

**PROCUREMENT MANAGEMENT AND FINANCIAL PERFORMANCE
OF BANKS IN UGANDA**

CASE STUDY: FINA BANK UGANDA LIMITED

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2009-M102-20073

UGANDA MARTYRS UNIVERSITY

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OF BANKS IN UGANDA**

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APPROVALS

This is to certify that this research report by Nantege Gladys entitled “Procurement management and Bank performance” has been written under my supervision and is hereby approved for a Master of Business Administration Degree of Uganda Martyrs University.

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DECLARATION

I Nantege Gladys declare that am the sole author of this work and that none of the material has been submitted wholly or partially for any other award. This dissertation is a result of my own research work, and where other peoples' research was used they have been duly acknowledged.

Date : _____

Signature : _____

CANDIDATE

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Table of Contents

| | |
|--|------|
| ACKNOWLEDGEMENT | v |
| ABBREVIATIONS AND ACRONYMS | ix |
| LIST OF TABLES | x |
| LIST OF FIGURES | xi |
| LIST OF APPENDICES | xii |
| ABSTRACT | xiii |
| CHAPTER ONE | 1 |
| INTRODUCTION | 1 |
| 1.1 Introduction | 1 |
| 1.2 Background to the study..... | 1 |
| 1.2.1 Background to the case study | 2 |
| 1.3 Statement of the Problem | 3 |
| 1.4 Purpose of the study | 4 |
| 1.5 Objectives of the study..... | 5 |
| 1.6 Research Questions | 5 |
| 1.7 Research Hypotheses..... | 5 |
| 1.8 Scope of the study | 5 |
| 1.8.1 Subject Scope..... | 5 |
| 1.8.2 Geographical Scope..... | 6 |
| 1.8.3 Time Scope..... | 6 |
| 1.9 Justification of the study | 6 |
| 1.10 Significance of the study | 8 |
| 1.11 Conceptual Frame work | 8 |
| 1.12 Limitations of the Study..... | 11 |

| | |
|---|----|
| CHAPTER TWO | 13 |
| LITERATURE REVIEW | 13 |
| 2.0 Introduction | 13 |
| 2.1 Theoretical Review | 13 |
| 2.2 Procurement Management and Bank Financial Performance | 14 |
| 2.2.1 Procurement management overview..... | 14 |
| 2.2.2 Commercial Banks | 18 |
| 2.2.3 The Importance of Procurement..... | 21 |
| 2.2.4 Procurement Planning and Bank Financial Performance | 27 |
| 2.2.5 Procurement Controls and Bank Financial Performance | 32 |
| 2.2.6 Procurement Monitoring and Bank Financial Performance | 38 |
| 2.2.7 Challenges of Procurement Management..... | 42 |
| 2.2.8 Financial Performance of Banks in Uganda | 45 |
| CHAPTER THREE..... | 48 |
| RESEARCH METHODOLOGY | 48 |
| 3.0 Introduction | 48 |
| 3.1 Research design..... | 48 |
| 3.2 Population of the study..... | 49 |
| 3.3 Sample size and selection strategy | 49 |
| 3.4 Data collection methods | 50 |
| 3.5 Data collection instrument | 51 |
| 3.6 Validity and Reliability | 51 |
| 3.7 Data analysis | 52 |
| CHAPTER FOUR..... | 55 |
| DATA PRESENTATION AND ANALYSIS..... | 55 |

| | | |
|---|--|-----|
| 4.0 | Introduction | 55 |
| 4.1 | Characteristics of the respondents..... | 55 |
| 4.2 | Interpretation of Findings..... | 60 |
| 4.2.1: | Analysis of Objective 1: Procurement planning and bank performance | 60 |
| 4.2.2: | Analysis of Objective 2: Procurement controls and bank financial performance..... | 73 |
| 4.2.3: | Analysis of Objective 3: Procurement monitoring and bank financial performance | 90 |
| CHAPTER FIVE | | 111 |
| SUMMARY, CONCLUSIONS AND RECOMMENDATIONS..... | | 111 |
| 5.0 | Introduction | 111 |
| 5.1 | Summary of the Findings | 111 |
| 5.2 | Conclusions | 113 |
| 5.3 | Recommendations | 115 |
| 5.3 | Suggestions for further research..... | 116 |
| APPENDICES | | 123 |

ABBREVIATIONS AND ACRONYMS

| | |
|------|---|
| FBUL | FINA Bank Uganda Limited |
| BOU | Bank of Uganda |
| SCM | Supply Chain Management |
| PSM | Purchasing and Supply management |
| PO | Purchasing Officer |
| HF | Head of Finance |
| HBO | Head of Business Operations |
| MD | Managing Director |
| PMV | Procurement Monitoring and Verification |
| FIA | Financial Institutions Act |

LIST OF TABLES

| | | |
|-----------|---|-----|
| Table 1: | Duration in current employment..... | 56 |
| Table 2: | Duty Station | 56 |
| Table 3: | Management Levels..... | 57 |
| Table 4: | Participation in the procurement process..... | 57 |
| Table 5: | Duration in the organisation and management level..... | 58 |
| Table 6: | Management level and Duty Station..... | 58 |
| Table 7: | Management level and Procurement planning..... | 61 |
| Table 8: | Procurement planning and bank financial performance | 63 |
| Table 9: | Procurement planning means and standard deviations | 71 |
| Table 10: | Management level and Procurement controls..... | 73 |
| Table 11: | Procurement Controls and bank financial performance..... | 77 |
| Table 12: | Procurement control means and standard deviations..... | 87 |
| Table 13: | Management level and Procurement Monitoring | 90 |
| Table 14: | Procurement Monitoring and bank financial performance | 94 |
| Table 15: | Procurement monitoring means and standard deviations | 102 |
| Table 16: | Procurement Management challenges at FBUL | 105 |
| Table 17: | Proposed solutions to FBUL's procurement challenges..... | 107 |
| Table 18: | Procurement Management Contribution to FBUL Financial Performance | 109 |

LIST OF FIGURES

| | | |
|-----------|--|-----|
| Figure 1: | Conceptual Diagram | 9 |
| Figure 2: | Nature of items procured by different branches | 59 |
| Figure 3: | Procurement Planning Mean and Standard deviation | 62 |
| Figure 4: | Procurement Planning Mean | 72 |
| Figure 5: | Procurement Control Mean and Standard deviation | 75 |
| Figure 6: | Procurement Controls Mean..... | 88 |
| Figure 7: | Procurement Monitoring Mean & Standard deviation | 92 |
| Figure 8: | Procurement Monitoring mean..... | 103 |

LIST OF APPENDICES

| | | |
|-------------|--|-----|
| APPENDIX A: | QUESTIONNAIRE | 123 |
| APPENDIX B: | PROCUREMENT PLANNING FREQUENCIES | 131 |
| APPENDIX C: | PROCUREMENT CONTROL FREQUENCIES | 133 |
| APPENDIX D: | PROCUREMENT MONITORING FREQUENCIES | 136 |
| APPENDIX E: | F DISTRIBUTION TABLE | 144 |
| APPENDIX F: | QUESTIONNAIRE RELIABILITY | 147 |
| APPENDIX G: | CHI-SQUARE DISTRIBUTION | 148 |

ABSTRACT

This study looked at the effect of procurement management on the financial performance of banks in Uganda with a case study of FINA Bank Uganda Ltd. Specifically the study reviewed procurement planning, controls and monitoring and how they affected the performance of banks. It was hypothesised in the study that procurement planning, controls and monitoring positively affect the performance of banks.

Empirical data was collected from the staff of FINA Bank Uganda and the study had 33 respondents from the targeted population of 35; this sample was selected using purposive sampling. The empirical data was analysed both quantitatively and qualitatively to examine the relationships between procurement management and bank performance.

The key findings of the study indicated that the three procurement management attributes i.e. procurement planning, controls and monitoring positively affected the performance of the bank. This was because there were significant relationships that were established from the study between these variables and the financial performance of the bank.

From the study, it was recommended that the existing procurement planning processes be revised and strengthened to further improve bank performance; the controls be thoroughly reviewed and adherence enforced; while monitoring be carried out regularly and by independent personnel.

Further research was recommended to cover other procurement management attributes and a wider population of banks in Uganda.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter focuses on the following substantive topics: background to the study; statement of the problem situation; purpose of the study; research objectives and questions; significance and justification of the study; scope of the study and the conceptual framework.

1.2 Background to the study

Every organization needs to purchase goods and services in order to carry out its mission and goals (Zsidisin & Ellram, 2003). In an increasingly complex business environment, today's firms are continuously looking for new ways to remain competitive. Supply chain management (SCM) can help provide a sustainable competitive advantage by improving product performance and service while simultaneously reducing cost (Davis, 1993). Purchasing decisions quite often affect a large part of a company's total costs, not only in terms of direct acquisition costs but also regarding indirect costs in the areas of inventory management, quality assurance, administration, and payment, among others. (Ellram and Siferd, 1998)

It appears that during the past few years purchasing has begun to play an ever more important role in the strategy of the firm (Ellram, 1994; Carter and Narasimhan, 1996; Weele and Roze-meijer, 2006). In order to survive, managers have begun to rethink their competitive priorities and their value chain. Increasing numbers of organizations have recognized that effective purchasing holds the potential to transform their competitive performance for the better.

The importance attached to effective purchasing has increased not only because organizations realize that one dollar reduction in purchasing spending equals a one dollar increase in profit (whereas one dollar in sales might only lead to a 10 cents increase in profit) but also because of the tangible success of high visibility organizations as Toyota, Daimler Benz, Siemens, Philips,

etc who have each developed effective purchasing and supply chain management as a core competence.

It is generally agreed that purchasing has evolved from a clerical buying function into a strategic business function that contributes to the competitive position of companies (Ellram and Carr 1994; Carter and Narasimhan 1996). Empirical evidence indicates that firms can indeed obtain competitive advantage by managing supplier relations (e.g., Dyer 1996; Mol 2002; Chen, Paulraj and Lado 2004).

In the banking sector, procurement management is important in controlling costs. In 2009, a survey by Deloitte identified managing cash flow and controlling costs as two of the key strategies of CFOs in countering the impact of the financial crisis. “In our experience with the financial sector, we see that banks are shifting the focus of controlling costs towards reducing non-personnel-related operating expenses. For example, Lloyds Banking Group expects reduction in external spend to contribute 17 percent towards its £2 billion savings target for 2011. Another top-tier European based bank is reducing external spend (also known as procurement costs), by 25 percent in 2010 — over higher-than-expected cost savings in personnel (8 percent) and capital investment (2 percent)”.

1.2.1 Background to the case study

FINA Bank (U) Limited (here after referred to as FBUL) is one of the commercial banks in Uganda. It was established as a commercial bank in Uganda and commenced operations in October 2008. FINA Bank Kenya Limited is the bank’s majority shareholder with 30% share holding. Other shareholders include; D.H. Chandaria (26.32%), R.M Patel (23.68%) and C. Fischele (20%). The bank’s vision is to be a major contributor to the development of business with the aim of extending its reach and brand into the rest of the East African countries.

FBUL currently operates with a network of six branches located on Plot 7 Buganda Road, Plot 24/28 Nakivubo Road, Ovino mall, Industrial Area, Kyaliwajjala and Plot 52/54 Buremba Road, Mbarara Municipality. The bank's primary target market and business lines consist of corporate business, Micro Small and Medium Enterprises, high net worth individuals and retail banking business for salary earners and savers.

From the Bank of Uganda examination report (2010), it was noted that, As at June 30, 2010, the bank's market share of total assets and total deposits stood at 0.49% and 0.45% of the industry average respectively. While the bank ranked 18th out of 22 banks in total loans and advances, it was ranked 19th in both total assets and total deposits.

Post and pre-examination findings indicate a protracted loss making trend with monthly losses of Shs.200m. If the current loss making trend continues, the bank will be deficient on the minimum unimpaired capital requirement of Shs.4b as at March 2011. A new statutory instrument on statutory minimum paid-up capital has been issued, which will require FBUL to hold a minimum of Shs. 10.0 bn by March 24, 2011 and Shs. 25Bn by march 2013 (Page 23).

1.3 Statement of the Problem

Procurement is now one of the top items that consume public money. Wittig(1999) noted that it was estimated that between US\$30 to US\$ 43 billion could be available in the procurement market place in Africa and by 2005, it was estimated that in developing countries, procurement accounted for a total expenditure of 70% in Uganda (Development Assistance Committee,p.18).

The importance of purchasing to organisational competitiveness is increasingly being noted, and is now considered more and more a strategic function instead of just an operative one (Carr and Smeltzer 1997; Paulraj et al 2006, Cousins and Spekman, 2003). This new focus on procurement

is largely based on the fact that firms are slowly acknowledging the value added capabilities of a function that is typically responsible for procuring assets that equal about 65% of the average company's sales (Cousins and Spekman, 2003)

Katri Karjalainen (2009) noted that, the purchases can range from individual orders worth a few Euros to multinational contracts with billions of Euros at stake. The list of what organisations purchase nowadays is varied and practically endless. Such purchases include; Production components, raw materials, IT systems, real estate, cleaning services, professional expertise, IT equipment for employees, office supplies, flight tickets, business gifts, mobile phones, electricity, food supplies among others.

However, management is faced with a challenge of increasing stakeholders' satisfaction, and notably, the wealth maximization of shareholders. With the increasing competition in the banking industry, management does not have direct control over the income streams of the bank and thus the need to focus on the management of the institutions' expenditures. Given the contractual nature of personnel expenditures, management is left with only the procurement related expenditures and thus the need to study the effect of procurement management on the performance of commercial banks.

1.4 Purpose of the study

The purpose of the study was to establish the role of procurement management in the performance of commercial banks.

1.5 Objectives of the study

1. To determine how procurement planning affects the performance of FBUL.
2. To find out how procurement controls affect the performance of FBUL.
3. To determine how procurement monitoring affects the performance of FBUL.
4. To identify procurement management challenges at FBUL and suggest solutions.

1.6 Research Questions

1. How does procurement planning affect FBUL performance?
2. How do procurement controls affect FBUL performance?
3. How does procurement monitoring affect FBUL performance?
4. What are the procurement management challenges at FBUL?

1.7 Research Hypotheses

1. Procurement planning positively contributes to the performance of FBUL.
2. Procurement controls positively contribute to the performance of FBUL.
3. Procurement monitoring contributes to the performance of FBUL.

1.8 Scope of the study

This covered the boundaries of the study in terms of the subject, geographical area and the time period.

1.8.1 Subject Scope

The study covered procurement management effects on performance of commercial banks. Procurement management was studied under three main variables and these are procurement planning, controls and monitoring. Performance included profitability of the organisation, budget variances, capital adequacy, liquidity plus anything that would be in line with this subject and was relevant to the study.

1.8.2 Geographical Scope

The study was carried out on Fina Bank (U) Ltd. FBUL has its head office located along Buganda road plot 7 Kampala. It has six branches five of which were located in and around Kampala and one in western Uganda (Mbarara). The study covered all the branches but with more emphasis with the head office at because this is where most procurement was done.

1.8.3 Time Scope

The period under review was 2008 to December 2010; this was because the selected time period covered the three complete accounting years for the bank operations in Uganda. The bank started its operations in Uganda in 2008.

1.9 Justification of the study

According to the procurement policies of ABA, it was noted that, the procurement of goods, works, and services has a major impact on the successful execution of a project. To a large extent the quality, cost, and timely completion of a project depend on the management of procurement. The application of sound policies and practices, characterized by equitable, fair, and open procedures, is indispensable, not only for creating dependable and stable markets that are able to attract efficient contractors and suppliers, but also to safeguard the principle of accountability and the cost-effective use of public funds.

The realization that with managing supplies strategically, firms can save huge amounts of money has led firms to begin to invest in this area of management (Cousins and Spekman, 2003). Thus, more and more attention is placed on purchasing activities in organisations, which has led to the restructuring of purchasing functions and the search for optimal purchasing processes in different product and service categories in different contexts (Parikh and Joshi, 2005; Laios and Moschuris,2001).

A company's competitiveness and profit is highly dependable on how procurement is handled within the company. There is a direct influence on the profits because procurement stands for such a large part of the company's costs. There is also an indirect influence on the profit due to the large part of the internal costs affecting what happens in the interface between the company and its suppliers. (Gadde and Hakansson, 2001).

The increased importance of the purchasing function is most notably reflected in the growing share of turnover that organizations spend on paying their suppliers for delivering all kinds of products and services. (Corina Pop)

The rationale of this study is based on the fact that the Bank has for its life time in Uganda made losses. Losses are a function of revenue and costs; a situation where costs are greater than the revenues (investor words.com). Given that the Bank is new in the Ugandan market, it has little or no much control over its revenue streams since the customer base is still small at less than ten thousand. The charges to the customers are mainly dictated by competition and these are further reduced by the bargaining power of these customers otherwise they do not move from the historical financial institutions.

What the bank has under their control at the time are some costs like repairs, maintenance, equipment servicing among others, which are not contractual at the moment. The study therefore sought to establish the contribution of procurement management to the performance of FBUL. This will guide the Bank on where to focus its efforts in the meantime so as to be competitive and meet the stakeholders' expectations.

1.10 Significance of the study

The significance of the study will mainly include;

- The study will foster creation of new knowledge and awareness in the area of procurement management in all industry sectors both in the private and public sectors.
- The study will provide value addition to the bank by way of improving performance, gap identification as well as proposals to mitigate the gaps.
- The researcher anticipates that the findings and policy recommendations generated from the study may be of invaluable input to the stakeholders of FINA Bank in general both in Uganda and elsewhere; and also to other organisations.
- Findings are anticipated by the researcher to add more knowledge on the existing body of knowledge in the subject area. The study will stimulate further research in the area.
- Findings and recommendation of this study will guide the bank in policy formulation.
- The study will also add to the researcher's personal professional development.

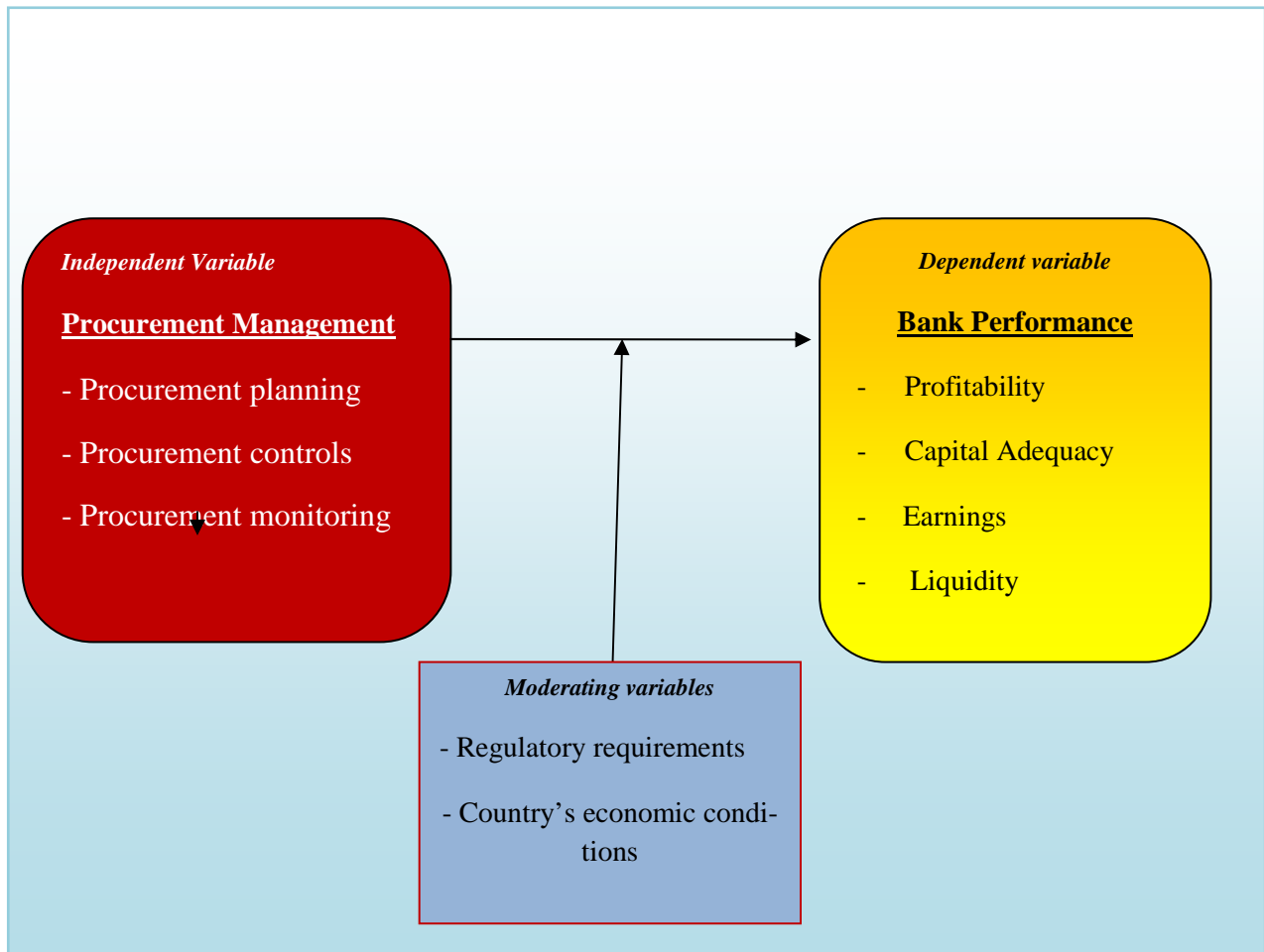
1.11 Conceptual Frame work

Uma Sekaran (4th Edition) defined the conceptual or theoretical framework as a conceptual model of how one theorizes or makes logical sense of the relationships among the several factors that have been identified as important to the problem.

The dependent variable is bank performance which is the variable of primary interest, in which variance is attempted to be explained by the independent variable of procurement management.

The relationship between procurement management and bank performance is diagrammatically shown in Figure 1 below and the basic framework of this study is built around this conceptual model below (See Figure 1).

Figure 1: Conceptual Diagram



Source: Constructed after reviewing existing literature on the variables like the Financial Institutions Act 2004

Figure: 1 above describes the relationship between the variables of the study. Accordingly, procurement management is the dependent variable while bank performance is the dependent variable. For purposes of this study, procurement management variables include procurement planning that considers the pre-purchase activities like defining the business needs, identification of potential suppliers through market analysis and sourcing for the required funds among others; procurement controls that involves instituting measures to avert risks such as financial losses,

legal crises where there are disputes with suppliers among others; and procurement monitoring which involves regular reviews of the procurement cycle.

