company revealed that their time of service ranged as others had worked for a short time while others longer. According to the results, majority of the respondent with a frequency of 20% (55%) had served for 3-4years while this was followed by a frequency of 10% (28%) of those that had served for 5 years and above in the company. Others that varied but were not clarified in the table with 13%. Other findings revealed that 8% stated-through buying consortia while through piggy banking had a nil score. The finding therefore implied that though there are many ways used, outsource purchasing

Overweighs other since it is a public sector and therefore it is mostly done through contracting.

#### 4.2 Benefits of procurement collaboration

Below are the study results that were obtained from all the categories of respondents sampled on the benefits of procurement collaboration in Kotido district local government.

**Table 4.6: the different benefits of procurement collaboration**

<i>Benefits</i>	<i>Frequency</i>	<i>Percentage</i>
Maintains competition in the market	9	22
Reduces communication costs	3	10
Improves efficiency	14	35
Increases relationship between the supplier and customer	5	13
Improves communication	4	20
Others	-	-
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Findings in table 4.6 above showed that there are many benefits of procurement collaboration in the local government and as per the presentation, majority of the respondents with 35% stated that it improves efficiency in the procurement systems, 22% arguing that it Maintains competition in the market, closely followed by 20% who pointed out that it improves communication. Other findings showed that increases.

Other findings revealed that a frequency of 4 (10%) had served for 1-2years while those that had worked for less than a year had 7%. The results thus implied that the study had an opportunity of varying the different ideas of respondents that had worked for the company for different time frames which helped to get the required data thus giving it an opportunity to access qualitative data for the study.

### 4.3 The different ways of procurement collaboration

The table below shows the study results that were obtained is regard to the first objective of the study showing the different ways through which procurement collaboration is done at Kaabong district local government.

**Table 4.5: ways of procurement collaboration at Kaabong District local Government**

<i>Ways</i>	<i>Frequency</i>	<i>Percentage</i>
Through buying consortia	3	8
Through piggy barking	-	-
Through outsource purchasing	12	42
Through virtual networks	10	25
Through external parties	8	20
Others	5	13
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

The findings in table 4.5 above revealed that there are different ways through which procurement collaboration is done at the Kaabong District local government but majority of the findings with 42% pointed out outsource purchasing as the most common way followed by those who cited virtual networks with 25%, through external parties with 20% and others that varied but were not clarified in the table with 13%. Other findings revealed that 8% stated through buying consortia while through piggy barking had a nil score. The finding therefore implied that though there are many ways used, outsource purchasing overweighs other since it is a public sector and therefore it is mostly done through contracting.

#### 4.4 Benefits of procurement collaboration

Below are the study results that were obtained from all the categories of respondents sampled on the benefits of procurement collaboration in Kaabong district local government.

**Table 4.6: the different benefits of procurement collaboration.**

<i>Benefits</i>	<i>Frequency</i>	<i>Percentage</i>
Maintains competition in the market	9	22
Reduces communication costs	4	10
Improves efficiency	14	35
Increases relationship between the supplier and customer	5	13
Improves communication	5	20
Others	-	-
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Findings in table 4.6 above showed that there are many benefits of procurement collaboration in the local government and as per the presentation, majority of the respondents with 35% stated that it improves efficiency in the procurement systems, 22% arguing that it Maintains competition in the market, closely followed by 20% who pointed out that it improves communication. Other findings showed that increases relationship between the supplier and customer with 10%, reduces communication costs with 10% while others had no score. Thus therefore shows that from the many benefits of procurement collaboration, efficiency is the most realized as there is improved delivery of services.

#### 4.5 The barriers to procurement collaboration

Below is the table showing study results in regard to the third objective that was aimed at identifying the different barrier to procurement collaboration and this was as below

**Table 4.7: The different barriers of procurement collaboration**

<i>Barriers</i>	<i>Frequency</i>	<i>Percentage</i>
Lack of adequate information	13	45
Poor data sharing	7	17
Lack of commitment to collaboration	7	17
Undefined procurement policies	4	10
Undefined procurement goals	1	3
Others	3	8
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Results presented in table 4.7 above revealed that there are barriers to procurement collaboration and among these indemnified, majorities of the respondents with 45% stated that there is lack of adequate information followed by both lack of commitment to collaboration and Poor data sharing with 17% while the other results revealed that undefined procurement policies scored 10%, others which were not clarified in the table but varied in a range with 8%.the findings therefore and lastly Undefined procurement goals with 3%. These results therefore imply that there are various barriers procurement collaboration though (he major one was identified to be Lack of adequate information by the parties involved.