The independent variables were studied in relation to the dependent variable of bank performance. Bank performance focused on financial performance and this included profitability, capital adequacy (as guided by FIA 2004), and liquidity among others. Financial soundness is a situation where depositors' funds are safe in a stable banking system. The financial soundness of a financial institution may be strong or unsatisfactory varying from one bank to another (BOU, 2002). Some useful measures of financial performance which is the alternative term as financial soundness are coined into what is referred to as CAMEL. The acronym "CAMEL" refers to the five components of a bank's condition that are assessed: Capital adequacy, Asset quality, Management, Earnings, and Liquidity. A sixth component, a bank's Sensitivity to market risk, was added in 1997; hence the acronym was changed to CAMELS. Ratings are assigned for each component in addition to the overall rating of a bank's financial condition (Jose, 1999). The ratings are assigned on a scale from 1 to 5.

However, there were moderating variables that could affect the relationship between procurement management and bank performance; these factors included, regulatory requirements, the country's economic conditions among others.

Procurement management is the procedure firms use to buy economic resources and business input from suppliers or vendors. This procedure helps firms negotiate prices and obtain the best high quality practical information on production processes.

Procurement management includes the broad management functions of planning, organization, and leadership, staffing, controlling, and communicating procurement processes and activities

across the spectrum of the 'upstream' supply chain activities of both public and private organizations. A supply chain; is a network of activities involving the suppliers on one hand and the customers on the other but being linked by an organization. Procurement; and its management, is one of the activities of the supply chain. Two broad sectors of the economy do exist-public and private sectors; and procurement take place in both sectors.(Byokusheka 2008).

Owners are thought to enter business for mainly two basic reasons; profit or growth maximisation and personal fulfilment (Wang, Walker and Redmond 2007). Accordingly those managers with profit maximization and growth objectives are more inclined to engage in strategic cost management decisions. The extent of cost consideration valuations in procurement is determined by the organisation's management.

According to Great real systems (2002), Purchasing spend is a major cost to any organisation. The proportion of spending that is influence able by the purchasing department often varies, but if managed properly, this can have a significant effect on financial performance and profitability.

1.12 Limitations of the Study

Although the study was meant to establish the role of procurement management in bank performance, it was only limited to one bank (FBUL) in Uganda. The findings may therefore not be true for banks that are outside Uganda and those whose operations are in Uganda but whose characteristics differ from those of FBUL.

The data collection was affected by the unexpected resignation of some key respondents from the organisation and could not continue with the process of filling in questionnaires. Their replacements had to start from scratch and given the sensitivity of the subject matter, they really had to

get a feel of the entire process before attempting to answer the questionnaire; this prolonged the timeframes involved.

The above chapter covered the back ground of the study, statement of the problem, research objectives and questions; significance and justification of the study; scope of the study and the conceptual framework of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, the researcher reviewed existing literature on procurement management and bank performance; and also presented the theory that guided the study. It is hoped that a greater insight about procurement management and bank performance will be achieved to help identify the procurement variables affecting bank performance.

2.1 Theoretical Review

The study was based on the agency theory. The agency theory paradigm was first formulated in the academic economics literature in the early 1970s (Ross 1973, Jensen & Meckling 1976). Alchian and Demsetz (1972) defined a firm as a “legal fiction” that may be characterized as a “nexus of contracts.” Their analysis focuses on the agency relationship between shareholders of a firm (principals) and managers (agents). The principals contract with the agent to perform some services on the principal’s behalf. These contracts require the agent to exert effort and make decisions.

Today, company shareholders normally contract managers to run their businesses and the operational decisions are undertaken by these managers. Such decisions include among others maximizing revenues and minimizing costs. As noted by a number of scholars, procurement contributes a significant portion (Between 60%-70%) of an organisation’s expenditures. Because of the operational nature of procurement expenditures, these decisions are under taken by the organisation’s management (agents) on behalf of the company owners (principals) under the power entrusted to them through their employment contracts.

The theory also attempts to deal with two specific problems: first, that the goals of the principal and agent are not in conflict (agency problem), and second, that the principal and agent reconcile different tolerances for risk.

The principals and agents seek to maximize their utility from the same organisations. While the share holders seek to maximize their wealth in form of profits (dividends) made by the company, management too seek to maximize their utility by way of earnings. Also, because of the different roles of these two parties in the organisation, the risk tolerance levels differ. While the shareholders' risk appetite levels are normally low because of the need to protect the value of their wealth, management normally tolerate higher risk; these are normally reconciled in order for the company to operate well.

Procurement management is an inherently risky function that involves management decisions in optimally allocating the limited resources that are provided by the shareholders; thus the need to minimize the involved risks so as us ensure competitiveness.

2.2 Procurement Management and Bank Financial Performance

2.2.1 Procurement management overview

Procurement is the term most commonly employed to refer to the purchasing of goods and services for the day-to-day operations of a business. Procurement is an essential part of any organisation's ability to function effectively and efficiently (Steven R Leonard, 2000)

Procurement encompasses all activities involved in obtaining goods and services and managing their inflow into an organisation (Gebauer and Segev, 1998). Traditionally the corporate function of procurement is divided into strategic and operational tasks. Whereas the strategic tasks include sourcing activities, supplier management, and design and implementation and buying proce-

dures, operative tasks embrace all transaction-oriented activities such as the excitement of purchase orders (Kaufmann, 1999; Gebauer and Segev, 2001).

In the procurement world, saving money is the name of the game. Purchasing departments do not generate revenue – they improve performance by reducing product cost or staff, sometimes both. Often operational expense budgets are required to target percentage reductions in the cost of goods sold by vendors. Purchasing then goes out to bid, seeking to increase savings for high volume products. (Kevin 2009).

The term Supply Chain Management was originally introduced by consultants in the early 1980s and has subsequently gained much attention (La Londe,1998). Besides, as demonstrated by Slack, Chambers and Johnston (2004), from the perspective of a single operation in the chain, supply chain management can be seen as managing the operations that form its demand side management (physical distribution management) and supply side management (purchasing management).

Purchasing and Procurement have been used almost interchangeably; however, they differ in their scope. Purchasing refers to the buying of materials and all the activities associated with the buying process. Procurement on the other hand is broadly defined to include a company's requisition, purchasing, transportation, ware housing, and in-bound receiving processes. Recent procurement strategies focus on restructuring the entire order to delivery process rather than on specific tasks within the process. The new procurement models leverage a nearly an ideal combination of volume advantage, flexible contracts, and valuable supplier's alliance, along with decentralized and user-responsive purchases (Kalakota and Robinson, 2001)

Consequently, purchasing management is accepted as a term for the supply side of operations that deals with the operation's interface with its supply within the supply chain (Slack, Chambers and Johnston,2004).

Supply chain management is a procurement tool that was born out of necessity. Demands for newer and more innovative goods and services, limits on resources, and the increasingly complex, interrelated nature of the global market place have each created pressure on public managers to optimize new and innovative process methodologies to meet procurement needs (Korosec, 2003)

SCM strategically integrates the whole procurement process, including the "identification, acquisition, access, positioning, and management of resources" in a series of carefully considered steps, in order to attain stated objectives (Duffy, 2002)

In the research by Stanley and Wisner(2001), purchasing management is upgraded into the higher level of part of important business strategies that provide added value for it's immediately or ended customers.

“The meaning of procurement and purchasing is very similar. But we have moved to a different wording to identify a change in the organisation. A few years ago, we were known as purchasing, but, we consciously decided to use the word procurement. It meant we were going to be strategic; we were going to do things differently and be part of the business connected to the other functions. One way of getting people's attention to this was to change the name. But having done that, purchasing, by definition becomes the transactional piece and procurement becomes the strategic piece”. (David Cowell, 2009)

Similarly, according to Smeltzer, et al.(2003), purchasing functions are not just the matter of price and delivery time, but they are aligned with the organization's long-term goals. Furthermore, Smeltzer, et al.(2003) also argue that in order to complete firm's strategic goals, selecting the right suppliers to ensure their dependable and flexible supply is one of purchasing management objectives also.

In the research by Stanley and Wisner (2001), they pointed out that purchasing function has changed significantly in the last 15 years from pure transactions-oriented order processors to supply managers with an emphasis on supply chain management strategy for adding value for customers and meeting the company's long-term goals. Besides, Carr and Pearson(2002) addressed that since the demand of his customers will probably change at will, one of the important firm's objectives of purchasing management is to make sure that it can obtain the dependable and flexible supplies from its suppliers. At the dawn of the 21st century, the strategic character of purchasing and supply management (PSM) has been widely recognized in the literature (Carter and Narasimhan 1996; Humphreys, McIvor and McAleer 2000). PSM is seen as a powerful competitive weapon for improving profitability and strengthening competitive advantage (Spekman, Kamauff and Salmond 1994; Carr and Pearson 2002). However, this competitive potential critically depends on whether PSM decisions and activities are aligned with the organization's overall strategic objectives (Farmer 1978; Watts, Kim and Hahn 1992). Specifically, purchasing strategy and purchasing practices must be designed to optimally support the requirements of business strategy in order to positively affect performance (Nollet, Ponce and Campbell 2005; Day and Lichtenstein 2006).

2.2.2 Commercial Banks

A bank is a financial intermediary that accepts deposits and channels those deposits into activities, either directly or through capital markets. A bank connects customers with capital deficits to customers with capital surpluses.

Banking is generally a highly regulated industry, and government restrictions on financial activities by banks have varied over time and location. The current set of global bank capital standards are called Basel II. In some countries such as Germany, banks have historically owned major stakes in industrial corporations while in other countries such as the United States banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of a cross-share holding entity known as the keiretsu. In Iceland banks had very light regulation prior to the 2008 collapse. The oldest bank still in existence is Monte dei Paschi di Siena, headquartered in Siena, Italy, and has been operating continuously since 1472.

Banking in the modern sense of the word can be traced to medieval and early Renaissance Italy, to the rich cities in the north like Florence, Venice and Genoa. The Bardi and Peruzzi families dominated banking in 14th century; Florence, establishing branches in many other parts of Europe. Perhaps the most famous Italian bank was the Medici bank, set up by Giovanni Medici in 1397. The earliest known state deposit bank, Banco di San Giorgio (Bank of St. George), was founded in 1407 at Genova, Italy.

Banks can be traced back to ancient times even before money when temples were used to store commodities. During the 3rd century AD, banks in Persia and other territories in the Persian Sassanid Empire issued letters of credit known as \square akks. Muslim traders are known to have used the cheque or \square akk system since the time of Harun al-Rashid (9th century) of the Abbasid Caliphate. In the 9th century, a Muslim businessman could cash an early form of the cheque in

China drawn on sources in Baghdad, a tradition that was significantly strengthened in the 13th and 14th centuries, during the Mongol Empire. Fragments found in the Cairo Geniza indicate that in the 12th century cheques remarkably similar to our own were in use, only smaller to save costs on the paper. They contain a sum to be paid and then the order "May so and so pay the bearer such and such an amount". The date and name of the issuer are also apparent.

Banking in Uganda

Prior to Uganda's independence in 1962, Government-owned institutions dominated most banking in Uganda. In 1966 the Bank of Uganda, which controlled the issue of currency and managed foreign exchange reserves, became the Central Bank. Uganda Commercial Bank, which had fifty branches throughout the country, dominated commercial banking and was wholly owned by the government. The Uganda Development Bank was a state-owned development finance institution, which channeled loans from international sources into Ugandan enterprises and administered most of the development loans made to Uganda.

The East African Development Bank, established in 1967 was jointly owned by Uganda, Kenya, and Tanzania. It was also concerned with development finance. It survived the breakup of the East African Community in 1977 and received a new charter in 1980.

In the 1960s, other commercial banks included local operations of Bank of Baroda, Barclays Bank, Bank of India, Grindlays Bank, Standard Chartered Bank and Uganda Cooperative Bank.

During the 1970s and early 1980s, the number of commercial bank branches and services contracted significantly. Whereas Uganda had 290 commercial bank branches in 1970, by 1987 there were only 84, of which 58 branches were operated by government-owned banks. This

number began to increase slowly the following year, and in 1989 the gradual increase in banking activity signaled growing confidence in Uganda's economic recovery.

In the late 1990s and early 2000s, the Ugandan banking industry underwent significant restructuring. Several indigenous commercial banks were declared insolvent, taken over by the central bank and eventually sold or liquidated. These included Cooperative Bank, Greenland Bank, International Credit Bank, Teefe Bank and Gold Trust Bank which were closed or sold. Uganda Commercial Bank was initially privatized through a sale of its majority shares to a purported company from Malaysia. However it later came to light that the actual buyer was a partnership between Greenland Bank (which itself was insolvent) and some politically connected individuals. A second privatization sale was conducted, with the Standard Bank emerging as the winner.

The privatized Uganda Commercial Bank was merged with the former Grindlays Bank which Standard Bank already owned and had renamed Stanbic Bank. The combined new bank is now known as Stanbic Bank (Uganda) Limited. As of 2008, Stanbic Bank (Uganda) Limited was the dominant commercial bank in Uganda, with about 27% of all bank assets and about 20% of all bank branches. Nile Bank Limited, an indigenous institution, was acquired by the British conglomerate, Barclays Bank in January 2007 and merged with its existing Ugandan operations to form the current Barclays Bank (Uganda).

A moratorium on new commercial bank licenses was declared in 2004, with the passage of a new banking bill in Parliament, which established new banking institution classification guidelines.

The moratorium on new banks was lifted in July 2007. During the eighteen (18) months that followed the lifting of the moratorium, eight (8) new commercial banks were licensed. These included Kenya Commercial Bank, Equity Bank and Fina Bank, all from Kenya. Global Trust

Bank and United Bank for Africa trace their roots from Nigeria. Ecobank is headquartered in Togo and Housing Finance Bank is an indigenous operation. Three other banks, ABC Bank (Kenya), Access Bank from Nigeria and CRDB Bank from Tanzania, have publicly declared their intention to start banking operations in Uganda in 2009. / . ABC bank has since opened its operations in Uganda.

During 2008 and 2009, several of the existing banks went on an accelerated branch expansion either through mergers and acquisitions or through denovo branch openings. As of October 2010, there are twenty-two (22) licensed commercial banks in Uganda, with nearly four hundred (400) bank branches and a total of almost six hundred (600) ATMs.

Under statutory instruments 2010 No.43, the minimum capital funds unimpaired by losses of a bank shall at any time not be less than one million, two hundred and fifty thousand currency points. Transitional provisions for existing banks were made to build the minimum paid-up capital unimpaired by losses to five hundred thousand currency points by 1st march 2011, and to one million, two hundred and fifty thousand currency points by 1st march 2013. This is a significant move from the old capital requirement of two hundred thousand currency points.

2.2.3 The Importance of Procurement

Procurement has taken on greater strategic importance in multinational companies (and for local companies for purposes of this discussion) in recent years — and it will assume even greater significance in the years to come, according to Hal Sirkin, senior partner and managing director at The Boston Consulting Group and global leader of BCG's operations practice.

Public procurement is an important function of government for several reasons. First, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well man-

aged. Indeed, in all countries in the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Callender & Matthews, 2000). Efficiently handling this size of procurement outlays has been a policy and management concern as well as a challenge for public procurement practitioners.

From the Government of Swaziland Procurement Reform programme, an analysis of the Government of the Kingdom of Swaziland Estimates for the years from 1 April 2008 to 31 March 2011 notes that 65.9% of expenditure by Government of Swaziland in the 2008/09 Budget is on the procurement of Goods, Services and Capital Works

Public procurement has been utilized as an important tool for achieving economic, social and other objectives (Arrowsmith, 1998; Thai, 2001). In its report to the Congress, the Commission on Government Procurement states: “The magnitude of the Government’s outlays for procurement and grants creates opportunities for implementing selected national policies” (Federal Acquisition Institute, 1999, p. 1.8). The World Bank’s Procurement Under IBRD Loans and IBRD Credits specifies following four major concerns or objectives of public procurement for projects funded by its loans:

- 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).

Khi V. Thai (2004) explained that; due to many reasons (including greater scrutiny of taxpayers and competing vendors), public procurement has been perceived as an area of waste and corruption. The District of Columbia, USA government wasted hundreds of thousands of dollars in revenue by selling used emergency vehicles for “bargain basement prices” in auctions run by untrained staffers (Nakamura, 2004). In a 2 1/2-year period studied by the city’s Inspector General’s Office, the city sold 11 fire trucks for a total of \$3,125 while similar vehicles in make and model had been sold on the Internet for a total of \$360,875. Corruptions and bribes are widespread in government contracts (International Transparency, undated; and see www.transparency.org). In the United States, corruptions in government contracts have been regularly reported in newspapers; and the first week of September 2004 witnessed the reporting of a flurry of criminal prosecutions against state officials for violations of state procurement laws. Separate newspapers reported on bidding scandals from Illinois, Connecticut, Wisconsin, and Maryland (see www.aba.org). Similar newspaper reports can be found in many countries. Overcoming the negative perception -- and the objective reality, to a certain extent – is one of the biggest challenges in public procurement

Until recently, procurement was a necessary, but seldom celebrated, component of multinational corporations. But times have changed: These days, procurement organizations within companies are playing pivotal roles in the success of global firms in ways that old-fashioned purchasing managers could never have imagined.(Boston Consulting Group 2011)

The realization that with managing supply strategically firms can save huge amounts of money has led firms to begin to invest in this area of management (Cousins and Spekman, 2003). Thus, more and more attention is placed on purchasing activities in organisations, which has led to the restructuring of purchasing functions and the search for optimal purchasing processes in different

product and service categories in different contexts (Parikh and Joshi, 2005; Laios and Moschuris, 2001).

According to Batenburg and Versendaal (2008), Kraljic (1983), Speckman (1981), Porter (1985), Malone and Yates and Benjamin (1987), and other scholars already identified the strategic importance of procurement in the 1980's. Many companies, however, have unnoted the competitive value of the procurement business function. The primary interests of managers concerned the internal processes, sales and marketing. Since the rise of e-business in the late 1990's, new opportunities related to procurement arose: e-procurement, spend management, outsourcing, joint product design, and more (Lacione & Smith & Oliva 2000).

Over the past few years, developing countries have been awakened on the importance of effective management of the public procurement process at both central and local government levels, and its subsequent contribution to improved governance of the public sector (and private sector for this discussion). Procurement; a function that was traditionally viewed as a clerical and reactive task has since positioned itself among core organizational functions, and its management is becoming increasingly critical for the well functioning of any organization.

The procurement objective is to provide quality goods and services through open and fair competition in the exact quantity and proper quality as specified; and has to be delivered at the time and place where needed. Therefore, to secure such goods and services at competitive prices requires accurate planning and involvement of a number of stakeholders. (Byokusheka 2008).

Batenburg & Versendaal, (2008) noted that; with the idea that the procurement function has the ability to influence corporate profitability favorably, the functional development has been a topic

of great interest. Departing from the passive, re-active clerical viewpoint of the 70's, the procurement function has developed in a strategic pro-active function contributing, as much as other business functions, to the creation of (sustainable) competitive advantage. The fact that such a significant advantage can be achieved is described by many authors (e.g. Adamson 1980, Porter 1985, Cavinato 1991, Herberling 1993).

In Uganda, an estimated 34% of the government expenditure takes place at the local government level (Agaba & Shipman, 2007). However, expenditure for non government organisations is handled differently depending on the organisation but such expenditures account for a significant portion of their total spend. Proper planning for such huge expenditures is therefore an essential element of good procurement.

Through a well-managed procurement business function, organisations can gain numerous benefits as identified in the strategic importance of the procurement business function (Versenadaal et al., 2005).

A company's competitiveness and profit is highly dependable on how procurement is handled within the company. There is a direct influence on the profits because procurement stands for such a large part of the company's costs. There is also an indirect influence on the profit due to the large part of the internal costs affecting what happens in the interface between the company and its suppliers. (Gadde and Hakansson, 2001).

Purchasing represents a significant part of a company's total costs. In a study by Hakansson, it is stated that purchasing costs often stand for between 40 and 60 percent of a company's turnover. This is an increase from the earlier, where purchasing did not have such a significant role (ibid).

According to Gadde and Hakansson (2001), there are a number of reasons why purchasing has become more significant and consists of a large part of the turnover.

The first reason is that purchasing has gradually become more involved in large parts of the company's total activity and due to this; the purchasing department's capacity and competence have great consequences for the efficiency of the company. Purchasing is significant for the company's profitability because of the large volume that it stands for.

A second reason is that purchases directly influence the result. One cent less on purchasing is one extra added to the profit. This expression is often confused with the notion that one cent lower than the price leads to a higher profit. Nothing could be more wrong, due to indirect costs associated with purchases. The acquired goods and services cannot be in isolation, but have to be seen in relation to the function they perform.

The third reason for the increased importance is the insight and benefits that can be made by having deeper and more long-term relationships with a supplier. These potential benefits concern flow of material, flow of information and cooperation in technical development.

A fourth reason for the increased importance of purchasing is the increased complexity that purchasing involves. The more society develops the larger the differentiation becomes and the more specialized units become. The increased specialization has led to products that are more sophisticated and a more specialized purchasing process. International purchases have also increased which has led to a number of difficulties concerning the distance to suppliers, handling currencies and different legislations.

With the idea that procurement function has the ability to influence corporate profitability favourably, the functional development has been a topic of great interest. Departing from the pas-

sive, re-active clerical view point of the 70's the procurement function has the ability to develop its self in a strategic pro-active function contributing as much as other business functions, to creation of (sustainable) competitive advantages (Versenadaal et al., 2005). Many authors state this fact that this fact that such a significant fact can be achieved (Porter, 1985; Herberling, 1993; Cavinato, 1999).

Objectives of purchasing management are traditionally recognized as purchasing at the right quality with the right price at the right delivery time and in full, and purchasing to retain flexibility (Slack, Chambers, □Johnston,2004). Additionally, according to the research by Kannan and Tan (2002), the firm's purchasing management objective is to consistently obtain the good qualities and delivery performance from its suppliers.

As a general rule of thumb, a business will be viable as long as the profits are positive (Brailsford 1995).

2.2.4 Procurement Planning and Bank Financial Performance

Any procurement begins with the planning decision to make the purchase. This will involve deciding whether there is a need for the particular goods or services and will equally involve ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding (Arrowsmith, Linarelli & Wallace, 2000).

Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of local government operations and improved service delivery .It is a function that sets in motion the entire acquisition/procurement. Despite this importance, very limited sci-

entific research has been done to examine the extent to which efforts in procurement planning can contribute to effective local governance (Benon Basheka 2008)

He also noted that, Procurement planning is the primary function that sets the stage for subsequent procurement activities. It ‘fuels and then ignites’ the engine of the procurement process. A mistake in procurement planning therefore has wide implications for local governance, measured from the two indicators of accountability and participation. A mistake in procurement planning for banks will not only have a direct impact on operating costs but also, its profitability, return on investment, balance sheet size, capital adequacy, among others.

Mullins (2003) argued that procurement planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way.

Byokusheka (2008) noted that, the procurement objective is to provide quality goods and services through open and fair competition in the exact quantity and proper quality as specified; and has to be delivered at the time and place where needed. Therefore, to secure such goods and services at competitive prices requires accurate planning and involvement of a number of stakeholders.

As a function, procurement planning endeavors to answer the following questions: (a) What do you want to procure? (b) When do you want to procure it? (c) When are you to procure and when will you use the procured goods, services and works the procurement? (d) Where will you procure them? (e) When will resources be available? (f) Which methods of procurement will you use? (g) How will timely procurement or failure affect the user of the item(s) and the public pro-

curing and assets disposal entity? (h) How can you be more efficient in the procurement process? and (i) Who will be involved in the procurement?

It has been argued that planning is not concerned with future decisions but rather with the future impact of decisions made today and thorough planning is critical as agencies are always facing budget constraints that cannot satisfy all capital acquisition needs (Drabkin & Thai, 2003).

Procurement Planning is a process of determining the procurement needs of an entity and the timing of their acquisition and their funding such that the entities operations are met as required in an efficient way. The answers to the above questions touch three major areas. First is the entity involved in procurement. Second are the providers of the various goods, services and works needed by an entity and third are the legal provisions on the conduct of procurement. Banking institutions may not necessarily have legal provisions but have policies and procedures that govern the conduct of procurement for the institution.

Procurement must take a thoroughly professional view of its role in business as a whole and that must include planning (Bailey, Farmer, Jessop & Jones, 1998). Any such procurement begins with the planning decision to make the purchase and this will involve in the first place, deciding whether there is a need for the particular goods or services, ensuring that the purchaser has the legal powers to undertake the transaction, obtaining any relevant approvals within the government hierarchy and arranging the necessary funding (Arrowsmith, Linarelli & Wallace, 2000). This process is identical to the private sector and additionally, checking for whether such requirements are provided for in the budget is key in the private sector. Where the required goods and services are not in the approved budget, then special approval ought to be sought before going through the ordinary procurement process.

However, procurement planning is not taken seriously by most institutions. The reasons for lack of procurement planning by such entities have been the actual lack of understanding of the value of procurement, proper enforcement of rules relating to planning (CPAR Report, 2004). It could also relate to lack of capacity due to limited procurement professionals and lack of commitment and support from management of those organizations. In fact, Thai, (2004), maintained that forms and procedures may be convenient and useful tools, but the planning effort will succeed only with the complete commitment and involvement of top management, along with appropriate personnel that have a stake. This implies that, without thorough procurement planning, the subsequent procurement processes will not yield substantial benefits.

The consequences of poor or lack of procurement planning can never therefore be amusing. The World Bank Country Procurement Assessment Report,(2004 p.42) summarized these consequences as;1) procurement failing to timely meet the actual needs of user departments,2)advantages of scale and bulk purchasing are not achieved,3)packaging and timing are not utilized to achieve value for money. The importance of procurement reform in almost all country's settings can be demonstrated based on its scale and role in terms of service delivery, the amount of money wasted by existing practices, reduced competition, higher prices due to market perceptions of risk, as well as the demonstrated ability of countries to capture enormous savings through concerted efforts to strengthen their procurement function (Harmonizing Donor Practices for Effective Aid Delivery, 1999).

The contribution of planning in facilitating an efficient and effective performance of public sector organizations is generally undisputed in both developed and developing countries. Its contribution can be at both central and local government levels of public sector management. (Benon

Basheka 2008). The contribution of planning to performance cannot be emphasized more in the private sector as well.

Public procurement is increasingly recognized as a profession that plays a significant role in the successful management of public resources and a number of countries have become more aware of the importance of procurement as an area vulnerable to mismanagement and corruption, and have thus instituted efforts to integrate procurement in a more strategic view of government efforts (OECD, 2007). As part of the efforts to adopt a long term and strategic view of their procurement needs and management, most organisations and countries have resorted to turning to their annual procurement plans as a possible ‘problem-solver.’

The combination of focusing more on collaborative relationships and the increasing strategic role of purchasing has resulted in a rise in prominence of strategies of supply base reduction (Harland et al. 1999) and the quest for global efficiency and effectiveness has led to increased centralisation and coordination of the purchasing function (Faes et al.2000). More and more the question prevails how to get organised at a corporate level to capture potential purchasing synergies (Rozemeijer, 2000).

Rapid developments in technology (which have led to new procurement methods), public procurement cannot be perceived as mere a ‘clerical routine,’ as procurement practitioners are and should be involved in strategic procurement planning (Office of Management and Budget, 1997; Hinson & McCue, 2004).

Purchasing, as a function, is inextricably linked to every other part of the business. Purchasing data needs to feed into financial data and purchasing requirements often need to be driven from

other business functions, such as sales, manufacturing, maintenance, IT and administration, among others (Get Real Systems 2002)

The importance of procurement planning cannot be emphasized more for banks. These institutions normally make their plans for tenures of a year. For the plans to be effective and representative of the bank requirements, these plans need to be drawn from the different users who are represented by the different departments. This then sets the ground for the other activities including sourcing for the required funds.

2.2.5 Procurement Controls and Bank Financial Performance

It is important to achieve better control and process tracking of the whole procurement process (European Commission, 2000). Organisations spend billions of additional costs annually to improve e-procurement effectiveness (Kalakota and Robinson, 1999; Ody,2001b).

Purchasing is typically an area where everyone has an opinion, and employees believe they can do it efficiently themselves as most people do purchasing almost daily in their lives. But organisational purchasing differs from customer purchasing, for several reasons (Van Weele, 2002) While a consumer buys simply to satisfy his own needs, organisational purchasing ultimately has the objective of ensuring operations and competitiveness. Organisational purchasing situations more often have a cooperative orientation.

According to —Hal Sirkin, senior partner and managing director, BCG (2011), there are really three things that you have to get right: the product, the process, and the location. First, you have to think about what the product is. Are you sourcing the right part or the right product? That really means that the company you're buying from needs to have the technical capability to produce it well and the practical capability to execute it well.

The second thing is having the right process with regard to the supply chain and quality. From a supply chain perspective, you have to make sure that the costs don't eat up the savings. So, items that are difficult to transfer — such as large, bulky or perishable products — become an issue. Or, if you have a fashion product or something with a lot of variable demand, sourcing it far away means that you'll have to hold a lot more inventory. That means higher costs and a greater risk of obsolescence.

In addition to the right supply chain, you have to have a quality process in place. Whenever you outsource, you have to invest your time and people to make sure that the quality process is in place, because your brand is on that product, whether you make it in Chicago or China. And because your brand is on that product, you have to make sure that you defend it and whatever you produce.

The third thing is to outsource to the right location. The absolute lowest direct cost is not always the best thing to do.

Measure effectiveness and ensure proper business controls. This is a matter of getting the right tools developed and in place. It includes conducting periodic supplier audits to correct compliance errors. Such audits should not simply be punitive, but should address the underlying issues that create the errors. As indicated earlier, services purchases are much less likely to be supported by internal information technology than materials purchases. Organizations should install systems to inspect services transactions to control compliance errors, as they have done for materials. In addition, many organizations would benefit greatly from developing better services contracts that include elements such as specific payment milestones, clear service-level agreements and measurements, and clear delineation of the meaning, causes, and penalties of non-compliance. (Lisa M Ellram...et al 2007)

An important problem with the lack of supply management's participation in key areas of services spending is that there are missed opportunities for improved management and control of the services supply chain. Because of the relatively immature state of services purchasing, there is more opportunity to save money and improve processes in services purchases than there is in the purchase of materials. Recent news highlights the potential problems of not controlling and managing the services spending. For example, Price-Waterhouse Coopers, KPMG, Bearing Point, and Ernst and Young recently settled lawsuits, which cost them tens of millions of dollars, for over-billing their clients for travel. (Webcpa 2005). Companies such as Hewlett-Packard and others have discovered serious problems with controls and over-billing in a variety of service contracts, including professional services. . . (J. Amaral, C. Billington, And A. Tsay 2006)

Supply chain management and other similar terms, such as network sourcing, supply pipeline management, value chain management, and value stream management have become subjects of increasing interest in recent years, to academics, consultants and business management (Christopher, 1992; Hines, 1994; Lamming, 1996;

Saunders, 1995, 1998). It is recognised in some parts of the literature that the supply chain should be seen as the central unit of competitive analysis (Macbeth and Ferguson, 1994; Cox, 1997).

There is also the potential for substantial cost reduction simply by catching errors that result in over-billing. Further cost reduction may be forthcoming by reducing the supply base and leveraging purchases from the best available sources, across businesses. As a company gains leverage and visibility as a customer, there is increased opportunity for improved customer service. Better buyer-supplier relationships may be pursued as the buying and supplying firms become more

important to each other. Due to improved supplier relationships and better visibility, services supply management may develop a better understanding of services costs and work more effectively with services suppliers to improve the cost of services purchases. (Lisa M. Ellram, Wendy L. Tate, Corey Billington 2007)

They also noted that, Lack of supply management involvement in services supplier identification, screening, and selection exposes the organization to new risks. Is the supplier financially viable? What does the organization know about the supplier's parent company and other customers? Is there a potential for conflict of interest? Does the contract adequately protect the buying firm from liability? Sarbanes-Oxley requires that companies have such knowledge of their key business partners. Clearly, this by itself is a call to increased attention to services buying.

Increase the professionalism of the services purchasing area. In some ways, this means making the handling of services purchases more like the handling of materials purchases. This includes creating service "should-cost" models, similar to lean manufacturing. This takes time. Organizations should begin in areas where they have some information and they believe that there is opportunity to improve. These models should be used for benchmarking services supplier quotations and opening a dialogue with services suppliers about services cost and value improvement. Top management support is also needed here to disallow services purchasing without the involvement of service professionals to help develop contracts, service-level agreements, and supplier performance metrics. This top management policy has supported the success of supply management involvement in services purchasing at Bank of America and other firms. The organization must segment services purchases by risk and value, and focus on where supply management can add value, versus involvement for involvement's sake. (Lisa M et al 2007)

Procurement controls like other controls is a key area for risk minimisation for all institutions. Despite the organisation having policies and procedures for their operations, they also need to put in place controls to mitigate any risks. Procurement is inherently risky given the fact that it involves movement of company resources; the temptation to apply the resources for personal interest may be high. Controls should therefore be emphasized in banks so as to improve the financial performance.

2.2.5.1 Procurement Staffing

Put the best people in services supply management. Without this commitment to getting the best people in services supply management, failure is inevitable. Any organization needs some trailblazers to set the standard, people who know what is possible and can develop a vision for formalizing services. Leveraging existing, experienced materials buyers to apply their skills to services purchasing is one alternative. Hiring from other companies and industries that have effectively taken control of services purchasing is another common alternative. The key is to begin to take steps to better manage services spending. Dedicating skilled resources to establishing new systems for better managing the purchase of services should result in a tremendous return on investment and improvement in value of services for the dollars spent. Purchasing of services could truly be the next frontier for improved supply chain and organizational performance Lisa M. Ellram et al 2007

The potential benefits of increasing the professionalism and support for services supply management are numerous. Supply managers are professionally trained in processes to best understand the requirements for a purchase; develop these requirements into clear statements of work; identify, screen, and select suppliers who can meet those needs; and then manage and measure these suppliers. Bringing a sufficient number of supply management professionals into services

purchasing can help the organization to increase the value it receives from its services purchasing spending. Professionally trained salespeople are skilled at selling more services than people really need. An objective third party, like supply managers can help prevent this overbuying and associated overspending while working to ensure that real needs are met. In addition, professional services purchasing should reduce the organization's risk exposure, putting the company in compliance with that aspect of Sarbanes-Oxley.

As services continue to increase in importance to the organization, there is a tremendous opportunity for organizations to improve their services supply management by dedicating more resources—and the right resources—to services purchasing. Supply managers can improve cost controls, minimize value leakage, and assure that firms are receiving more value as well as competitively priced offerings. Skilled personnel should be shifted to services purchasing from areas of direct materials and component purchasing that are currently under control and well managed. This shift is needed in order to leverage the expertise of experienced buyers in managing cost and value, as well as their ability to establish new systems to better manage the purchase of services. The reallocation of these skilled resources will likely favorably impact the firm's return on investment as well as improve the value of services for the dollars spent.

Increasing professional supply management involvement in services purchases will also improve the level of accountability for services spending. When business units realize that there are corporate policies for executing and managing services spending, they are likely to control their own services spending more carefully. In order to develop clear statements of work, business units will need to clearly define their own requirements, which forces a more thorough review and understanding of actual needs. Employing skilled, qualified and knowledgeable personnel is key in procurement management.

2.2.6 Procurement Monitoring and Bank Financial Performance

Monitoring of public procurement is a continuous process of ensuring that: a procurement system in use in the country is properly implemented to meet the intended objectives; obstacles towards achieving intended objectives are identified and mitigated; and feedback is provided to all those involved in the system for further improvement (RS Mlinga 2011).

It is recognised that without effective monitoring arrangements contracts for goods, services and works are unlikely to deliver best value for money. All strategic contracts will be monitored to ensure that all of the requirements of the organisation are met, including individual user's needs set out within the specifications. Key performance indicators will be an important element of the monitoring arrangements. (Derbyshire Constabulary 2010).

With the increasing competition in the banking industry, procurement monitoring should be emphasized so as to stream line the entire procurement system and improve the bank the bank efficiency.

Tracking key aspects of procurement and supply management (PSM) and taking corrective action when required is a means to continuously improve the effectiveness of a programme or a system. This monitoring should cover different components of the PSM system. It must be noted that just monitoring does not improve the PSM system. M&E shows the strengths and the weaknesses of the system. If the measurements are below the target this should trigger the responsible person to investigate and correct the problem. This is how monitoring can assist in ongoing quality assurance of the PSM system. Trained human resources in sufficient number, financial and other resources for the effective implementation of the M&E system should be available. 5-10% of the programme costs are recommended to be allocated to M&E activities. (Working Document For Field Testing May 2009).

Firstly, M&E is used to regularly check and evaluate the processes and the results (outputs, outcomes and impact) of a programme and to find out whether progress is being made towards the targets and defined objectives. When M&E detects that the performance of any programme component is below the expectations, actions to prevent and/or to correct the problems should be initiated. Used this way, M&E is a tool for continuous improvement of a programme's performance while at the same time facilitating reporting, accountability and transparency.

Secondly, M&E is used to inform donors on the programme's effectiveness and efficiency. Donors require information that justifies how the funds were spent and what were the achievements. M&E is also used to compare programmes in an objective manner.

Monitoring is the routine tracking of the key elements of program/project performance through routine record keeping, routine regular reporting or continuous established surveillance systems. Monitoring and evaluation are related: monitoring contributes to evaluation and can inform the evaluator where to focus in the in-depth evaluation. It is important to select a limited number of monitoring indicators that will be actually used by implementers and managers for decision making.

Evaluation is the episodic assessment of the changes in targeted results related to the programme. It is more difficult and more time and money consuming than monitoring due its methodological rigor required to avoid wrong conclusions. Monitoring and evaluation take place at regular intervals: the interval is shorter for monitoring and longer for evaluation.

Until recently, monitoring has been receiving serious attention as it is adduce to reflect the programmers' outcomes and impacts. Cloete (2009; 295) defined policy monitoring as the regular, systematic collection of data on the basis of specified indicators to determine levels of progress and achievement of goals and objectives. It is illuminated I the above definition that before

monitoring takes place there should be specified benchmarks and clearly set out goals and objectives the programme of action seeks to attain. The monitoring is deemed very important in ensuring successful implementation of projects.

Procurement Monitoring and Verification, is a comprehensive service of loss prevention and anti-corruption measures that has been successfully implemented in several countries. It has deterred wrong doing and generated significant savings. Procurement Monitoring and Verification (PMV): Adds transparency provides fraud and corruption prevention to the procurement cycle; Increases efficiency and productivity; Generates savings over original cost estimates ;while improving the overall quality of goods and services.

PMV, is a formidable tool for fighting inefficiency, graft and corruption at all levels. Furthermore, it enables governments and the private sector to save money and obtain maximum benefits from their procurement by promoting transparent and competitive processes. Historically and in practice, most procurement problems (mistakes or built-in corrupt measures) occur in the early stages of the process. To help guard against corruption and inefficiency, it is critical to begin monitoring the process at the planning stage of each procurement activity.

PMV focus responsibility on the user / requester, as the beginning and end of the cycle, through the implementation of the concept of Total Cost of Ownership which ensures the establishment of proper accountability, the maximization of savings, supplemented by internal controls and speed of execution.

Social accountability tools and actions include participatory planning, budget monitoring, expenditure tracking, procurement monitoring, and citizen report cards, among others. These tools can be used to improve procurement monitoring, which looks at bringing about greater transparency in the procurement cycle to uncover and prevent fraud and corruption, and to improve efficiency,

productivity and quality in the delivery of goods and services (Public Procurement Monitoring Forum 2010).

Once the legal and institutional framework is in place and practitioners have been made familiar with the requirements through guidance and training, the process of monitoring compliance and taking action against malpractices can begin. (Edgar Agaba And Nigel Shipman). A key requirement is to establish an effective system of monitoring and evaluation that is based on reliable and comprehensive statistical data covering the value and type of procurements transacted and the procurement process itself. Such data, together with the findings of procurement audits and special investigations in response to complaints and other information, provide an important means of detecting anomalies and malpractices which demonstrate that transparency and integrity have been compromised. The monitoring and evaluation system should also determine the risks and vulnerable points at each stage of the procurement process.

Efforts at remedying malpractices have tended to focus on the bidding process but at the OECD Expert Meeting on Integrity in Public Procurement in June 2005, it was considered that the phases of definition of needs and contract management were at higher risk (Burton, 2005, p. 24).

Good public procurement systems are central to the effectiveness of development expenditure from both national and donor sources. Procurement is a core function of public financial management and service delivery. The potential efficiency gains from better procurement can make a significant additional contribution to financing achievement of the Millennium Development Goals (MDGs). These good practices papers focus on three connected themes - mainstreaming, capacity development and benchmarking/monitoring/evaluation. Their common objective is to build skills and strengthen processes that can better satisfy a country's public procurement needs,

supported by robust benchmarking, monitoring and evaluation tools to guide action and assess progress. (OECD)

Procurement planning contributes to local governance measured at two levels of accountability and community participation. The key to accountability is the capacity to monitor and enforce rules-within the public sector, between public and private parties. Accountability as one of the broad elements of good governance involves holding elected or appointed individuals and organizations charged with public mandate to account for specific actions, activities, or decisions to the public from whom they derive their authority (Agere, 2001).

Banks must keep detailed audit trails of cash flow. Tellers must sign out their money drawers each morning and balance all transaction activity at day's end. Purchasing must be held to the same standards, but the process is different. Starting with an item request, a bank must establish an audit trail that carries through to the reconciliation of a vendor's invoice and release of funds by accounts payable. This audit trail can be easily recalled and recertified over time. (Kevin 2009)

Comptroller (2001) noted that monitoring is an organisation's own oversight of the control systems performance and therefore monitoring should be on going and part of the normal course of daily operations and activities. Internal and external audits, as part of monitoring systems, may provide independent assessment of the quality and effectiveness of a control system's design and performance. All should share responsibilities of monitoring and self-assessment, everyone should understand their roles and responsibilities to report any breaches of the control systems.

2.2.7 Challenges of Procurement Management

In a developed or developing country, public procurement practitioners (and private procurement practitioners for this discussion) have and will face always many challenges. Each country has its

own economic, social, cultural and political environment, and each country's public procurement practitioners face different types of challenges, or the same types of challenges but at different levels from their counterparts in other countries. (Khi V. Thai)

According to (Thai 2001) Public and (private for this discussion) procurement practitioners have always walked on a tight rope. Their ability to accomplish procurement objectives and policies is influenced very much by internal forces including: Interactions between various elements of the procurement systems, various officials and organizations in the three branches of government, and various actors and sub-agencies within a department or executive agency and actors and organizations external to sub-agencies; Types of goods, services and capital assets required for an agency's missions; Professionalism or quality of procurement workforce; Staffing levels (e.g., ratio of procurement practitioners to contract actions) and budget resources; Procurement organizational structure such as the issue of centralization vs. decentralization; Procurement regulations, rules and guidance; and Internal controls and legislative oversight.

According to Thai (2004), public procurement practitioners have always faced challenges imposed upon by a variety of environment factors including market, legal environment, political environment, organizational environment, and socio-economic and other environmental factors.

Public procurement, at the local government level, is believed to be one of the principle areas where corruption in Uganda takes place ("National Public Procurement Integrity Baseline Survey," 2006). Corruption is disastrous to the sound functioning of any government department. Corruption has been an intractable problem in many developing countries; especially where it has become systematic to the point where many in government have a stake. It diverts decision-

making and the provision of services from those who need them to those who can afford them (Langseth, Kato, Kisubi & Pope, 1997).

At every stage of public procurement, there are risks of integrity. During the pre-bidding period; starting from needs assessment, common risks include lack of adequate needs assessment, planning and budgeting of public procurement, requirements that are not adequately or objectively defined, an inadequate or irregular choice of the procedure and a timeframe for the preparation of the bid that is insufficient or not consistently applied across bidders (OECD, 2007).