#### **4.5.1 Measures to address the different barriers experienced towards procurement collaboration**

The results presented in the table below show the different measures that can be employed to address the barriers to collaboration in procurement as obtained from all the categories of respondents



**Table 4.8: Measures to address the different barriers towards procurement collaboration**

<i>Measures</i>	<i>Frequency</i>	<i>Percentage</i>
Sharing of information about the collaboration	12	30
Adjustment of the policies	3	20
Definition of the goals for collaboration	7	18
Defining the roles of each stakeholder	5	12
Improving on communication	6	15
Others	2	5
<b>Total</b>	<b>35</b>	<b>100</b>

*Source: Primary data*

Results presented in table 4.8 above revealed that there were different measures proposed by the respondents which can be of relevancy to address the different barriers experienced in procurement collaboration and here, majority of the respondents with 30% stated Sharing of information about the collaboration, 20% adjustment of the policies which was closely followed by definition of the goals for collaboration with 18%. Other results showed that 15% argued improving on communication closely followed by defining the roles of each stakeholder with 12% while others that varied but were clarified in the table had the lowest score with 5%. These therefore imply that information is so important for the collaboration to effectively work out as much as there are some other strategies to address the barriers.

## **CHAPTER FIVE**

### **DISCUSSION, SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the discussion, conclusions and recommendations of the study which was obtained from the findings of the study that were analyzed in the previous chapter in line with the objectives of the study as guided by the research questions used while collecting data for the study and these as below;

#### **5.1 Discussions**

##### **5.1.1 The different Ways of procurement**

As regards this objective, the resulted revealed that there are different and varying ways through which procurement collaboration can be done but the major results pointed out that outsource purchasing is the most common ways of all. This means that as much as there are those ways, most of the organizations would rather prefer collaborating the suppliers and customers commonly through outsourcing the products that are required to be provided by the suppliers for use by the customers. This is in line with Aylesworth, (2003) who argued that lead buying groups involve out sourcing purchasing activities to one of the other members of the group. The particular item is purchased by the most suitable member of the group according to their expertise, resources or purchasing volume. This requires some collaboration to decide which member carries which activities, and members can influence tenders. Lead buying groups tend to be smaller than other forms of collaboration and the members share some similarities, such as geographical location. A potential disadvantage of such collaboration is that members become dependent on the knowledge and skills of other members.

##### **5.1.2 Benefits of procurement collaboration**

Under this objective, the results revealed that there were many benefits an organization can fetch from procurement collaboration but the most common and major one according to the respondents was improved efficiency in the delivery of services. This is therefore means that the presence of procurement collaboration in an organization improves on the

speed and accuracy of the delivery of services since it is assumed that the services are provided in time to the organization which also creates a definite positive response in serving the public. This is related to what Schotanus and Telgen (2005) argued that delivering benefits from closer collaboration between suppliers and customers can not only strengthen the links between them so that the relationship between the suppliers and the customer is one of mutual trust, but it can deliver tangible benefits of efficiency. Collaboration results in best practice being shared throughout the supply chain. All those within the supply chain are resources more efficiently. There has been considerable work in England and elsewhere in the world on collaborative local authority procurement.

### **5.1.3 The barriers to procurement collaboration**

Regarding this objective of the study, the results revealed that there was a range of barriers to procurement collaboration among which the major one according to the respondents was identified to lack of adequate information concerning the collaboration process- This therefore means that the different stakeholders are not adequately informed on what roles they are supposed to play, when and how thus lagging the whole process back. This is exactly in line with what Schotanus and Telgen (2005) noted that as a result of this fragmentation, there is no clear information available on the best deals available to the public sector. This is a reflection of the constantly changing procurement landscape and an 'overcrowding' of the policy through procurement agenda. This results in a proliferation of guidance and reports which can be confusing to procurers and can also lead to an excessive use of consultants. There is a risk that some initiatives may slip down the policy agenda before they can even achieve their intended objective, as new and more urgent policy goals emerge.