Thai (2004) explained that, as many countries have moved to a regional and or global economy, public procurement practitioners face another challenge, that is, how to comply with their government's procurement regulations and social and economic procurement goals without violating regional and/or international trade agreements. For example, how to comply with national economic policies (in nurturing domestic firms), without dealing unfairly with foreign firms as provided in regional trade agreements and/or the World Trade Organization (WTO) agreements is not easy, which requires a careful study of trade agreements in order to take advantages of special provisions. The WTO Agreement on Government Procurement (GPA) Article XVI provides: "Entities shall not, in the qualification and selection of suppliers, products or services, or in the evaluation of tenders and award

of contracts, impose, seek or consider offsets." Without careful examination of GPA provisions, procurement practitioners in developing countries may not use an exception: However, GPA Article XVI.2 "expressly allows for the use of offsets by developing countries" (Arrowsmith, 2003, p.165). Properly using 'offsets' is a major challenge¹ for public procurement practitioners. Similarly, the World Trade Organization's general rule requiring that contracts be advertised for a pe-

riod of no less than 40 days from the date of publication of the notice to the tender submission deadline. The 40-day requirement would hinder a speedy procurement. The 40-day standard period, however, may be reduced in certain cases to 24 days or 10 days, as set out in GPA Article XI.3

In developed as well as developing countries, disregarding their economic, social, and political environment, a sound procurement system has to accomplish two sets of requirements: management requirements and policy requirements. The procurement management requirements normally include quality, timeliness, cost (more than just the price), minimizing business, financial and technical risks, maximizing competition, and maintaining integrity. The procurement policy requirements normally include economic goals (preferring domestic or local firms), environment protection or green procurement (promoting the use of recycled goods), social goals (assisting minority and woman-owned business concerns), and international trade agreements. It is very difficult for policy makers and public procurement practitioners to make an optimal decision, as there are always tradeoffs among these goals (Federal Acquisition Institute, 1999; Thai, 2001).

2.2.8 Financial Performance of Banks in Uganda

Financial soundness is a situation where depositors' funds are safe in a stable banking system. The financial soundness of a financial institution may be strong or unsatisfactory varying from one bank to another (BOU, 2002). Some useful measures of financial performance which is the alternative term as financial soundness are coined into what is referred to as CAMEL. The acronym "CAMEL" refers to the five components of a bank's condition that are assessed: Capital adequacy, Asset quality, Management, Earnings, and Liquidity. A sixth component, a bank's Sensitivity to market risk, was added in 1997; hence the acronym was changed to CAMELS.

Ratings are assigned for each component in addition to the overall rating of a bank's financial condition (Jose, 1999). The ratings are assigned on a scale from 1 to 5.

Capital Adequacy:

This ultimately determines how well financial institutions can cope with shocks to their balance sheets. The bank monitors the adequacy of its capital using ratios established by The Bank for International Settlements. Capital adequacy in commercial banks is measured in relation to the relative risk weights assigned to the different category of assets held both on and off the balance sheet items as per the Financial Institution's Act of 2004. (Bank of Uganda, 2002).

Asset Quality:

The solvency of financial institutions typically is at risk when their assets become impaired, so it is important to monitor indicators of the quality of their assets in terms of overexposure to specific risks trends in non- performing loans, and the health and profitability of bank borrowers especially the corporate sector. Credit risk is inherent in lending, which is the major banking business. It arises when a borrower defaults on the loan repayment agreement. A financial institution whose borrowers default on their repayments may face cash flow problems, which eventually affect its liquidity position. Ultimately, this negatively impacts on the profitability and capital through extra specific provisions for bad debts (Bank of Uganda, 2002).

Earnings:

The continued viability of a bank depends on its ability to earn an adequate return on its assets and capital. Good earnings performance enables a bank to fund its expansion, remain competitive in the market and replenish and /or increase its capital (Bank of Uganda, 2002). A number of authors have argued that, banks that must survive need: Higher Return on Assets (ROA), better

return on net worth/Equity (ROE), sound capital base i.e. the Capital Adequacy Ratio (CAR), adoption of corporate governance ensuring transparency to stakeholders that is equity holders, regulators and the public.

Liquidity:

Initially solvent financial institutions may be driven toward closure by poor management of short-term liquidity. Indicators should cover funding sources and capture large maturity mismatches. An unmatched position potentially enhances profitability but also increases the risk of losses (The Ugandan Banker, June 2001). The “M” represents Management, given that this paper is hinged on financial performance, the management component is not considered in the measure.

Capital Adequacy, Earnings and Liquidity are the key dimensions of measuring financial performance in Commercial Banks (Rogers Matama, 2008).

From the above literature, the financial soundness of commercial banks is described by the CAMELS but the underlying factors that influence these key issues are not discussed. This study therefore identified procurement management as one of these factors that affect the financial performance of the study and thereby the need to carry out this research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the methodology that was used to study the role of procurement management on bank performance in Uganda with a case study of FBUL. It highlights how data was collected and analysed. This chapter also describes in detail the overall research design adopted by the study, population of the study, sample size and sample selection strategy, data collection methods, and data collection instruments.

3.1 Research design

Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project - the samples or groups, measures, treatments or programs, and methods of assignment - work together to try to address the central research questions (William M.K. Trochim 2006)

According to S.Sarantakos (1993), this is the most significant element of the research process where the whole research is designed, options considered, decisions made and details of the research laid down for execution.

The study was carried out mainly using quantitative approach of research. This approach was set to establish a clear and objective orientation, a vigorous, disciplined and systematic procedure, and a reality bound methodology, which allows arriving at a theory that will be free from vague and sloppy approaches, speculative thoughts about reality, and a theory that should be distinguished from a social philosophy, abstract speculation and everyday assumptions (Stergios1991; Vlahos, 1984).

The research employed the self administered questionnaire as a tool of data collection and to counter the shortcomings that would accrue from use of that tool, interviews were also conducted with some of the respondents. Correlation designs of the quantitative approach were utilized to establish the relationship between the independent and dependent variables.

3.2 Population of the study

The population under study comprised of the staff of FBUL that were involved in the procurement process of the bank. This covered the different locations of the Bank including Head office, Buganda road (this houses the head office and a branch), Nakivubo, Industrial area Kampala, Ovino, Mbarara and Kyaliwajjala. The study included the entire branch net work and head office because the purchase process normally begins from the branches and is concluded at head office. The target population under study was thirty five employees of FBUL.

3.3 Sample size and selection strategy

According to Sekaran (2003), sampling is the process of choosing the research units of the target population, which are to be included in the study. The samples to be used in the study were selected using purposive sampling which is a function of non- probability sampling. Under purposive sampling technique, the researchers purposely choose who, in their opinion are thought to be relevant to the research topic. In this case, the judgment of the researcher was more important than obtaining a probability sample. The process of sampling in this case involved purposive identification of the respondents.

The sample size was therefore selected from all the different branches and the subjects of the study included at least three people from each branch and the head office team that take part in the purchase process; this includes the procurement team, finance team, heads of functions, executive director, and the chief executive officer. The three employees from each branch included

the branch manager, assistant branch manager and the customer service manager; these three people take up the decision making role at the branches. The sample under study was therefore made up of thirty five FBUL staff.

Population Composition

| Location | Target Population | Percentage |
|-----------------|-------------------|-------------|
| Head office | 17 | 48.6% |
| Buganda road | 3 | 8.6% |
| Nakivubo | 3 | 8.6% |
| Ovino | 3 | 8.6% |
| Mbarara | 3 | 8.6% |
| Kyaliwajjala | 3 | 8.6% |
| Industrial Area | 3 | 8.6% |
| Total | 35 | 100% |

Source: Field Primary Data

3.4 Data collection methods

The study made use of both primary and secondary data and this was done through utilization of quantitative methods of data collection. In quantitative research, the design is developed at the beginning of the project and deviation of any kind of deviation is not permitted as such deviation is thought to cause problems; communication and interaction objectively define the fashion, data analysis takes place only when the process of data collection has been completed, the data collection methods are standardized and fixed leaving no options for correction and adjustment.

Purposive sampling was used and questionnaires were administered. Also key informant interviews with the different stakeholders were held to mainly discuss in depth the open ended questions in the questionnaire.

3.5 Data collection instrument

According to Sarantakos (1993), the successful completion of a sampling procedure connects the research with the respondent and specifies the kind and number of respondents who will be involved. The investigator knows at this stage not only what will be studied, but also who to approach for the required information. The information will be available, provided that the right 'connection' between the researcher and the respondents is made. This connection is made through the methods of data collection.

According to Sotirios Sarantakos (2005), a questionnaire is a method of survey data collection in which information is gathered through oral or written questionnaires. Oral questioning is known as interviewing; written questioning is accomplished through questionnaires which are administered to the respondents by mail or handed to them personally by the researcher.

Structured questionnaires were used in the collection of primary data and this was either self administered or face to face interview with the respondent. For self-administered questionnaires, the researcher further interviewed the respondents on a few responses that required further clarifications.

3.6 Validity and Reliability

Pak(2008) and Joppe (2000) defined reliability as: "The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable". Kirk and Miller (1986) identify three types of reliability referred to in quantitative research, which relates to: the degree of consistency of results; stability over time and similarity within a given time period.

To test the reliability of the instruments, the researcher used the alternate-form reliability test by administering two similar instruments. The degree of correlation between the scores of the two instruments was then assessed. The test was carried out on five key players of the procurement process.

Reliability was also established using SPSS Reliability Analysis Scale (Alpha coefficient). This was because of its easy and automatic applicability and fitted a two or more point rating scale. The instruments of the research were based on the Likert type five-point scale. The formula of Cronbach's Alpha Coefficient (α) was;

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum SD^2_i}{SD^2_t} \right)$$

α = Alpha coefficient

K = Number of items in the instrument

\sum = Sum

SD^2_i = Individual item variance

SD^2_t = Variance of total score

The instrument was found to be valid in this study at 0.959 (**Appendix F**). The researcher used Alpha coefficient because of it being easy and automatic to apply.

McMillan & Schumacher (2006) stated that validity refers to the degree of congruence between the explanations of the phenomena and the realities of the world. Validity is the extent to which the instrument gives the correct answer. The questionnaire was tested for validity of all the possible dimensions of the research topic.

3.7 Data analysis

Data analysis is the science of examining raw data with the purpose of drawing conclusions about that information.

The collected data was analysed using quantitative analysis which majorly involved six major activities namely, data preparation, counting, grouping, relating, predicting and statistical testing. Data preparation involved all forms of manipulations that were necessary for preparing data for further processing e.g. coding, categorizing answers to open-ended questions, editing and checking as well as preparation of tables; counting included the mechanical task of registering the occurrence and frequency of the occurrence of certain answers or research items; grouping and presentation involved ordering of similar items into groups and this resulted in distribution of data presented in the form of tables and graphs; relating involved cross-tabulation and statistical tests to explain the occurrence and strength of relationships; predicting is a process of extrapolating trends identified in the study into the future and this statistical method helped the researcher complete this task and finally statistical testing; this refers to the stage where test of significance, inference, hypotheses and correlation are employed during the process of analysis.

Data was entered into SPSS statistical tool which is a package that was developed for analyzing survey data and here the hypotheses were tested mainly considering relational statistics. The Anova F- test Statistic was used to test the Hypotheses and determine the relationship between the independent and dependent variables.

$$F = \frac{\text{Explained Variance}}{\text{Unexplained Variance}}$$

$$F = \frac{\text{Between Group Variability}}{\text{Within Group Variability}}$$

$$\sum_i n_i (\bar{Y}_i - \bar{Y})^2 / (K - 1)$$

Where \bar{Y}_i denotes the sample mean in the i^{th} group, n_i is the number of observations in the i^{th} group, and \bar{Y} denotes the overall mean of the data.

$$\sum_{ij} (Y_{ij} - \bar{Y}_i)^2 / (N - K),$$

where Y_{ij} is the j^{th} observation in the i^{th} out of K groups and N is the overall sample size. This F-statistic follows the F-distribution with $K - 1, N - K$ degrees of freedom under the null hypothesis. The statistic will be large if the between-group variability is large relative to the within-group variability, which is unlikely to happen if the population means of the groups all have the same value.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents data collected using the questionnaire, documentary analysis/literature review and observation of the case study described in Chapter 3 above and the limitations of the study. The corresponding interpretations also follow each presentation. The results of the study are presented according to the objectives and research questions. The findings in this chapter were also arrived at by analyzing and interpreting the available data using SPSS and Microsoft Excel software. All the responses are presented in terms of frequencies and percentages which are displayed in tables, graphs and charts. The hypothesis and each question were treated separately. The statistical data from the quantitative part of the questionnaire was then supported by the qualitative data of the study from the questionnaire. The qualitative data was analysed based on 1- Strongly disagree to 5-Strongly agree scale rate.

A total of thirty five (35) questionnaires were distributed to FBUL staff of which thirty three (33) were returned. The response rate for the distributed questionnaires was therefore ninety four per cent (94%).

4.1 Characteristics of the respondents

The background information of the respondents was considered necessary because the ability of the respondents to give satisfactory information on the study variables may be affected by their background. This information was about the respondents' duration in current employment; duty station; level of management; participation in the procurement process and the nature of items procured.

Table 1: Duration in current employment

| Duration | Frequency | Percentage |
|-----------------|------------------|-------------------|
| 0-1 Years | 6 | 18.18% |
| 1-2 Years | 9 | 27.27% |
| Over 2 Years | 18 | 54.55% |
| Total | 33 | 100.00% |

Source: Field Primary Data

Duration in current employment was chosen as one of the respondents' characteristics so as to ascertain the respondents' experience with the bank operations. From the study, most of the respondents had worked with the bank for over two years (54.5%); 27.3% for over a year but less than two years; while 18.2% had worked with the bank for less than a year. On the whole, most of the respondents (81.8%) had worked with the bank for more than a year and this provided responses based on a wider knowledge base of the bank operations.

Table 2: Duty Station

| | Frequency | Percentage |
|-----------------|------------------|-------------------|
| Head office | 17 | 51.52% |
| Buganda road | 2 | 6.06% |
| Nakivubo | 3 | 9.09% |
| Ovino | 3 | 9.09% |
| Mbarara | 2 | 6.06% |
| Kyaliwajjala | 3 | 9.09% |
| Industrial Area | 3 | 9.09% |
| Total | 33 | 100.00% |

Source: Field Primary Data

Duty station was used in describing the respondents so as to get balanced views of the bank's personnel from the different bank locations. Of the total (33) respondents, 17 (51.5%) were based at head office while the rest of the respondents were distributed between the bank branches with 2-3 respondents from each branch. The respondents were almost equally distributed be-

tween head office and the branches at 51.5% and 48.5% respectively which helped provide unbiased responses based on location.

Table 3: Management Levels

| | Frequency | Percentage |
|--------------|------------------|-------------------|
| Low | 7 | 21.21% |
| Middle | 16 | 48.48% |
| Senior | 10 | 30.30% |
| Total | 33 | 100.00% |

Source: Field Primary Data

Management levels in the bank were used to describe the characteristics of the respondents so as to establish the opinions of the different managers; this helped receive varied respondents dependent on their roles in the procurement system. The distribution of the respondents between the management levels was well distributed between the low, middle and senior management with each level having 21.2%, 48.5% and 30.3% respectively. The respondents were mainly middle managers (48.5%). This distribution provided a diversified base of information given the contribution of the different management levels in the procurement process.

Table 4: Participation in the procurement process

| Participation | Frequency | Percentage |
|----------------------|------------------|-------------------|
| Yes | 33 | 100.00% |
| No | 0 | 0.00% |

Source: Field Primary Data

The respondents were also asked whether they participated in the procurement system of the bank; this was mainly to ensure that responses were obtained from the desired respondents. 100% of the respondents in the study participated in the procurement process. This was mainly because of the purposive sampling method that was used and this therefore enriched the wealth of the information provided.

Table 5: Duration in the organisation and management level

| | Lower | Middle | Senior | Total |
|--------------|----------------|----------------|----------------|----------------|
| 0-1 Years | 42.90% | 12.50% | 10.00% | 18.20% |
| 1-2 Years | 28.60% | 31.30% | 20.00% | 27.30% |
| Over 2 Years | 28.60% | 56.30% | 70.00% | 54.50% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

Source: Field Primary Data

Of the lower manager respondents, 42.9% had worked with the bank for less than a year, 28.6% for more than a year but less than two years while 28.6% worked with the bank for over two years. Of the middle managers, 12.5% had worked with the bank for less than a year, 31.3% for more than a year but less than two years while 56.3% had over two years with the bank. 70% of the senior managers had worked with the bank for over two years, 20% had over two but less than a year and 10% had less than a year with the bank. For both middle and senior management, majority of the respondents had over two years experience with the bank. This provided wealth of information based on both their experience with the bank and position in the organisation.

Table 6: Management level and Duty Station

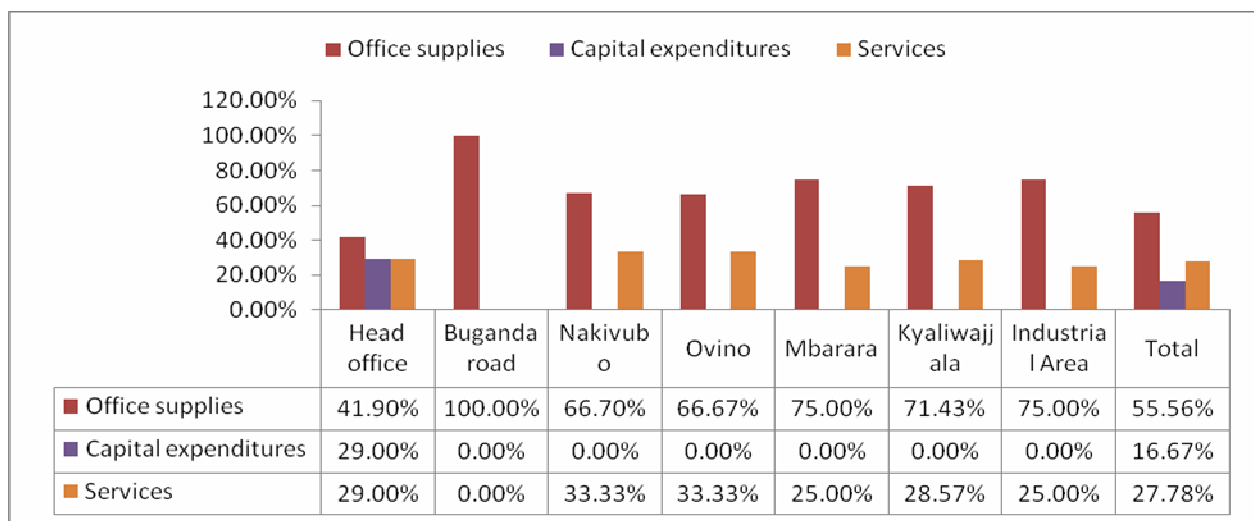
| | Lower | Middle | Senior | Total |
|-----------------|----------------|----------------|----------------|----------------|
| Head office | 42.90% | 25.00% | 100.00% | 51.50% |
| Buganda road | 0.00% | 12.50% | 0.00% | 6.10% |
| Nakivubo | 0.00% | 18.80% | 0.00% | 9.10% |
| Ovino | 28.60% | 6.30% | 0.00% | 9.10% |
| Mbarara | 0.00% | 12.50% | 0.00% | 6.10% |
| Kyaliwajjala | 14.30% | 12.50% | 0.00% | 9.10% |
| Industrial Area | 14.30% | 12.50% | 0.00% | 9.10% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

Source: Field Primary Data

All the senior manager respondents were based at the head office; of the middle managers, 25% were based head office, 18.8% at Nakivubo, 12.5% at Buganda road, Mbarara, Kyaliwajjala, and

Industrial area, while 6.3% were at Ovino branch. Of the lower managers who responded, 42.9% were based at head office, 28.6% at Ovino, 14.3% at Kyaliwajjala and Industrial area; while there was none for Nakivubo and Buganda road. The senior managers oversee the entire operations and therefore their concentration at head office. Their views were therefore representative of the entire bank and not an individual branch.

Figure 2: Nature of items procured by different branches



Source: Field Primary Data

The study revealed that the respondents participated in the procurement of office supplies, capital expenditures, and services in the proportions of 55%, 17% and 28% respectively. For purposes of this research, office supplies mainly includes items such as branded and non branded stationery, pens and pencils, printer/photocopier cartridges and tonners, generator fuel, sanitary ware materials, among others. Capital expenditures are those costs whose life time covers a period of over one year and these include items such as motor vehicles, generators, computer hardware and software, photocopiers and printers among others. Services mainly include bank cleaning services, repairs and maintenance of the above capital expenditures, marketing, among others.

The study further revealed that capital expenditures are centrally done at head office while all branches do handle procurement for office supplies and services. Given the distribution of the respondents between the branch business units with head office having 17 respondents and the rest of the respondents having 2-3 branches, information for all items procured was well represented.

4.2 Interpretation of Findings

This section of the study deals with the verification, presentation, analysis and discussion of the research hypothesis and questions of the study. The hypothesis and each question and were considered separately. The statistical data from the questionnaire was then supported by the qualitative data of the study from the interviews.

4.2.1: Analysis of Objective 1: Procurement planning and bank performance

In this section, we present the findings on the effect of procurement planning and the performance of banks with a case study of Fina bank (U) Ltd. (Based on the 1-strongly disagree to 5-strong agree scale rate). This hypothesis tested variables 1-16 of section B of the questionnaire (**APPENDIX A**). This hypothesis was derived from objective one of the study that sought to establish how procurement planning affects the performance of the bank. The results were backed by information from the open ended questions of the questionnaire.

Table 7: Management level and Procurement planning

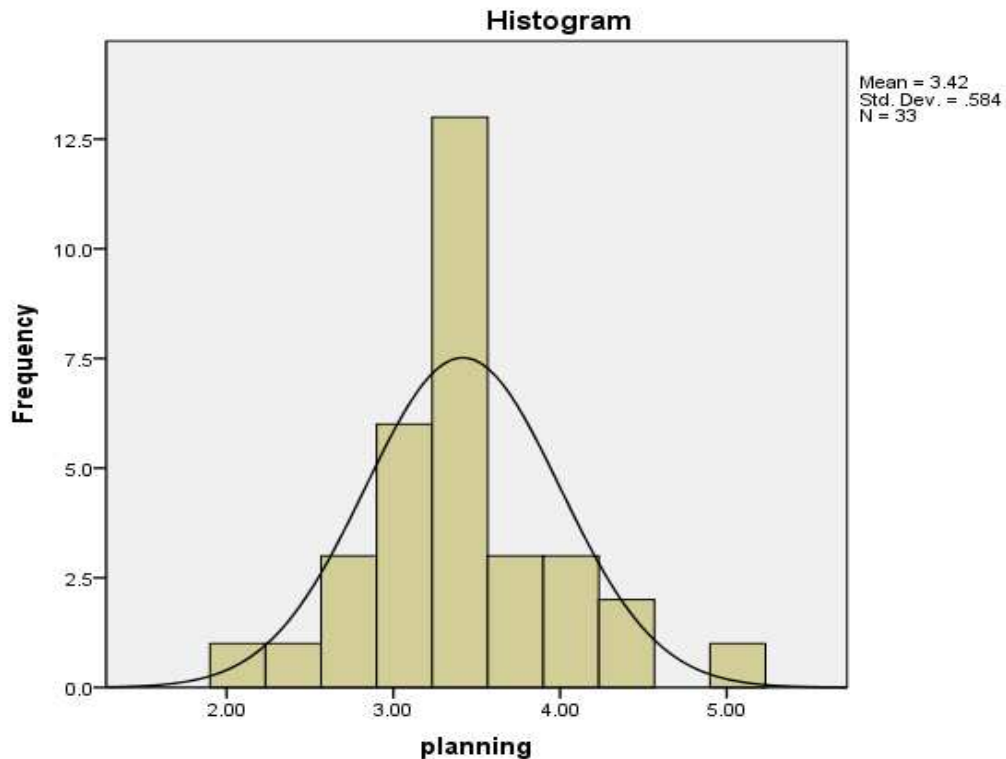
| | | Sum of Squares | df | Mean Square | F | Sig. |
|-------------------|----------------|----------------|----|-------------|--------------|------|
| Middle Management | Between Groups | 4.126 | 20 | .206 | .601 | .848 |
| | Within Groups | 4.117 | 12 | .343 | | |
| | Total | 8.242 | 32 | | | |
| Lower Management | Between Groups | 3.148 | 20 | .157 | .798 | .683 |
| | Within Groups | 2.367 | 12 | .197 | | |
| | Total | 5.515 | 32 | | | |
| Senior Management | Between Groups | 40.977 | 20 | 2.049 | 1.130 | .425 |
| | Within Groups | 21.750 | 12 | 1.813 | | |
| | Total | 62.727 | 32 | | | |

Source: Field Primary Data

The results from the above table indicate that the research hypothesis that procurement affects bank performance should be accepted. This is because, the test statistics of 0.601, 0.798 and 1.130 are all lower than the critical value of 2.544 from the F-distribution table (**APPENDIX E**). We accept the null hypothesis (above) of equal population means and conclude that there is a statistically significant relationship among the means.

Based on the probability values, with the results from the table above also show that there is a significant relationship between procurement planning and bank performance. This is because responses from all the different levels of managers indicated so at significance levels of 0.848, 0.683 and 0.427 for middle, lower and senior managers respectively against a bench mark of 0.05.

Figure 3: Procurement Planning Mean and Standard deviation



Source: Field Primary Data

The figure above shows the respondents views on how procurement planning affects bank performance. The figure shows that the mean of the responses was 3.42 and the standard deviation was 0.584. Based on the scale of 1-strongly disagree and 5-strongly agree, (arithmetic mean 3), the data mean is above the scale mean. This implies that the distribution curve is skewed to the right. The hypothesis that procurement planning affects bank performance should therefore be accepted.

In relation to the above results, detailed analysis of procurement planning variables (Section B of the questionnaire revealed the following about the individual variables;

Table 8: Procurement planning and bank financial performance

| | The bank procurement process begins with "planning" | The business need is clearly defined by the responsible personnel in the unit /department | Thorough needs assesment is undertaken by the respective managers for the required goods and services | Budget approval is obtained for the required items before purchase in the bank | Relevant approvals are obtained from the bank authorities for all procured items | Only personnel with legal powers to purchase undertake such transactions in the bank | Decisions on when to procure the goods and services are taken by the procurement committee | Market capability analysis is carried out to determine where to procure from | The business unit clearly states when they will use the required goods and services | Delivery schedules that fit in the bank requirements are drawn with the suppliers | The procurement committee independently decides on where to procure from | The procurement committee decides on the method of purchase to be adopted dependent on the item | Extent of supplies (quantities) to be procured at a time are determined by the committee | The procurement committee ensures funds availability before any purchase | Top management is involved in the procurement planning of the bank | There is full commitment of top management to the procurement planning process of the bank |
|---------------------------|---|---|---|--|--|--|--|--|---|---|--|---|--|--|--|--|
| Frequencies | | | | | | | | | | | | | | | | |
| Strongly Disagree | 3% | - | - | 9% | - | 3% | - | 9% | - | 3% | 3% | - | 6% | - | - | - |
| Disagree | 24% | 9% | 21% | 33% | 6% | 15% | 21% | 27% | 33% | 46% | 27% | 12% | 21% | 30% | 15% | 18% |
| Not sure | 9% | 9% | 12% | 9% | 3% | 24% | 21% | 30% | 9% | 21% | 24% | 27% | 12% | 30% | 9% | 12% |
| Agree | 39% | 70% | 55% | 27% | 61% | 49% | 49% | 27% | 52% | 21% | 39% | 58% | 55% | 33% | 67% | 61% |
| Strongly Agree | 24% | 12% | 12% | 21% | 30% | 9% | 9% | 6% | 6% | 9% | 6% | 3% | 6% | 6% | 9% | 9% |
| Chi-square tests | | | | | | | | | | | | | | | | |
| Pearson Chi-Square | 3.639 | 5.251 | 6.498 | 15.209 | 4.926 | 6.914 | 8.103 | 11.826 | 8.648 | 10.747 | 7.429 | 3.686 | 6.309 | 13.481 | 8.991 | 8.674 |
| df | 8 | 6 | 6 | 8 | 6 | 8 | 6 | 8 | 6 | 8 | 8 | 6 | 8 | 6 | 6 | 6 |
| Asymp. Sig. (2-sided) | 0.888 | 0.512 | 0.370 | 0.055 | 0.553 | 0.546 | 0.231 | 0.159 | 0.194 | 0.216 | 0.491 | 0.719 | 0.613 | 0.036 | 0.174 | 0.193 |
| Summary Statistics | | | | | | | | | | | | | | | | |
| Mean | 3.576 | 3.848 | 3.576 | 3.182 | 4.152 | 3.455 | 3.455 | 2.939 | 3.303 | 2.879 | 3.182 | 3.515 | 3.333 | 3.152 | 3.697 | 3.606 |
| Std. Deviation | 1.200 | .755 | .969 | 1.357 | .755 | .971 | .938 | 1.088 | 1.015 | 1.083 | 1.014 | .755 | 1.080 | .939 | .847 | .899 |
| N | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |

Source: Field Primary Data

From the table above, the results from the study revealed that the hypothesis that procurement planning positively affects the financial performance of the bank should be accepted. The chi square test values for this data were mainly less than 10.00 at 6 and 8 degrees of freedom. These values were therefore less than the critical values of 12.59 and 15.51 from the chi square distribution tables (**Appendix G**) at pre determined significance of 0.05, and same degrees of freedom, and thus the acceptance of the hypothesis. Detailed analysis of the planning is detailed below.

The respondents were asked whether the procurement process begins with planning. The results from the study revealed that, of the total respondents, 63% (24% strongly agreed) agreed that the bank's procurement system begins with planning; 27% disagreed and 9% were Neutral. The Chi-square tests revealed that the computed Pearson Chi-square statistic of 3.639 with 8 degrees of freedom is lower than the critical value of 15.51 from the tables (**Appendix G**) at the pre determined level of significance of 0.05. This confirms that planning is strongly undertaken at the start of the procurement process so as to guide the subsequent activities in the procurement process and thus enhance the performance of the bank. Benon. C. Byokusheka also noted that procurement planning is the primary function that sets the stage for subsequent procurement activities. The study results are therefore consistent with the above author.

In determining whether clear needs definition was under taken by the responsible business units as part of the planning process in the bank, the study revealed that; 82% of the respondents were agreeable (12% strongly agreed) while only 9% disagreed and 9% were not sure. The results also showed a mean of 3.848 and standard deviation of 0.755. Chi square tests also revealed that at pearson chi square value of 5.251, and 6 degrees of freedom, the p-value was 0.512 which was

higher than the bench mark of 0.05. The different statistics implied that as part of the procurement planning, the unit needs are clearly defined by the responsible personnel in the unit and this guides the procurement team in the subsequent activities.

In a related question of whether the needs assessment was undertaken by the respective managers, results from the study revealed that, the question had a mean of 3.576 and standard deviation of 0.969. This was as a result of the 67% of the respondents answering in the affirmative (12% strongly agreed), 12% were not sure and 21% disagreed. The chi square tests also revealed a significant relationship at 6 degrees of freedom and p-value of 0.370. Thorough needs assessment is therefore undertaken by the respective managers and this positively affects bank performance. These findings are in line with Arrowsmith, Linarelli & Wallace, (2000)'s views where they noted that planning involves deciding whether there is a need for the particular goods or services.

In order to find out whether, budget approvals are sought before embarking on the purchase, respondents were asked to state the degree to which they concurred with the above. Of the total respondents, 48% agreed (21% strongly agreed) while 42% disagreed (9% strongly disagreed). Further analysis based on the management levels indicated that 60% of the senior managers, 25% of the middle managers, and 58% of the lower level managers disagreed. The results revealed a mean of 3.182 and standard deviation of 1.357; the mean value is slightly above the scale mean of 3 (1-strongly disagree to 5-strongly agree) which implies that on average the respondents were agreeable that the bank considers this item in its procurement process. However, the standard deviation is greater than 1 which implies a wide variation from the mean as depicted in the respondents' level of agreement (48%) and disagreement (42%). The bank therefore ought to improve on this item so as to ensure that the disagreement levels are reduced and therefore

improvement in the procurement process. The above results are not so much in line with Kevin Bless (2009) views who noted that often operational expense budgets are required to target percentage reductions in the cost of goods sold by vendors. Purchasing then goes out to bid, seeking to increase savings for high volume products.

A related item on whether all relevant approvals are sought before purchase indicated that the bank strongly undertakes this as part of its procurement management and therefore a strongly positive relationship between this item and bank performance. Of the total respondents, 91% agreed (30% strongly agreed), 3% were not sure while only 6% disagreed. This position was further confirmed by the 4.152 question mean and standard deviation of 0.755 that showed the non variation in the responses. This is a key procurement management item that helps in ensuring that the bank resources are rightly put to use with right authorisation; the bank therefore ought to maintain this.

The study further revealed that the as part of the planning process, the bank has designated personnel to participate in the procurement process. The results revealed that 58% of the respondents agreed (9% strongly agreed), 24% were not sure while only 18% disagreed. The chi-square tests further revealed that at 8 degrees of freedom, the p-value of 0.546 was significant at a benchmark of 0.05. The item mean was 3.455 (above the scale mean) and the standard deviation of 0.971 (less than 1) showed the small degree of variations in the responses.

The study also revealed that the decision on when to procure the goods and services are independently undertaken by the procurement team, the results were positive with 58% agreement, 21% were not sure while 21% disagreed. The affirmation was confirmed by the 3.455 mean (above scale mean) and 0.938 standard deviation which showed the limited variations in the re-

sponses. This mainly helps the bank in maintain desirable stock levels and minimizing wastages in terms of obsolete items.

As part of planning, respondents were also asked whether market capability analysis is carried out in determining where to procure from. The results showed that 37% of the respondents disagreed (9% strongly disagreed), 33% agreed (6% strongly agreed) and 30% were not sure. At management level, 50% of the senior managers disagreed while lower and middle managers disagreed with proportions of 43% and 25% respectively. (**Appendix A**). The item further had a mean of 2.939, which value was below the scale mean of 3 and standard deviation of 1.088 which implied high variations in the responses. For the bank to remain competitive, it ought to continuously undertake market capability analysis. The above results were contrary to Benon C Byokusheka's views where he noted that to secure goods and services at competitive prices requires accurate planning and involvement of a number of stakeholders.

The respondents were also asked whether as part of the planning process the business units clearly indicated the timelines for using the required goods and services, the results indicated that, 58% agreed (6% strongly agreed), 9% were not sure while 33% disagreed. The mean value for the same was 3.303 which is slightly above the scale mean, but the standard deviation was 1.015 which indicated a wide variation in the responses. Consumers of goods and services ought to indicate their desired timeline so as to allow the bank plan for the required resources well.

The study sought to find out whether delivery schedules that fit in the bank requirements were drawn with the suppliers. 49% of the respondents disagreed (3% strongly disagreed), 30% agreed (9% strongly agreed) while 21% were not sure. Analysis based on management level further em-

phasized the disagreement position when for both senior and lower managers a significant majority disagreed to the bank having delivery schedules that fit in the bank requirements. **(Appendix B)**. From the Chi-square tests, Pearson chi-square value of 10.747 with 8 degrees of freedom is significant at p-value of 0.216 against a benchmark of 0.05 though not so strong a relationship. The standard deviation of 1.083 further revealed the degree of variation in the responses and thus the need for management to have this ironed out. Failure to have delivery schedules in line with the bank requirements forces the bank to have emergency purchases to cover for the shortfalls; these are normally in small quantities and from non regular suppliers thereby compromising the bargaining power of the bank and thus negatively affecting the performance of the bank. Basheka (2008) noted that as a function, procurement planning endeavors to answer questions like, When are you to procure and when will you use the procured goods, services and works? Answering these questions would help align the bank requirements with the suppliers' schedules.

In a bid to establish the independence of the procurement committee in deciding where to procure from, the respondents were asked to respond accordingly. 45% of respondents agreed, 30% disagreed while 24% were not sure. Based on the management levels, both lower and senior managers recorded over 40% disagreement while middle managers recorded 29% disagreement 30%, 50% and 57% of the senior, middle and lower level managers respectively agreed. The chi square tests revealed that at 8 degrees of freedom, the p-value was 0.491 and thereby a significant relationship based on bench mark of 0.05. However, the mean was relatively low at 3.182 and the standard deviation was high at 1.014 which shows that there is some level of interference in deciding where to procure from. The bank therefore ought have an independent committee so as to further smoothen these operations. The results from the study are not very far from Basheka (2008)'s views where he noted that; the procurement objective is to provide quality

goods and services through open and fair competition in the exact quantity and proper quality as specified.

In related questions, on establishing whether the procurement committee is independently decides on the method of procurement, extent of supplies, and ensuring availability of funds before purchasing; the study results revealed that, the means for these items were averagely high (above scale average of 3) at 3.515, 3.333 and 3.152 respectively. The chi square p-values were 0.719, 0.613 and 0.036 respectively. This result implied that the procurement committee does not check or ensure funds availability before purchase which is not a good indicator. The procurement committee ought to work with the related departments to ascertain funds availability before committing the bank otherwise the bank risks a financial embarrassment.

To establish whether top management was involved in the procurement planning process of the bank, respondents were requested for their opinion and the results were such that, 76% of the respondents agreed (9% strongly agreed) 15% disagreed and 9% were not sure. There was none that strongly disagreed. At management level, 100% and 90% agreed for lower and senior managers respectively (**Appendix A**). From the chi square tests, at p-value of 0.174 with 6 degrees of freedom, the relationship is significant at 0.05 benchmark. The respondents also confirmed management commitment to the procurement planning process and the mean to this item was 3.606 (above scale mean of 3) and minimum variations in the responses at 0.899 standard deviation. Top management is mainly meant to guide the planning process of the bank to ensure that lower management strategies are consistent with the corporate strategies.

The results are consistent with Thai, (2004)'s views where he maintained that forms and procedures may be convenient and useful tools, but the planning effort will succeed only with the complete commitment and involvement of top management.

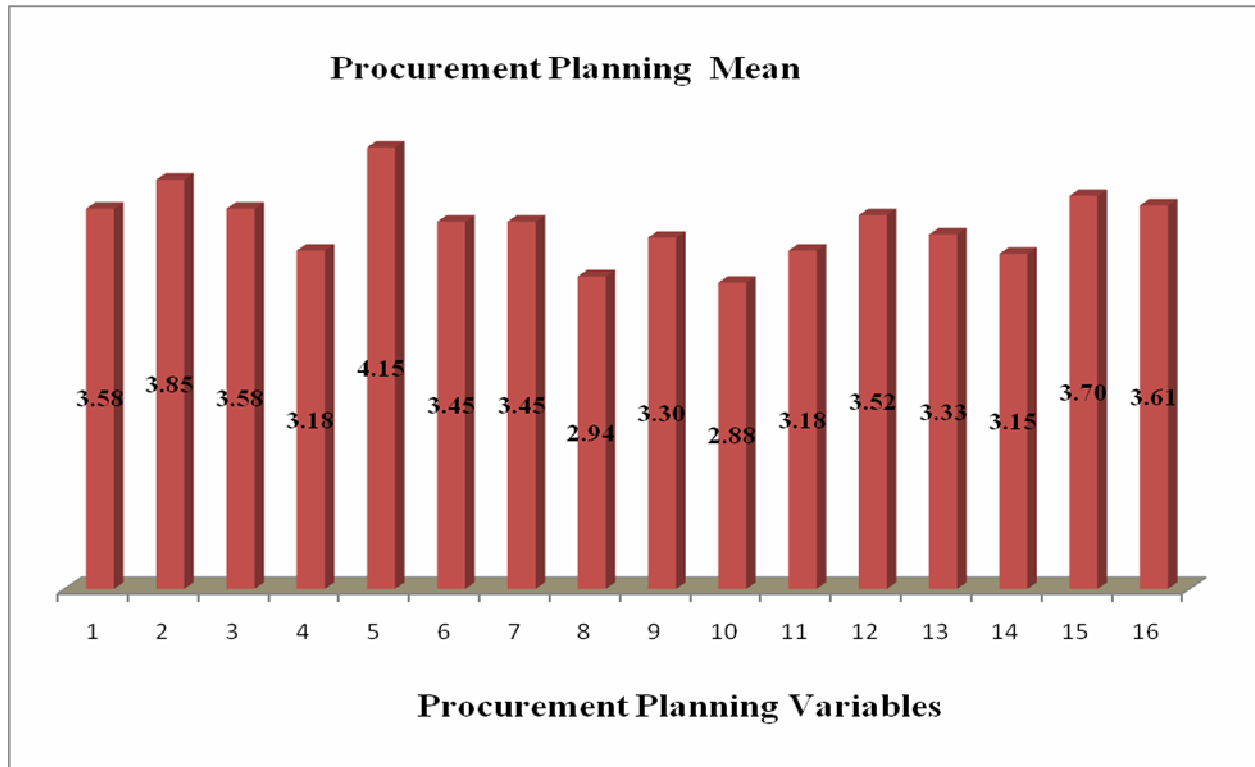
Summary of procurement planning findings

Table 9: Procurement planning means and standard deviations

| Procurement Planning Variables | Strongly Disagree | Disagree | Not sure | Agree | Strongly Agree | Mean | Std. Deviation |
|--|--------------------------|-----------------|-----------------|--------------|-----------------------|-------------|-----------------------|
| The bank procurement process begins with "planning" | 3% | 24% | 9% | 39% | 24% | 3.58 | 1.200 |
| The business need is clearly defined by the responsible personnel in the unit /department | – | 9% | 9% | 70% | 12% | 3.85 | .755 |
| Thorough needs assesment is undertaken by the respective managers for the required goods and | – | 21% | 12% | 55% | 12% | 3.58 | .969 |
| Budget approval is obtained for the required items before purchase in the bank | 9% | 33% | 9% | 27% | 21% | 3.18 | 1.357 |
| Relevant approvals are obtained from the bank authorities for all procured items | – | 6% | 3% | 61% | 30% | 4.15 | .755 |
| Only personnel with legal powers to purchase undertake such transactions in the bank | 3% | 15% | 24% | 49% | 9% | 3.45 | .971 |
| Decisions on when to procure the goods and services are taken by the procurement committee | – | 21% | 21% | 49% | 9% | 3.45 | .938 |
| Market capability analysis is carried out to determine where to procure from | 9% | 27% | 30% | 27% | 6% | 2.94 | 1.088 |
| The business unit clearly states when they will use the required goods and services | – | 33% | 9% | 52% | 6% | 3.30 | 1.015 |
| Delivery schedules that fit in the bank requirements are drawn with the suppliers | 3% | 46% | 21% | 21% | 9% | 2.88 | 1.083 |
| The procurement committee independently decides on where to procure from | 3% | 27% | 24% | 39% | 6% | 3.18 | 1.014 |
| The procurement committee decides on the method of purchase to be adopted | – | 12% | 27% | 58% | 3% | 3.52 | .755 |
| Extent of supplies (quantities) to be procured at a time are determined by the committee | 6% | 21% | 12% | 55% | 6% | 3.33 | 1.080 |
| The procurement committee ensures funds availability before any purchase | – | 30% | 30% | 33% | 6% | 3.15 | .939 |
| Top management is involved in the procurement planning of the bank | – | 15% | 9% | 67% | 9% | 3.70 | .847 |
| There is full commitment of top management to the procurement planning process of the bank | – | 18% | 12% | 61% | 9% | 3.61 | .899 |
| Weighted Mean | | | | | | 3.43 | |

Source: Field Primary Data

Figure 4: Procurement Planning Mean



Source: Field Primary Data

From the table and graph above, the study revealed that based on a scale of 1-strongly disagree to 5 strongly agree, the bank weighted mean from all the planning variables was 3.43 which was above the basic scale mean of 3.0. Based on the above scale, the respondents were agreeable to the fact that procurement planning positively affects bank performance through being compliant to the above planning variables.

However, critical analysis of variable by variable showed that out of the sixteen variables that were tested, two of the variables scored a mean of less than 3 at 2.94 and 2.88 for Market capability analysis being carried out to determine where to procure from and; Delivery schedules that fit in the bank requirements are drawn with the suppliers respectively.