## **5.2 Summary of the findings**

The study confirms that there are different and varying ways through which procurement collaboration can be done but the major results pointed out that outsource purchasing is the most common ways of all.

It reveals that there are many and different benefits that an organization can gain from procurement collaboration but the most common and major one was identified to be improved efficiency in the delivery of services within the organization.

Results revealed that there was a range of barriers to procurement collaboration among which the major one according to the respondents was identified to lack of adequate information concerning the collaboration process.

### **5.3 Conclusion**

The study examined the impact of collaboration in procurement and operation efficiency and basing on the results obtained in the previous chapter and the discussions, it was concluded that; there are many ways of procurement collaboration but not all of them can bring about efficiency though most does thus the need to screen them , that the different benefits from this collaboration should be assessed basing on the efficiency in the organization that come up as a result of this collaboration and lastly that the different barriers to this collaboration all positive a negative impact as regard the efficiency thus there is need to address them alt.

### **5.4 Recommendations**

Basing on the findings of the study, the researcher drew different recommendations that need to be implemented to create change in as far as collaboration in procurement and operational efficiency in the organization is concerned and below are some of these;

- As proposed by the respondents, there is to share information about the collaboration so that all the stakeholders involved are informed n the current policies and trend of procurement as well as the objectives and goals of their networking.
- The procurement department needs to put focus on the aspect of commitment between the different stakeholders/partners so that they can work towards achieving the goals.
- There is need to set clear goals and objective of the networking which are clearly defined to all the parties involved so that they can work towards achieving them.
- The aspect of flexibility is also important as far as adjusting policies is concerned such that it can favor the parties involved adequately.

## **5.5 Suggested areas for further research**

After a successful study carried out, the researcher acknowledges the findings attained and therefore recommends for a thorough comprehensive and extensive study given enough time like 3-5 years carried out in both types of organizations that's to say public and private to examine the following elements;

- i. The impact of the different ways of procurement collaboration in particular on the efficiency of the organization.
- ii. The impact of the different benefits of procurement collaboration on the different parties involved in the collaboration.

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## Appendix A: Questionnaire to the procurement department

### KAMPALA INTERNATIONAL UNIVERSITY

#### SCHOOL OF BUSINESS AND MANAGEMENT

Dear Respondents.

I'm ILUKOL BENJAMIN K, a student of Kampala international University and am carrying out a study on the "*collaboration in procurement and operational efficiency*" particularly in Kaabong district local government. I therefore request you to participate in this study by providing your views to the questions below in the best way that suits you. The information is purely academic and your response will be well treated with utmost confidentiality that your disclosure remains purely personal unless given permission that information will be released to a third party.

#### *4.1 General information of respondents*

##### SECTION A

##### Bio-data

##### 4.1.1 Sex

Male ☐

Female ☐

##### 4.1.2 Age bracket

18-25 ☐

26 -32 ☐

33- 39 ☐

40 above ☐

##### 4.1.3 Highest qualification

Certificate ☐

Diploma ☐

\_Degree ☐

Masters ☐



Other, please specify

.....  
.....

#### 4.1.4 Unit and the department

Procurement and disposal unit ☐

Contracts Unit ☐

Accounts Unit ☐

Any other; please specify

.....  
.....

#### 4.1.5 Duration of service in the organization

1-2 yrs ☐

3-4yrs ☐

5yrs –Above ☐

### ***4.2 Section B; The different ways of procurement in district local government***

4.2.1 Are you aware of procurement collaboration?

Yes ☐

No ☐

4.2.2 Is there any procurement collaboration at this local government?

Yes ☐

No ☐

4.2.4 Do you know of any ways of procurement collaboration?

Yes ☐

No ☐

4.2.4 How many different ways of procurement collaboration do you know?

.....  
.....

4.2.5 What are the different ways of procurement collaboration do you employ?

Through buying consortia ☐

Through outsource purchasing ☐

Through virtual networks ☐

Through external parties ☐

Any other: please specify

.....  
.....

#### ***4.3 Section C: The benefits of procurement collaboration***

4.3.1 Do you think procurement collaboration is important?

Yes ☐

NO ☐

If yes how is it important?

.....  
.....