4.2.2: Analysis of Objective 2: Procurement controls and bank financial performance

In this section, we present the findings on the effect of procurement controls and the performance of banks with a case study of Fina bank (U) Ltd. (Based on the 1-strongly disagree to 5-strong agree scale rate). This item studied variables under 1-15 under section C of the questionnaire (**Appendix A**). This hypothesis was derived from objective one of the study that sought to establish how procurement controls affect the performance of the bank. The results were backed by information from the open ended questions of the questionnaire

Table 10: Management level and Procurement controls

ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-------------------|----------------|----------------|----|-------------|--------------|------|
| Middle Management | Between Groups | 5.326 | 20 | .266 | 1.096 | .448 |
| | Within Groups | 2.917 | 12 | .243 | | |
| | Total | 8.242 | 32 | | | |
| Lower Management | Between Groups | 3.848 | 20 | .192 | 1.385 | .285 |
| | Within Groups | 1.667 | 12 | .139 | | |
| | Total | 5.515 | 32 | | | |
| Senior Management | Between Groups | 42.477 | 20 | 2.124 | 1.259 | .348 |
| | Within Groups | 20.250 | 12 | 1.688 | | |
| | Total | 62.727 | 32 | | | |

Source: Field Primary Data

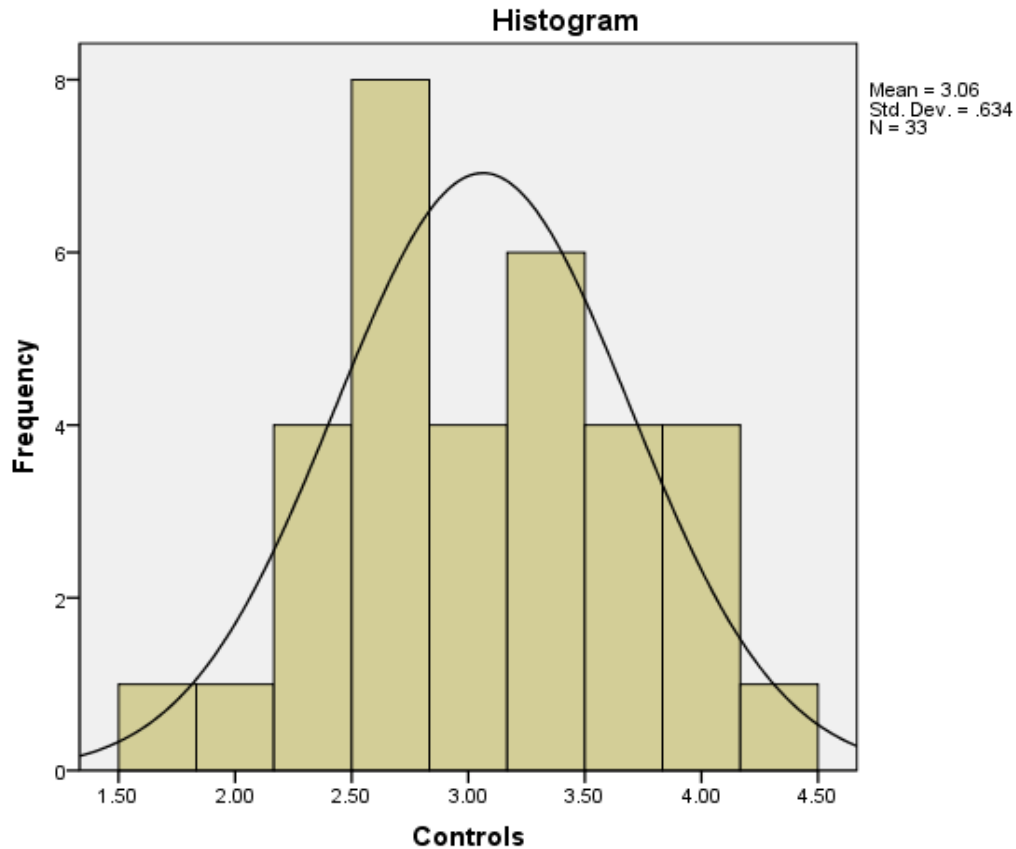
The results from the above table indicate that the research hypothesis that procurement controls affect bank performance should be accepted. This is because, the test statistic of 1.096, 1.385, and 1.259 for middle, lower and senior management levels respectively are all lower than the

critical values of 2.544 from the F-distribution table (**APPENDIX E**). We accept the null hypothesis (above) of equal population means and conclude that there is a statistically significant relationship among the means.

Also, based on the P-values the results from the table above show that there is a significant relationship between procurement controls and bank performance. This is because responses from all the different levels of managers indicated so at significance levels of 0.448, 0.285 and 0.538 for middle, lower and senior managers respectively against a bench mark of 0.05.

However, the results show that there is a divergence between the strength of the relation in procurement planning and controls. Planning has stronger relationships than controls; therefore the bank ought to strengthen the weak nodes so as to better improve this relationship.

Figure 5: Procurement Control Mean and Standard deviation



Source: Field Primary Data

The figure above shows the respondents' views on how procurement controls affect bank performance. The figure shows that the mean of the responses was 3.06 and the standard deviation was 0.634. Based on the scale of 1-strongly disagree and 5-strongly agree, (arithmetic mean 3), the data mean is above the scale mean. This implies that the distribution curve is skewed to the right. The hypothesis that procurement controls affect bank performance should therefore be accepted.

In relation to the above results, detailed analysis of procurement control variables (Section C of the questionnaire) revealed the following about the individual variables;

Table 11: Procurement Controls and bank financial performance

| | The bank has policies that guide the procurement process | The procurement procedures are written down | The operational procedures are readily accessed by the staff | The bank periodically reviews the existing procurement policies | Bids are received by an independent person | Bids are opened by an independent committee. | The independent committee evaluates the bids | The technical abilities of the suppliers are evaluated before contract awarding | Service level agreements that include specific job requirements are signed for various jobs | The bank has pre-qualified suppliers. | Received goods and services are checked against the local purchase order | Periodic supplier audits are undertaken to correct compliance errors | The bank has a professional team that handles the Purchases | Stores management is handled by different personnel from those who receive the goods | Invoices are checked against the local purchase order and delivery note before payment |
|-------------------------|--|---|--|---|--|--|--|---|---|---------------------------------------|--|--|---|--|--|
| Frequencies | | | | | | | | | | | | | | | |
| Strongly Disagree | - | 3% | 9% | 3% | 6% | 6% | 3% | 12% | 3% | 12% | - | 9% | 15% | - | 3% |
| Disagree | - | 12% | 58% | 39% | 46% | 39% | 36% | 36% | 33% | 39% | 3% | 30% | 42% | 18% | 3% |
| Not sure | 12% | 15% | 6% | 30% | 36% | 36% | 27% | 24% | 12% | 15% | 15% | 18% | 12% | 58% | 6% |
| Agree | 73% | 58% | 21% | 18% | 9% | 9% | 21% | 18% | 49% | 30% | 64% | 39% | 27% | 6% | 67% |
| Strongly Agree | 15% | 12% | 6% | 9% | 3% | 9% | 12% | 9% | 3% | 3% | 18% | 3% | 3% | 18% | 21% |
| Chi-square tests | | | | | | | | | | | | | | | |
| Pearson Chi-Square | 6.988 | 14.096 | 5.150 | 7.247 | 18.608 | 19.054 | 14.802 | 11.054 | 6.450 | 9.822 | 4.277 | 12.660 | 9.541 | 9.886 | 11.105 |
| df | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 6 | 8 | 8 | 6 | 8 |
| Asymp. Sig. (2-sided) | 0.137 | 0.079 | 0.741 | 0.510 | 0.017 | 0.015 | 0.063 | 0.199 | 0.597 | 0.278 | 0.639 | 0.124 | 0.299 | 0.130 | 0.196 |
| Mean | | | | | | | | | | | | | | | |
| Mean | 4.030 | 3.636 | 2.576 | 2.909 | 2.576 | 2.758 | 3.030 | 2.758 | 3.152 | 2.727 | 3.970 | 2.970 | 2.606 | 2.242 | 4.000 |
| Std. Deviation | | | | | | | | | | | | | | | |
| Std. Deviation | .529 | .962 | 1.119 | 1.042 | .867 | 1.032 | 1.104 | 1.173 | 1.034 | 1.126 | .684 | 1.104 | 1.144 | .969 | .829 |
| N | | | | | | | | | | | | | | | |
| N | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |

Source: Field Primary Data

From the table above, the results from the study revealed that the hypothesis that procurement controls positively affect the financial performance of the bank should be accepted. This was based on the fact that, except for two items, the data chi square values were less than the critical values of 9.49, 12.59 and 15.51 at 4, 6 and 8 degrees of freedom given the predetermined significance of 0.05. Detailed analysis of the variables follows below.

In order to ascertain whether the bank has established controls for its procurement process, results revealed that, 88% of the respondents were agreeable (15% strongly agreed) recording 100% from both lower and senior managers and 75% from middle managers. There was no disagreement recorded for this item (**Appendix C**). The study further revealed that this item had a high mean of 4.030 as compared to the scale mean of 3 and standard deviation of 0.529 which showed very limited variations in the responses. This implies that the bank has policies in place that guide the procurement process and this positively affects the performance of the bank. This is consistent with Hal Sirkin, senior partner and managing director, BCG (2011)'s views when he noted that one of the three things that you have to get right is the process and this includes the right process with regard to the supply chain and quality.

In order to find out whether the existing policies were documented, the respondents were asked for their views on this and the results in the figure above showed that despite the 88% level of agreement to the existence of the controls, only 70% were agreeable to their being written down. Senior managers maintained their acceptance levels at 100% while lower level managers had their acceptance reduced to 71% from 100% and the middle managers' acceptance reduced to 51% from 75% (**Appendix C**). The results from the study also showed that this item reported a mean of 3.636 which is higher than the scale mean of 3 and the standard deviation of 0.962.

These results imply that as part of the controls, the bank has its policies documented and thus proper procurement guidance; and thereby positive effect on bank performance.

Ready access to the above mentioned written down procedures was assessed and 67% of the total respondents disagreed (9% strongly disagreed), 27% agreed (6% strongly agreed) and 6% remained neutral to the fact that these policies and procedures are readily accessed by the relevant personnel. Further analysis by management level revealed that the disagreements were 60%, 76% and 57% for senior, middle and lower managers respectively. These are generally high percentages from all management levels and therefore a negative impact on the bank performance.

(Appendix C). From the chi square tests, at probability degrees of 0.741, chi square value of 5.515 and 8 degrees of freedom, the relationship between ready access of the policies by the staff and bank performance is significant. The results indicate that there is a strong relationship between access to the procurement policies and performance of the bank. This implies that the bank should make all effort to have its procedures readily accessed by its staff so as to further improve its performance. It's one thing to have the policies and another to have them accessed by the relevant staff. The bank should therefore make provision for this so that staff members are well equipped and procurement is done in line with the policies.

The study also sought to establish whether the bank periodically reviews the existing procurement controls. The results from the study indicated that 42% of the total respondents disagreed (3% strongly disagreed), 27% agreed (9% strongly agreed) while 30% were not sure. Based on the management levels, 50%, 37% and 43% of the senior, middle and lower managers respectively disagreed. **(Appendix C).** With 8 degrees of freedom, the chi square value is 7.247 which gave a P value of 0.51. At threshold level of 0.05, the null hypothesis that periodic review of procurement policies positively affects the performance of the bank is acceptable. However, the item reported a mean of 2.909 which was less than the scale mean of mean and standard devia-

tion of 1.042. The low scale mean implied that the bank does not periodically review its procurement policies and the variations in the respondents were high at 1.042. The bank therefore ought to periodically continue reviewing its procurement policies so as to minimise losses and thus improve bank performance. The above results from the study are not consistent with Kalakota and Robinson, (1999); Ody, (2001)'s views where the trio noted that organisations spend billions of additional costs annually to improve procurement effectiveness. This is mainly done through the review of the existing policies.

The respondents were further asked to give their opinion on the performance of the procurement committee and assess their independence in their operations like receipt of bids, their opening and evaluation. The results are as follows: As one of the procurement controls, the study sought to establish whether bids are received by independent personnel from those who open and evaluate them. The results from the study, showed that 52% of the respondents disagreed that the bids were not received by independent personnel, 36% were not sure while 12% agreed. Further analysis based on management levels indicated that 80%, 37% and 43% of senior, middle and lower managers respectively disagreed. (**Appendix C**). From the chi square tests, the study revealed that with 8 degrees of freedom, the chi square value is 18.608 which gave a P- value of 0.017 against a bench mark of 0.05. Therefore the hypothesis that the receipt of bids by independent personnel positively affects the performance of the bank was rejected. This implies that bids are received by the same team from the procurement committee in the bank. However, this may impair their independence where the person receiving the bids is not as truthful as the committee expects. The bank should therefore think of separating this duty from this committee.

Further to receiving bids, the study also sought to find out whether bid opening was independently done. Results in the figure above indicated that 45% of the respondents were not agreeable,

36% were not sure while only 18% of the respondents agreed. Analysis based on management levels indicated that 80%, 31% and 28% of senior, middle and lower managers disagreed. (**Appendix C**). The chi square tests indicate that, at 8 degrees of freedom, the chi square value was 19.054 which gave a P value of 0.015. Therefore the hypothesis that independent bid opening positively affects bank performance was not accepted based on the 0.05 benchmark. Additionally, the results revealed a mean of 2.758 which was less than the scale mean of 3 and this showed that the bids are opened by the procurement committee. However, as earlier explained, opening of bids by the same committee personnel that evaluates them may impair their objectivity in case they are interested in a specific supplier. The bank therefore ought to review this area to further improve its performance.

From the chi square tests, the chi square statistic was calculated to be 14.802 at 8 degrees of freedom. The significance value (P value) associated with the data was 0.063 which was greater than the threshold value of 0.05. Hence the hypothesis that independent evaluation of bids by the procurement committee positively affects bank performance was accepted against a benchmark of 0.05. However, the margin above the threshold is minimal meaning that there are non-committee interferences into bids evaluation and this negatively affects the performance of the bank. The item mean was reported at a bare minimum of 3.03 and the 1.104 standard deviation further reflected the divergence in views of the respondents.

In order to establish whether the technical abilities of the suppliers were evaluated before awarding contracts, results from the study showed that 48% of the total respondents were disagreeable (12% disagreed), 24% were not sure while 27% agreed (9% strongly agreed). Of those who disagreed, 70% were senior managers, 32% were middle managers while 58% were lower level managers. (**Appendix C**). From the chi square tests, the chi square statistic was calculated to be

at 11.054 at 8 degrees of freedom; the significance value (P value) associated with the data was 0.199 which was greater than the shred hold value of 0.05. Hence the hypothesis of assessment of the suppliers' technical capabilities positively affecting the performance of the bank was accepted. It should however be noted that the margin between the shred hold and the significance value from the data minimal; the bank therefore ought to strongly do supplier technical ability assessment so as not to be frustarted. Lisa M. Ellram, Wendy L. Tate, Corey Billington (2007) noted that, Lack of supply management involvement in services supplier identification, screening, and selection exposes the organization to new risks.

The study further sought to know whether as one of the controls, the bank has service level agreements that include specific job requirements for the various jobs. Results from the study indicated that, 52% of the total respondents were agreeable to this while 36% disagreed and 12% remained neutral. (**Appendix C**). The chi square statistic was calculated to be at 6.450 at 6 degrees of freedom as shown in the table above. The significance value (P value) associated with the data was 0.597 which was greater than the shred hold value of 0.05. Hence the null hypothesis that existence of service level agreements that clearly state the job requirements positively affect bank was accepted. Existence of such agreements minimises conflict between the suppliers and the bank since they clearly spell out the contract limits. The above results are in line with Lisa M. Ellram etal (2007)'s views where she noted that, many organizations would benefit greatly from developing better services contracts that include elements such as specific payment milestones, clear service-level agreements and measurements, and clear delineation of the meaning, causes, and penalties of non-compliance.

The study also sought to find out whether the bank had pre-qualified suppliers as part of their controls. The results from the study showed that 51% disagreed, 15% were not sure and 33%

agreed. Based on management levels, the study revealed that 70%, 38%, and 58% of senior, middle and lower managers respectively disagreed. (**Appendix C**). With 8 degrees of freedom, the chi square value was 9.822 which gave a P value of 0.278. Therefore the hypothesis that the existence of prequalified suppliers positively affects the performance of the bank was accepted based on the shred hold level of 0.05. Prequalifying suppliers saves the bank the burden of having to go through the rigorous process each time supplies are required and it also helps the bank establish a working relationship with these suppliers and thereby improving the services' quality and bargaining power of the bank. However, the item mean was low at 2.727 against a scale mean of 3 and the standard deviation was high at 1.126. The bank therefore ought to emphasize this as part of its procurement management. The results were in line with Smeltzer, et al.(2003)'s study where he argued that in order to complete firm's strategic goals, selecting the right suppliers to ensure their dependable and flexible supply is one of purchasing management objectives also.

Also, as part of the controls, the study sought to find out whether the received goods and services were checked against the local purchase orders. 82% of the respondents agreed (18% strongly agreed), 15% were not sure while only 3% disagreed. Of those that agreed, 70% were senior managers, 88% middle managers and 86% were lower level managers. (**Appendix C**). The chi square statistic was calculated to be 4.277 at 6 degrees of freedom. The significance value (P value) associated with the data was 0.639 which was greater than the shred hold value of 0.05. Hence, the hypothesis that the checking of goods and services against the local purchase order positively affects bank performance was accepted. The question mean was also calculated at 3.970 and standard deviation was 0.684. These results indicated the strong position of the bank practise on this item. Checking goods and services against local purchase orders ensures that the

bank receives value for money by way of ensuring that the goods and services are delivered as requisitioned both in terms in quality and quantity.

In order to establish whether periodic suppliers audits are undertaken to correct compliance errors, results from the study showed that 42% agreed, (3% strongly), 39% disagreed, while 18% were not sure. This showed a more or less balance between the two extremes that is agree and disagree. Of those who disagreed, 60% were senior managers, 25% were middle managers while 43% were lower level managers. (**Appendix C**). From the study, the results showed that, with 8 degrees of freedom, the chi square value is 12.66 which gave a P value of 0.124. Therefore the hypothesis that periodic suppliers audits positively affects bank performance was accepted given the thresh hold value of 0.05. However, the question mean was lower than the scale mean at 2.970 and the standard deviation was high at 1.104 which showed a very divergent view in the responses. Periodic supplier audits help the bank have an update of the supplier position in terms of existence, capabilities, dependability among others so that the bank does not take it for granted that the status quo of the suppliers is static. This would help the bank prepare for any eventualities in case of any from the supplier side. Lisa M. Ellram etal (2007) noted that, measuring effectiveness and ensuring proper business controls includes conducting periodic supplier audits to correct compliance errors. Such audits should not simply be punitive, but should address the underlying issues that create the errors.

The study also sought to establish whether the bank has a skilled and qualified team that handle the purchases. Of the total respondents, 57% disagreed, 30% agreed and 12% were not sure. 70% of those who disagreed were senior managers, 57% were middle managers and 43% were lower level managers. (**Appendix C**). The chi square tests showed that, with 8 degrees of freedom, the chi square value was 9.541 which gave a probability value of 0.299. Therefore, the hypothesis

that existence of skilled procurement personnel positively affects bank performance was accepted. However, the item mean was low at 2.606 (less than scale mean of 3) which implies that the bank ought to recruit skilled and experienced personnel to help in running its procurement processes. The results from the study were emphasized by Lisa M. Ellram et al 2007's views where they noted that "Put the best people in services supply management. Without this commitment to getting the best people in services supply management, failure is inevitable. Any organization needs some trailblazers to set the standard, people who know what is possible and can develop a vision for formalizing services".

In a bid to find out whether stores management was handled by different personnel from those who receive the goods, the results showed that 76% of the respondents disagreed, 6% were not sure while 18% agreed. Of those who disagreed, 100% senior managers disagreed (20% strongly disagreed), 57% middle managers and 86% lower level managers. (**Appendix C**). The chi square statistic was calculated to be at 9.886 at 6 degrees of freedom. The significance value associated with the data was 0.13 which was greater than the shred hold value of 0.05. Hence, the hypothesis that stores and receipt of goods segregation positively affects bank performance was accepted. However, the magnitude between the obtained figure from the study and the threshold is minimal which implies that the bank has not really emphasised this. In absence of segregation of duties between receipt of goods from the suppliers and stores management, the stores function may be compromised since the records are maintained by the same personnel and thus, negative impact on the performance of the bank.

Also, as part of the controls, the study sought to establish whether invoices are checked against the local purchase orders and delivery notes before payment. Results showed that 88% of the respondents agreed, (21% strongly agreed), 6% were not sure while 6% disagreed. The positive

response (agreed) was well spread between the different management levels and therefore unbiased information for the study. Of those that agreed, 70%, 94% and 100% were senior middle and lower managers respectively. (**Appendix C**). The chi square statistical was calculated to be at 11.105 at 8 degrees of freedom. The significance value (P value) associated with the data was 0.196 which was greater than the threshold value of 0.05. The hypothesis that proper verification of payment documents positively affects performance was therefore accepted. The question mean was calculated at 4.000 and the standard deviation was at 0.829 which showed less variation in the responses. Verification of the invoices, to the delivery notes and back to the local purchase orders is vital in ensuring that the supplier is not only paid according to their contracts but also, what was actually performed/delivered and confirmed by the bank personnel.

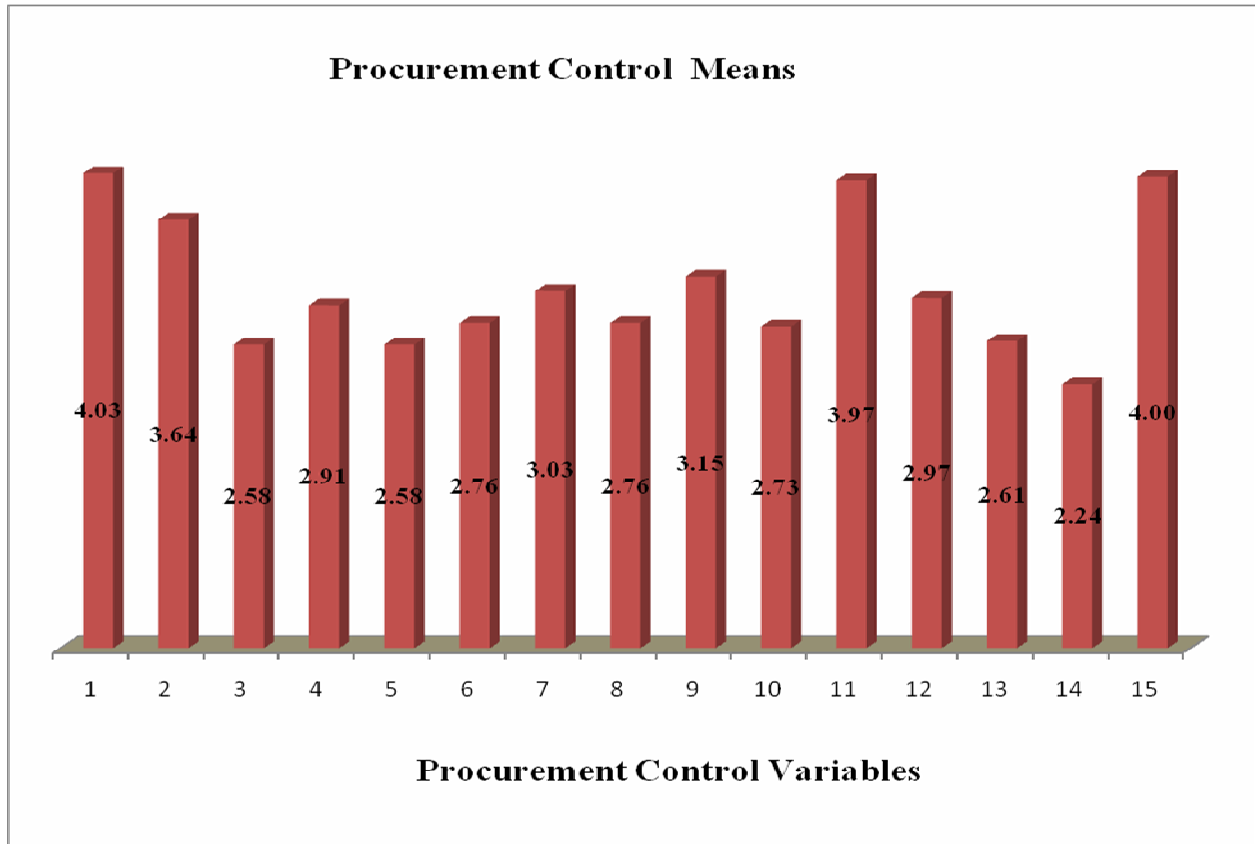
Summary findings on procurement controls and bank financial performance

Table 12: Procurement control means and standard deviations

| Procurement control Variables | Strongly Disagree | Disagree | Not sure | Agree | Strongly Agree | Mean | Std. Deviation |
|---|-------------------|----------|----------|-------|----------------|-------------|----------------|
| The bank has policies that guide the procurement process | 3% | 12% | 15% | 58% | 12% | 4.03 | .529 |
| The procurement procedures are written down | 3% | 12% | 15% | 58% | 12% | 3.64 | .962 |
| The operational procedures are readily accessed by the staff | 9% | 58% | 6% | 21% | 6% | 2.58 | 1.119 |
| The bank periodically reviews the existing procurement policies | 3% | 39% | 30% | 18% | 9% | 2.91 | 1.042 |
| Bids are received by an independent person | 6% | 46% | 36% | 9% | 3% | 2.58 | .867 |
| Bids are opened by an independent committee. | 6% | 39% | 36% | 9% | 9% | 2.76 | 1.032 |
| The independent committee evaluates the bids | 3% | 36% | 27% | 21% | 12% | 3.03 | 1.104 |
| The technical abilities of the suppliers are evaluated before contract awarding | 12% | 36% | 24% | 18% | 9% | 2.76 | 1.173 |
| Service level agreements that include specific job requirements are signed for various jobs | 3% | 33% | 12% | 49% | 3% | 3.15 | 1.034 |
| The bank has pre-qualified suppliers. | 12% | 39% | 15% | 30% | 3% | 2.73 | 1.126 |
| Received goods and services are checked against the local purchase order | | 3% | 15% | 64% | 18% | 3.97 | .684 |
| Periodic supplier audits are undertaken to correct compliance errors | 9% | 30% | 18% | 39% | 3% | 2.97 | 1.104 |
| The bank has a professional team that handles the Purchases | 15% | 42% | 12% | 27% | 3% | 2.61 | 1.144 |
| Stores management is handled by different personnel from those who receive the goods | – | 18% | 58% | 6% | 18% | 2.24 | .969 |
| Invoices are checked against the local purchase order and delivery note before payment | 3% | 3% | 6% | 67% | 21% | 4.00 | .829 |
| Weighted Mean | | | | | | 3.06 | |

Source: Field Primary Data

Figure 6: Procurement Controls Mean



Source: Field Primary Data

From the table and graph above, the study revealed that based on a scale of 1-strongly disagree to 5 strongly agree, the bank weighted mean from all the planning variables was 3.06 while the standard deviation was on average 0.98 which was slightly above the basic scale mean of 3.0. Based on the above scale, the respondents were agreeable to the fact that procurement controls positively affect bank performance through undertaking to instigate control measures in its procurement process.

However, critical analysis of the variables showed that out of the fifteen variables that were tested, nine (60%) of the variables scored a mean of less than 3 and these included; The operational procedures are readily accessed by the staff (2.58%);The bank periodically reviews the

existing procurement policies (2.91%); Bids are received by an independent person (2.58%); Bids are opened by an independent committee (2.76%); The technical abilities of the suppliers are evaluated before contract awarding (2.76%); The bank has pre-qualified suppliers (2.73%); Periodic supplier audits are undertaken to correct compliance errors (2.97%); Stores management is handled by different personnel from those who receive the goods (2.24); The bank has a professional team that handles the Purchases (2.61%).

This implies that the bank procurement controls are weak. Absence of procurement controls may create avenues for malpractices and this would negatively impact on the performance of the bank through increased operational costs.

4.2.3: Analysis of Objective 3: Procurement monitoring and bank financial performance

In this section, we present the findings on the effect of procurement monitoring on the performance of banks with a case study of Fina bank (U) Ltd. (Based on the 1-strongly disagree to 5-strong agree scale rate). This item studied variables 1-14 under section D of the questionnaire (**APPENDIX A**). This hypothesis was derived from objective one of the study that sought to establish how procurement monitoring affects the performance of the bank. The results were backed by information from the open ended questions of the questionnaire

Table 13: Management level and Procurement Monitoring

ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-------------------|----------------|----------------|----|-------------|--------------|------|
| Middle Management | Between Groups | 5.709 | 22 | .260 | 1.024 | .510 |
| | Within Groups | 2.533 | 10 | .253 | | |
| | Total | 8.242 | 32 | | | |
| Lower Management | Between Groups | 4.215 | 22 | .192 | 1.474 | .267 |
| | Within Groups | 1.300 | 10 | .130 | | |
| | Total | 5.515 | 32 | | | |
| Senior Management | Between Groups | 39.027 | 22 | 1.774 | .749 | .727 |
| | Within Groups | 23.700 | 10 | 2.370 | | |
| | Total | 62.727 | 32 | | | |

Source: Field Primary Data

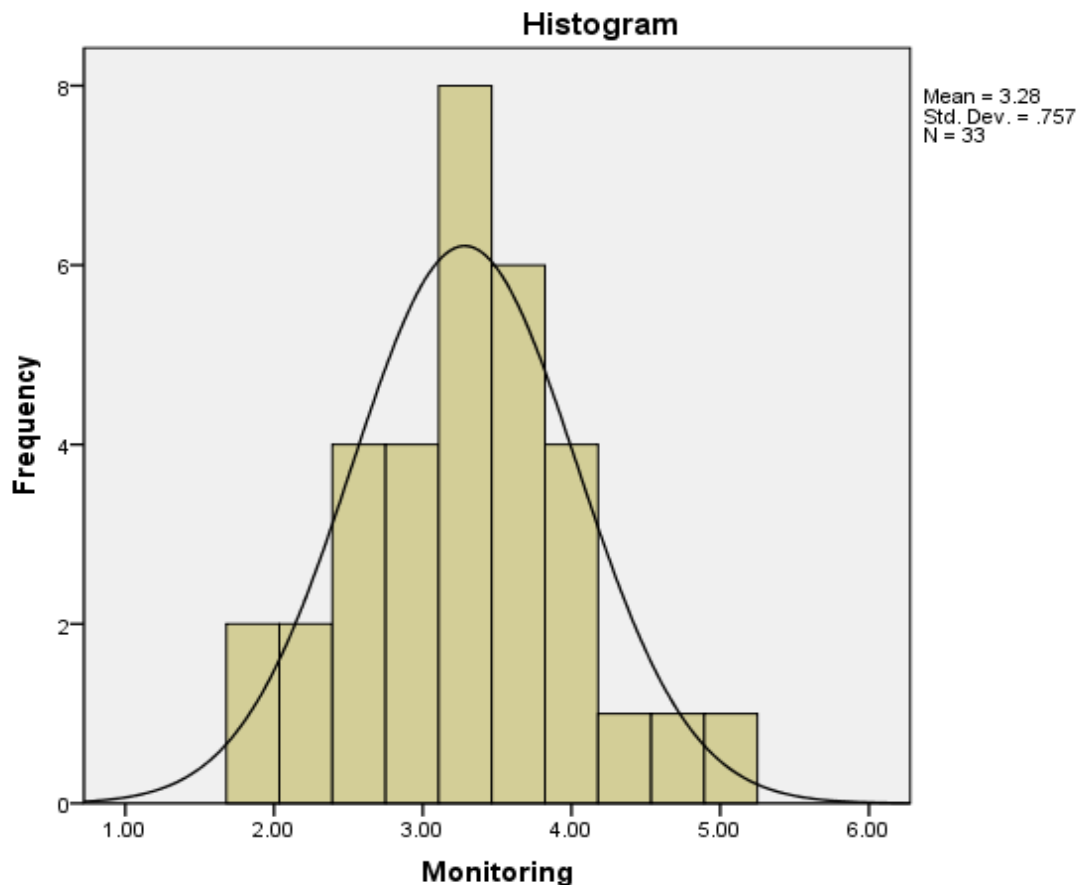
The results from the above table show that the research hypothesis that procurement monitoring affects bank performance should be accepted. This is because, the test statistic of 1.024, 1.474,

and 0.727 for middle, lower and senior management levels respectively are all lower than the critical value of 2.7556 (22 lies between degrees of freedom 20 and 24) from the F-distribution table (**APPENDIX E**). The results also showed that senior management reported the least statistic of 0.727 as compared to the critical value which implied that the organisation's monitoring arm is taken as very key in bank operations. We therefore accept the null hypothesis (above) of equal population means and conclude that there is a statistically significant relationship among the means.

Also, based on the P-values the results from the table above show that there is a significant relationship between procurement controls and bank performance. This is because responses from all the different levels of managers indicated so at significance levels of 0.510, 0.267 and 0.727 for middle, lower and senior managers respectively against a bench mark of 0.05.

Again, results based on P-values are in line with the data critical and statistical values that suggested that senior management reported the highest degree of significance on monitoring affecting bank performance.

Figure 7: Procurement Monitoring Mean & Standard deviation



Source: Field Primary Data

The figure above shows the respondents' views on how procurement monitoring affects bank performance. The figure shows that the mean of the responses was 3.28 and the standard deviation was 0.757. Based on the scale of 1-strongly disagree and 5-strongly agree, (arithmetic mean 3), the data mean is above the scale mean. This implies that the distribution curve is skewed to the right (strongly agree). The hypothesis that procurement monitoring affects bank performance should therefore be accepted.

In relation to the above results, detailed analysis of procurement monitoring variables (Section D of the questionnaire) revealed the following about the individual variables;

Table 14: Procurement Monitoring and bank financial performance

| | The bank tracks all key aspects of the procurement process | Reviews of the procurement system are done at regular intervals | The reviews of the procurement system are undertaken by independent personnel | A pre-identified check list of indicators is in place against which the procurement systems are checked | Corrective actions are taken once a variance is identified in these processes | Losses are prevented through continuously checking the purchase processes | The bank examines the procurement cycle to prevent fraud | Close supervision of purchases is done as a way of controlling costs | Supplier evaluation is periodically undertaken to ensure good quality of the goods and services. | Monitoring assists in ongoing quality assurance of the procurement process | Obstacles in the procurement process are mitigated in a timely manner | Feedback is provided to all those involved in the procurement system for further improvement | Monitoring of the bank's procurement process creates sustainable development strategies | Reviewing of the procurement cycle involves a mix of internal and external exercises |
|---------------------------|--|---|---|---|---|---|--|--|--|--|---|--|---|--|
| Frequencies | | | | | | | | | | | | | | |
| Strongly Disagree | - | 9% | 6% | 6% | - | - | 3% | - | 9% | - | 3% | - | 3% | 6% |
| Disagree | 21% | 39% | 49% | 30% | 24% | 24% | 18% | 15% | 49% | 27% | 49% | 30% | 18% | 24% |
| Not sure | 21% | 21% | 15% | 33% | 21% | 12% | 21% | 6% | 12% | 3% | 18% | 6% | 3% | 3% |
| Agree | 52% | 21% | 21% | 24% | 46% | 55% | 46% | 67% | 21% | 55% | 21% | 42% | 58% | 49% |
| Strongly Agree | 6% | 9% | 9% | 6% | 9% | 9% | 12% | 12% | 9% | 15% | 9% | 21% | 18% | 18% |
| Chi-square tests | | | | | | | | | | | | | | |
| Pearson Chi-Square | 3.000 | 10.164 | 15.126 | 11.871 | 3.783 | 9.766 | 12.062 | 5.111 | 13.830 | 11.540 | 10.333 | 6.697 | 9.312 | 5.333 |
| df | 6 | 8 | 8 | 8 | 6 | 6 | 8 | 6 | 8 | 6 | 8 | 6 | 8 | 8 |
| Asymp. Sig. (2-sided) | 0.809 | 0.254 | 0.057 | 0.157 | 0.706 | 0.135 | 0.148 | 0.530 | 0.086 | 0.073 | 0.242 | 0.350 | 0.317 | 0.721 |
| Summary Statistics | | | | | | | | | | | | | | |
| Mean | 3.424 | 2.818 | 2.788 | 2.939 | 3.394 | 3.485 | 3.455 | 3.758 | 2.727 | 3.576 | 2.848 | 3.545 | 3.697 | 3.485 |
| Std. Deviation | .902 | 1.158 | 1.139 | 1.029 | .966 | .972 | 1.034 | .867 | 1.180 | 1.062 | 1.093 | 1.148 | 1.075 | 1.228 |
| N | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |

Source: Field Primary Data

From the table above, the results from the study revealed that the hypothesis that procurement monitoring positively affects the financial performance of the bank should be accepted. This was based on the fact that, for all the items under this variable, the data chi square values were less than the critical values of 12.59 and 15.51 at 6 and 8 degrees of freedom from the chi-square distribution table (**Appendix G**), given the predetermined significance of 0.05. Detailed analysis of the variables follows below.

The results from the study showed that, overall; the bank tracks all key aspects of the procurement process. 58% of the respondents agreed (6% strongly agreed); 21% disagreed and 21% were not sure. The findings indicated that 60% of the senior managers agreed, and 57% of both lower and senior managers agreed with 13% strongly agreeing. (**Appendix D**). The table above indicates that the calculated value of the Chi-Square statistic was 3.000 at six degrees of freedom. Because the significance level (0.809) is greater than the rejection threshold of 0.05, H_0 (tracking of the procurement process affects bank performance) could not be rejected but accepted. Using the Chi-Square test procedure, it was determined that the bank tracks all key aspects of the procurement process. This was primarily due to the different management level involvement in the process. The results are consistent with the Working Document for Field Testing May 2009 on Harmonized Monitoring and Evaluation Indicators for Procurement and Supply Management Systems where it was noted that tracking key aspects of procurement and supply management (PSM) and taking corrective action when required is a means to continuously improve the effectiveness of a program or a system.

Overall, 48% of the total respondents disagreed (9% strongly disagreed) to the bank undertaking regular reviews of the procurement system. 30% agreed and 21% were not sure. Of those that disagreed, 60% were senior managers, 37% middle managers and 58% were lower managers.

(Appendix D). The study results indicated that the calculated value of the Chi-Square statistic was 10.164 at eight degrees of freedom. Because the significance level (0.254) is greater than the rejection threshold of 0.05, H₀ (regular reviews affect bank performance) could not be rejected. Using the Chi-Square test procedure, it was determined that the bank undertakes regular procurement system reviews. However, the item mean was below the scale mean at 2.818 which indicated that the bank ought to emphasize the reviews of the procurement system and this should be done regularly.

The study results showed the degree of agreement of the different managers to the fact that the procurement system is reviewed by independent personnel from the procurement team. These indicated that 55% of the respondents disagreed, 15% were neutral while 30% agreed. The study further indicates a high rate of disagreement at the senior management level of the bank at 70% and 72% for lower level managers in comparison to 38% for middle managers. **(Appendix D).** Chi square tests indicated that the calculated statistic, for eight degrees of freedom, was 15.126. Additionally, it indicates that the significance value (0.057) is almost the equal to the usual threshold value of 0.05. This suggested that the null hypothesis, H₀ (undertaking procurement system reviews by independent personnel from the procurement committee positively affects bank performance), should be rejected. These results indicate that, while the reviews may be done, (as depicted by the 30% agreement to the practice from the previous analysis) these reviews are not done by independent personnel from procurement staff so the system bugs may be hard to catch or deliberately allowed in the system.

The results from the study further showed that the responses on the existence of pre-identified check list of indicators against which the procurement systems are checked. The distribution of

the responses to the above issue was almost even between agreement, disagreement and not being sure in the proportions of 36%, 30% and 33% respectively. Key thing to note is that, the level of disagreement at senior management level was at 50%. (**Appendix D**). The Chi-Square statistic was calculated to be 11.871 at eight degrees of freedom (see table above). The significance value (p) associated with the data was 0.157, which was greater than the threshold value of 0.05. Hence, Ho (Existence of pre identified monitoring checklist indicators positively affects bank performance) was accepted. However, the significance levels were relatively low and the question mean was also below the scale mean of 3. This therefore implied that the bank should set up a more detailed checklist and educate the staff about its existence as a tool of improving the procurement management of the bank.

Considering the results from the study, corrective actions are undertaken once variances are identified in the procurement system of the bank. 55% of the respondents agreed to corrective actions being undertaken; 24% disagreed and 21% were not sure. Further analysis based on management levels indicated that, 60%, 57% and 43% of the senior managers, middle managers and lower managers agreed. (**Appendix D**). The study results indicated that the calculated statistic, for six degrees of freedom, is 3.783. Additionally, it indicated that the significance value (0.706) is greater than the usual threshold value of 0.05. This suggested that the null hypothesis, Ho (Undertaking corrective actions to correct variances positively affects bank performance), should be accepted. The question also reported a mean of 3.394 which was above the scale mean of 3. These results implied that the bank undertakes corrective actions to correct variances and this should be maintained. In the Working Document for Field Testing May 2009; it was noted that, when monitoring detects that the performance of any programme component is below the expect-

tations; actions to prevent and/or to correct the problems should be initiated. The results from the study are in line with these findings.

In order to establish whether as a way of minimising losses the bank undertakes continuous checks on the procurement process, the results from the study showed that 64% of the respondents agreed to the bank undertaking this exercise while 24% disagreed and 12% were not sure. However, further analysis showed that, of those who disagreed, 50% were senior managers; this was contrary to the high agreement levels of both the lower and senior managers at levels of 76% and 86% respectively. (**Appendix D**). The calculated value of the Chi-Square statistic was 9.766 at six degrees of freedom. Because the significance level (0.135) is greater than the rejection threshold of 0.05, H_0 (continuous checks minimize losses) could not be rejected. Using the Chi-Square test procedure, it was determined that in a bid to minimize operational losses and fraud, the bank undertakes to do continuous checks of the procurement process. Additionally, the question mean was high at 3.485 and the responses were not so divergent with the standard deviation of 0.972.

In a related question of whether the bank undertakes to prevent fraud thorough examination of the procurement cycle. The study results indicated that, 58% agreed, 21% were not sure while 21% disagreed. From the chi square tests, the p-value was 0.148 which was above the bench mark of 0.05; the mean was above the scale mean of 3 at 3.455. These results implied that, the bank is highly for the examination of the procurement cycle as a way of minimising fraudulent incidents.

The results also showed that as a way of controlling costs, the bank undertakes supervision of the procurement process. 79% of all the respondents agreed to it; 15% disagreed while 6% were not

sure. On the whole, all management levels agreed with agreement levels of 80%, 75% and 85% for senior, middle and lower managers respectively. (**Appendix D**). The table above indicated that the calculated statistic, for six degrees of freedom, was 5.111. Additionally, it indicated that the significance value (0.530) was greater than the usual threshold value of 0.05. This suggested that the null hypothesis, H_0 (Close supervision of the procurement process controls costs), should be accepted. The question mean was above the scale mean at 3.758 and the standard deviation of 0.867. These results implied that the bank controls its costs through close supervision of the procurement system. Ellram and Siferd, 1998 noted that Purchasing decisions quite often affect a large part of a company's total costs, not only in terms of direct acquisition costs but also regarding indirect costs in the areas of inventory management, quality assurance, administration, and payment, among others. The results from the study are in line with these views and thus the institution of close supervision of the procurement process in a bid to control the costs.

The study also sought to establish whether as part of its procurement tools, the bank undertakes periodical supplier evaluation to ensure good quality of the goods and services supplied. The results from the study indicated that 58% of the respondents disagreed. Of these, 80% were senior managers, 44% were middle managers (6% strongly disagreed) while 58% were lower level managers (29% strongly disagreed). (**Appendix D**). The Chi-Square statistic was calculated at 13.830 at eight degrees of freedom. The significance value (p) associated with the data was 0.086, which was greater than the threshold value of 0.05. Hence, H_0 (supplier evaluation ensures good quality of goods and services) was accepted. However, the magnitude between the threshold p value (0.05) and the data p value (0.086) was very minimal. This implies that the bank ought to undertake thorough supplier evaluation so as to further improve quality of goods and services. Kaufmann, (1999); Gebauer and Segev, (2001) noted that, one of the strategic tasks

for competitiveness is supplier management. However, the results from the study indicate that as part of supplier management, the bank undertakes periodic supplier evaluation but to a limited extent and directly affects the quality of goods and services.

In a related question of whether continued monitoring assists in ensuring the quality assurance of the operations of the procurement cycle, the respondents indicated that 70% agreed (15% strongly agreed); 27% disagreed while 3% were not sure. The question mean was above the scale mean at 3.576 which showed that the bank highly undertakes monitoring. The standard deviation of 1.062 was high which showed divergence in the respondents' views.