4.3.2 Do you think the local government benefits from procurement collaboration?

Yes ☐

No ☐

4.3.3 What are the different benefits of procurement collaboration?

Maintains competition in the market ☐

Reduces communication costs ☐

Improves efficiency ☐

Increases relationship between the supplier and customer ☐

Improves communication ☐

Any other; specify please.

.....  
.....

#### ***4.4 Section D: Barriers to procurement collaboration***

4.4.1 Are there any barriers, to procurement collaboration?

Yes ☐

No ☐

4.4.3 What are some of these challenges faced?

.....

.....

4.4.4 What are the different barriers to procurement collaboration?

Lack of adequate information Poor data sharing ☐

Lack of commitment to collaboration ☐

Undefined procurement policies ☐

Undefined procurement goals ☐

Any other; specify please

.....

.....

4.4.5 How do you address the different barriers experienced towards procurement collaboration?

Sharing of information about the collaboration ☐

Adjustment of the policies ☐

Definition of the goals for collaboration ☐

Defining the roles of each stakeholder ☐

Improving on communication ☐

Any other; specify please

.....

.....

*Thank you for your corporation!!!*

**Appendix B: Questionnaire to the Suppliers**  
**KAMPALA INTERNATIONAL UNIVERSITY**  
**SCHOOL OF BUSINESS AND MANAGEMENT**

Dear Respondents,

I'm ILUKOL BENJAMIN K, a student of Kampala international University and am carrying out a study on the *collaboration in procurement and operational efficiency* particularly in Kaabong district local government- I therefore request you to participate in this study by providing your views to the questions below in the best way mat suits you. The information is purely academic and your response will be well treated with utmost confidentiality that your disclosure remains purely personal unless given permission that information will be released to a third party.

**SECTION A**

**4.1 Bio-data**

4.1.1 Sex

Male ☐

Female ☐

4.1.2 Age bracket

18-25 ☐

26-32 ☐

33-39 ☐

40 above ☐

4.1.3 Highest qualification

Certificate ☐

Diploma ☐

Degree ☐

Masters ☐

Other, please specify

.....  
.....

#### 4.1.4 Duration of service

1-2 yrs ☐

3-4yrs ☐

5yrs -Above

### **4.2 Section B: The different ways of procurement in district local government**

4.2.1 Are you aware of procurement collaboration?

Yes ☐

No ☐

4.2.2 Is there any procurement collaboration at this local government?

No ☐

Yes ☐

4.2.3 Do you know of any ways of procurement collaboration?

Yes ☐

No ☐

4.2.4 How many different ways of procurement collaboration do you know?

.....

4.2.5 What are the different ways of procurement collaboration do you employ?

Through buying consortia ☐

Through piggy barking ☐

Through outsource purchasing ☐

Through virtual networks ☐

Through external parties ☐

Any other: please specify

.....  
.....

#### **4.3 Section C: The benefits of procurement collaboration**

4.3.1 Do you think procurement collaboration is important?

Yes ☐

No ☐

If yes how is it important?

.....

4.3.2 Do you think the local government benefits from procurement collaboration?

Yes ☐

NO ☐

4.3.3 What are the different benefits of procurement collaboration?

Maintains competition in the market ☐

Reduces communication costs ☐

Improves efficiency ☐

Increases relationship between the supplier and customer ☐

Improves communication ☐

Any other; specify please.....

#### **4.4 Section D: Barriers to procurement collaboration**

4.4.1 Are there any barriers to procurement collaboration?

Yes ☐

No ☐

4.4.2 Do you face challenges in implementing procurement collaboration?

Yes ☐

No ☐

4.4.3 What are some of these challenges faced?

.....  
.....  
4.4.4. What are the different barriers to procurement collaboration?

- Lack of adequate information     ☐  
Poor data sharing                     ☐  
Lack of commitment to collaboration     ☐  
Undefined procurement policies             ☐  
Undefined procurement goals             ☐  
Any other; specify please
- .....  
.....

4.4.5 How do you address the different barriers experienced towards procurement collaboration?

- Sharing of information about the collaboration     ☐  
Adjustment of the policies                     ☐  
Definition of the goals for collaboration             ☐  
Defining the roles of each stakeholder             ☐  
Improving on communication             ☐  
Any other; specify please.....

*Thank you for your corporation!!*