The study also wanted to establish whether as part of the monitoring process, the bank mitigates the identified obstacles in a timely manner. Results from the study indicate a negative response with 52% disagreeing, 30% agreed and 18% were not sure. Analysis based on management level indicate that 50% of those who disagreed were senior managers, 38% were middle managers while 85% were lower level managers (**Appendix D**). The results indicated that the calculated value of the Chi-Square statistic was 10.333 at eight degrees of freedom. Because the significance level (0.242) is greater than the rejection threshold of 0.05, H_0 (timely mitigation of procurement process obstacles positively affects bank performance) could not be rejected. The question mean was less than the scale mean at 2.848 which showed that the bank ought to improve on the timeliness in mitigating the procurement obstacles. R.S. Mlinga noted that, Monitoring of procurement is a continuous process and that obstacles towards achieving intended objectives should be identified and mitigated.

The study results showed that as part of its procurement process, there is provision of feedback. Of the total respondents, 63% agreed, 30% disagreed and the rest were not sure. Chi square tests

calculated the p-value at 0.35 with 8 degrees of freedom. This showed that the relationship is significant between provision of feedback and bank performance. The question mean was also high at 3.545 based on the scale mean of 3. However, the standard deviation was relatively high at 1.148 which indicated a big variation between the respondents' views. The bank therefore should work on bridging this gap so that this divergence is reduced so as to further improve its operations.

76% of the respondents agreed to the statement that monitoring of the bank's procurement process created sustainable development strategies; 3% were not sure, while 21% disagreed. Of those who agreed, 80% were at senior management level, 81% at middle management level and 57% at the lower management level. (**Appendix D**). The Chi-Square statistic was calculated to be 9.312 at eight degrees of freedom. The significance value (p) associated with the data was 0.317, which was greater than the threshold value of 0.05. Hence, H_0 (Procurement monitoring creates sustainable development strategies) was not rejected. Ellram, (1994); Carter and Narasimhan, (1996); Weele and Rozemeijer noted that; during the past few years purchasing has begun to play an ever more important role in the strategy of the firm. The results from the study are in line with these views.

The study also sought to find out whether a mix of both internal and external exercises was used in monitoring the procurement cycle. The results revealed that, 67% of the respondents were agreeable, 3% were not sure, while 30% disagreed. The chi square significance test was significant at 0.721 which corresponded with the scale mean at 3.485. A mix of both internal and external exercises would help catch the system errors that would otherwise not be identified if either model was used. The bank should therefore continue and strengthen this practice to further improve its performance.

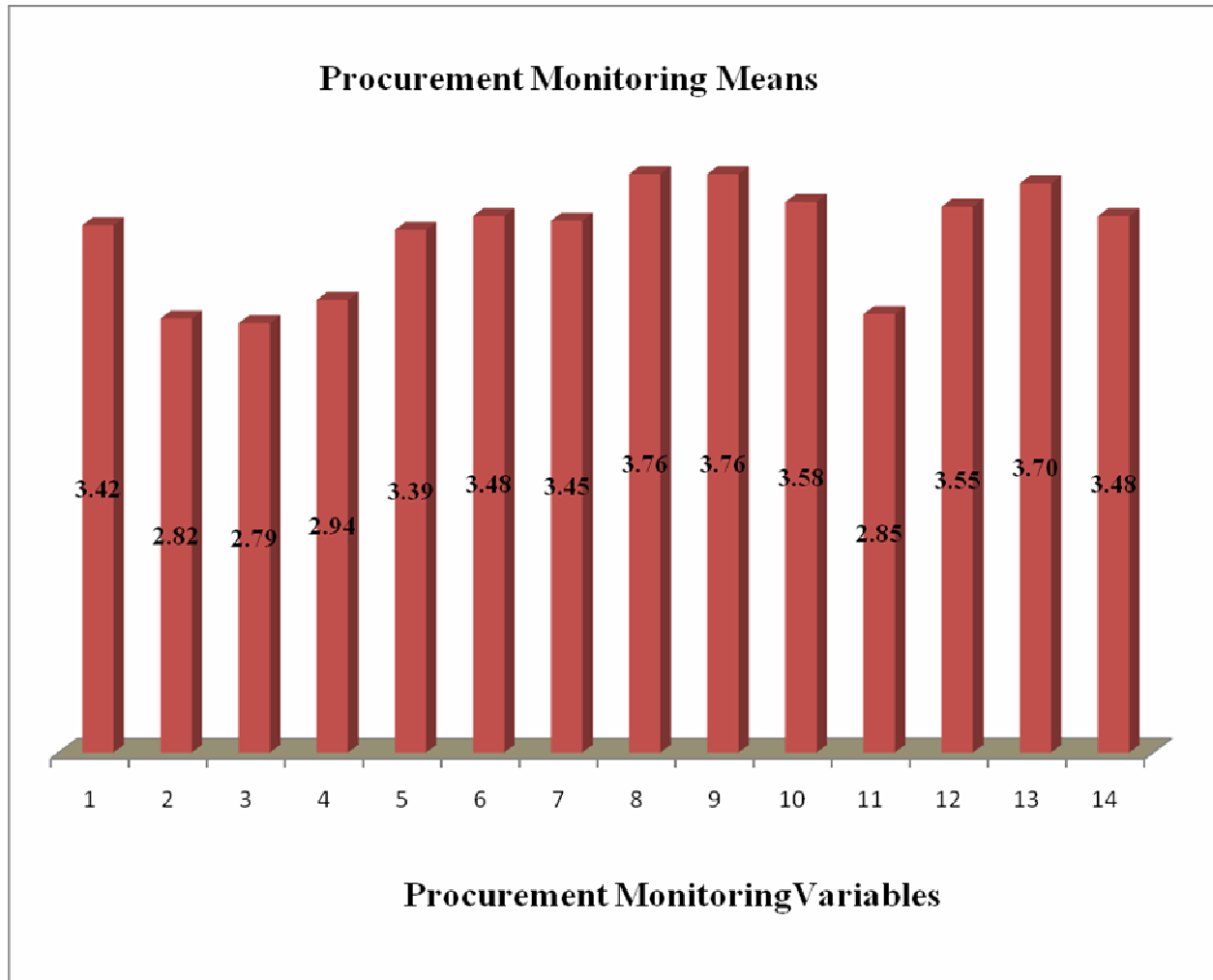
Summary findings on procurement monitoring and bank financial performance

Table 15: Procurement monitoring means and standard deviations

| Procurement Monitoring Variables | Strongly Disagree | Disagree | Not sure | Agree | Strongly Agree | Mean | Std. Deviation |
|---|-------------------|----------|----------|-------|----------------|------|----------------|
| The bank tracks all key aspects of the procurement process | – | 21% | 21% | 52% | 6% | 3.42 | .902 |
| Reviews of the procurement system are done at regular intervals | 9% | 39% | 21% | 21% | 9% | 2.82 | 1.158 |
| The reviews of the procurement system are undertaken by independent personnel | 6% | 49% | 15% | 21% | 9% | 2.79 | 1.139 |
| A pre-identified check list of indicators is in place against which the procurement systems are checked | 6% | 30% | 33% | 24% | 6% | 2.94 | 1.029 |
| Corrective actions are taken once a variance is identified in these processes | – | 24% | 21% | 46% | 9% | 3.39 | .966 |
| Losses are prevented through continuously checking the purchase processes | – | 24% | 12% | 55% | 9% | 3.48 | .972 |
| The bank examines the procurement cycle to prevent fraud | 3% | 18% | 21% | 46% | 12% | 3.45 | 1.034 |
| Close supervision of purchases is done as a way of controlling costs | – | 15% | 6% | 67% | 12% | 3.76 | .867 |
| Supplier evaluation is periodically undertaken to ensure good quality of the goods and services. | 9% | 49% | 12% | 21% | 9% | 3.76 | .867 |
| Monitoring assists in ongoing quality assurance of the procurement process | – | 27% | 3% | 55% | 15% | 3.58 | 1.062 |
| Obstacles in the procurement process are mitigated in a timely manner | 3% | 49% | 18% | 21% | 9% | 2.85 | 1.093 |
| Feedback is provided to all those involved in the procurement system for further improvement | – | 30% | 6% | 42% | 21% | 3.55 | 1.148 |
| Monitoring of the bank's procurement process creates sustainable development strategies | 3% | 18% | 3% | 58% | 18% | 3.70 | 1.075 |
| Reviewing of the procurement cycle involves a mix of internal and external exercises | 6% | 24% | 3% | 49% | 18% | 3.48 | 1.228 |
| Weighted Mean | | | | | | 3.35 | |

Source: Field Primary Data

Figure 8: Procurement Monitoring mean



Source: Field Primary Data

From the table and figure above, results from the study revealed that the mean for all the variables (see table above) was 3.35 while the standard deviation was 1.04. Based on the scale of 1-strongly disagree and 5-strongly agree, the data mean of 3.35 was above the scale mean of 3. This therefore implies that as a way of improving bank performance, the bank undertakes various monitoring measures to review and strengthen its procurement process.

However, of the variables tested under the study, results revealed that, four out of the fourteen variables attained mean values that were below the scale average of 3. These included, Reviews of the procurement system are done at regular intervals (2.82); The reviews of the procurement system are undertaken by independent personnel (2.79); A pre-identified check list of indicators is in place against which the procurement systems are checked (2.94); Obstacles in the procurement process are mitigated in a timely manner(2.85)

4.2.4: Analysis of Objective 4: Challenges & Proposed solutions to procurement management

The respondents were also asked to identify the challenges that the bank faced in the procurement management process and the following were identified.

Table 16: Procurement Management challenges at FBUL

| | Lower Management | Middle Management | Senior Management | Total |
|--|------------------|-------------------|-------------------|-------|
| Delays in decision making | 125% | 29% | 14% | 44% |
| Need for a professional team/lack of technical personnel | - | 29% | 71% | 39% |
| Lack of buffer stocks and restocking levels | 25% | 29% | 29% | 28% |
| Limited follow up on records | - | 29% | 43% | 28% |
| Some suppliers do not deliver goods and services on time | 50% | 29% | - | 22% |
| Limited funds | - | 29% | 29% | 22% |
| Partial Independence of procurement committee | 25% | 29% | 14% | 22% |
| No prequalified suppliers | 25% | 14% | 14% | 17% |
| Lack of commitment by top managers | - | 29% | 14% | 17% |
| Fraudulent suppliers | - | 29% | 14% | 17% |
| Procurement not based on budget | - | 43% | - | 17% |
| Hardships in Identifying of good suppliers | - | 14% | 14% | 11% |
| Staff take long to put in their requests | - | - | 29% | 11% |
| Lack of in-charge of procurement at all branches | 25% | 14% | - | 11% |
| Absence of effective monitoring | - | 14% | 14% | 11% |
| Close supervision is not always easy | - | - | 29% | 11% |
| Some products & services are scarce in the market | 25% | 14% | - | 11% |
| Procurement is handled as a non core activity | - | - | 14% | 6% |
| Lack of continuity of suppliers | 25% | - | - | 6% |
| The procurement cycle is very prolonged | - | 14% | - | 6% |
| Limited monitoring skills | - | 14% | - | 6% |
| Lack of commitment on some procedures | - | 14% | - | 6% |
| Unstable market prices makes planning difficult | - | 14% | - | 6% |
| Limited storage space for procured items | - | - | 14% | 6% |
| High bureaucracies in authorisation levels | 25% | - | - | 6% |
| Lack of strict vetting of suppliers | 25% | - | - | 6% |
| Limited needs assessment done by respective management | - | - | 14% | 6% |
| Increased level of Emergency purchases | - | - | 14% | 6% |
| The procurement process is too manual | - | 14% | - | 6% |

Source: Field Primary Data

From the table above, the study revealed that FBUL's main challenge was delayed decision making and this scored 44% as the overall rating. This was mainly expressed by the lower level managers who revealed that all purchases (irrespective of amounts involved) go through all the authorisation levels and this takes a lot of time and thus negatively affecting the bank operations. This was followed by the absence of qualified and skilled procurement personnel; absence of restocking levels; poor records management and suppliers' failures to meet the required bank delivery timelines.

Analysis based on management levels indicated that senior managers identified absence of qualified and skilled personnel in the procurement profession was the key challenge. It was highlighted that the bank lacks such personnel and as a result, the basic procurement practices like proper record keeping and ensuring availability of funds among others are ignored; this adversely affects the performance of the bank.

Middle managers highlighted procurement as not being according to the budget among others issues. This indicated a sign of poor planning and such practices normally affect the bank performance in terms of liquidity and profitability.

Lower level managers on the other hand emphasized the delays in decision making as noted above; they also identified suppliers' failures to deliver according to the bank schedules and thus negatively affecting the daily operations of the bank among others.

The respondents were also asked to identify the possible solutions to the above challenges that the bank faced in the procurement management process and the following were identified.

Table 17: Proposed solutions to FBUL’s procurement challenges

| | Lower management | Middle management | Senior management | Total |
|---|------------------|-------------------|-------------------|-------|
| Early procurement planning to ensure incorporating a wide scope of the required items | 50% | 83% | 14% | 47% |
| Recruit qualified procurement personnel | - | 33% | 57% | 35% |
| Regular review of the procurement cycle | - | 50% | 43% | 35% |
| Top management involvement | 25% | 50% | 14% | 29% |
| Quick decision making from the managers | 75% | 33% | - | 29% |
| Un biased selection of suppliers | 25% | 33% | 14% | 24% |
| Adhering to stock management guideline | 25% | 17% | 29% | 24% |
| Independent personnel reviewing the procurement process | 25% | 33% | 14% | 24% |
| Establish a proper disposal/write off system | 25% | - | 14% | 12% |
| Training of relevant staff in the procurement process | - | - | 29% | 12% |
| Improve on monitoring process | - | 17% | 14% | 12% |
| Clear segregation of duties | 25% | - | 14% | 12% |
| Limit number of signatories to improve efficiency | 25% | - | - | 6% |
| Increase on the storage space | - | - | 14% | 6% |
| Institutionalize a spend analysis | 25% | - | - | 6% |
| Minimise emergency purchases | - | - | 14% | 6% |
| Adherence to timeframe to send in requests | - | - | 14% | 6% |
| Procurement committee to work with relevant funds to establish availability of funds | - | - | 14% | 6% |
| Have an In-charge for procurement at all branches | 25% | - | - | 6% |
| Adopt better evaluation and selection | 25% | - | - | 6% |
| Recognition of the importance of the procurement role in the bank | - | - | 14% | 6% |
| Adopt procurement against budget | - | 17% | - | 6% |
| Thorough vetting of suppliers | 25% | - | - | 6% |
| Establish Buffer stocks | 25% | - | - | 6% |
| Shorten process of emergencies | - | - | 14% | 6% |
| Automation of the procurement process | - | 17% | - | 6% |
| Strike contracts that focus on long-term relations with suppliers | 25% | - | - | 6% |

Source: Field Primary Data

From the study, the respondents identified possible solutions to the existing procurement challenges and the findings revealed that, the highly rated solution as suggested by the respondents was undertaking detailed early procurement planning for the bank activities. The respondents explained that planning sets the platform for the rest of the procurement activities and once this is rightly done, then the other procurement stages are expected to be easily achieved. The respondents also explained that early planning would provide ample time for the procurement team to source for competent suppliers whose services meet the bank requirements in terms of quality, timely delivery among others and thus solving a number of existing procurement management challenges.

Other proposed solutions included recruitment of qualified and skilled personnel in the procurement function who would help in the direction of this function; this would help the bank at least pay attention to the basic procurement management guidelines.

It was also proposed that the bank undertakes to regularly review the procurement system so as to help identify the system weaknesses. The respondents also suggested that top management active participation in the procurement process be emphasized and this would help quicken the decision making process.

Analysis based on the different management levels indicated that, senior managers identified recruitment of qualified and skilled personnel in procurement; and independent regular reviews of the procurement system as the key solutions. Middle managers identified early planning and regular reviews of the procurement system; while lower level managers emphasized quicker decision making through more commitment to this function operations by the senior managers and early procurement planning.

The respondents were also asked to identify ways in which procurement management contributes to the performance of the bank.

Table 18: Procurement Management Contribution to FBUL Financial Performance

| | Lower Management | Middle Management | Senior Management | Total |
|--|------------------|-------------------|-------------------|-------|
| It's a tool for cost minimisation | 25% | 67% | 67% | 58% |
| Improves on efficiency and resource allocation | 25% | 44% | 33% | 37% |
| Ensures quality supply of goods and services | 25% | 22% | 33% | 26% |
| Minimises fraudulent purchases | - | 44% | 17% | 26% |
| Right supplier selection | 25% | 33% | - | 21% |
| Operate within the budget | 25% | 22% | 17% | 21% |
| Minimises expensive emergency purchases | - | 44% | - | 21% |
| Improved service provision | 75% | 11% | - | 21% |
| Emphasises value for money | 25% | 33% | - | 21% |
| Right goods/ services are provided | 25% | 22% | - | 16% |
| Checks quality of services | - | 22% | 17% | 16% |
| Minimize costs in terms of wastages | 50% | 11% | - | 16% |
| Avoid unnecessary losses | 25% | 11% | 17% | 16% |
| Timely supply of required items | 25% | - | 33% | 16% |
| Losses are avoided | - | 22% | 17% | 16% |
| Saves money which in turn improves profit margins | 25% | - | 17% | 11% |
| Proper utilization of funds | 25% | - | 17% | 11% |
| Procurement done when necessary | - | 11% | 17% | 11% |
| Planning Improves cash flows | - | 11% | 17% | 11% |
| Avoid unnecessary stocking of items | - | - | 17% | 5% |
| Procurement management is in line with the bank's major objectives | - | 11% | - | 5% |
| Enhances availability of needed goods | 25% | - | - | 5% |
| Creates Savings for the bank | - | - | 17% | 5% |
| Transparency in the bank operations | - | 11% | - | 5% |

Source: Field Primary Data

The respondents were asked to identify the contribution of procurement management to FBUL and the results revealed that the respondents were agreeable to the fact that the contribution was positive.

The table above shows the different views of the managers and on the whole, procurement was rated as a good tool for cost minimisation to the bank. Other contributions were; improving efficiency and resource allocation; ensuring quality supply of goods and services; a means that can help minimize fraudulent purchases; Minimising emergency purchases that are normally expensive; establish long term relationships with suppliers and thus improving the bank's bargaining power, among others.

From the study, both the senior managers and middle level managers identified cost minimisation as the major contribution of procurement management to bank performance while the lower level managers identified improved service provision and wastage minimisation among others. All the above factors lead to the improved financial performance of the bank.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summaries of the findings, conclusions derived from the findings, and the recommendations that will help in improving the performance of the bank based on the findings of the study. Areas of further study are also suggested.

5.1 Summary of the Findings

The study established a number of findings, the summary of the findings are outlined here under;

The study was based on three procurement management attributes which included procurement planning, controls and monitoring and the results indicated that, the bank undertakes all these attributes as part of its procurement management. The study established that the relationship between procurement management and bank performance was positive and significant.

The hypothesis that procurement planning positively affects bank performance was tested and accepted. This was because of the favourable results from the Anova statistics and F-distribution tables which indicated that, based on the three management levels, their test statistic were 0.601, 0.798 and 1.130 in respect to the hypothesis and were all lower than the critical value of 2.544 from the F-distribution table. This implied that, there is a statistically significant relationship among the means.

Secondly, the hypothesis that procurement controls positively affect bank performance was tested and accepted. This was based on the results from the Anova statistics that were 1.096,

1.385, and 1.259 for middle, lower and senior management levels respectively which were all lower than the critical value of 2.544 from the F-distribution table. This implied that, there is a statistically significant relationship among the means.

Lastly, the hypothesis that procurement monitoring positively affects bank performance was tested and the null hypothesis was accepted. This too was based on the Anova statistics that showed test statistics of 1.024, 1.474, and 0.727 for middle, lower and senior management levels respectively; these were all lower than the critical value of 2.7556 from the F-distribution table. This implied that, there is a statistically significant relationship among the means.

The main challenges identified as being faced in the management of procurement included; Delays in decision making; lack of skilled and technical procurement personnel; Lack of buffer stocks and restocking levels; Improper records management; Delivery failures by suppliers, non independence of the procurement committee; absence of prequalified suppliers, limited commitment from top managers, ever increasing prices; and hardships in identifying reliable suppliers among others.

The possible solutions to the above challenges included; timely procurement planning to ensure incorporating a wide scope of the required items; recruitment of qualified procurement personnel to run the department; regular review of the procurement cycle; top management involvement in the procurement process; quicker decision making from the managers; un biased selection of suppliers; instituting stock management guidelines to avoid stock outs and expense emergency purchases, Independent personnel reviews of the procurement cycle among others.

5.2 Conclusions

From the summary findings above, it can be concluded that, procurement management and the financial performance of FBUL are positively related i.e. with proper procurement management the bank's financial performance is positively affected and where the procurement management is not proper, then the performance is negatively affected.

The hypothesis that procurement planning positively affects the performance of FBUL was accepted based on the results shown in the summary findings above. The bank should therefore emphasize its strong points (variables with mean of greater than 3) while working on improving its weak areas (variables with mean of less than 3). Emphasized strong areas than need upholding include; the business unit clearly stating when they will use the required goods and services; extent of supplies (quantities) to be procured at a time being independently determined by the committee; Only personnel with legal powers to purchase undertaking such transactions in the bank; Decisions on when to procure the goods and services being independently undertaken by the procurement committee; the bank procurement process beginning with planning; full commitment of top management to the procurement planning process of the bank and relevant approvals being obtained from the bank authorities for all procured items among others. On the other hand, the bank should also work on improving its weak areas and these include; Carrying out market capability analysis so as to ensure good supplier identification that meet the bank's requirements in terms of timely delivery; quality of goods and services; ensuring funds availability before embarking on any purchases among others.

From the hypothesis that procurement controls positively affect the bank's financial performance; the summary findings indicate that the hypothesis was accepted. The variable summary was above the scale mean of 3 at 3.06. It can therefore be concluded that the bank has procurement controls in place but that they are not strong enough. From the individual control variables, the bank ought to review the following; the operational procedures being readily accessed by the staff ; the bank periodically reviewing the existing procurement policies; Bids being received by an independent person ; Bids being opened by an independent committee ; the technical abilities of the suppliers being evaluated before contract awarding; the bank having pre-qualified suppliers; Periodic supplier audits being undertaken to correct compliance errors ; Stores management being handled by different personnel from those who receive the goods; and the bank having a professional team that handles the procurement among others.

Also, the hypothesis that procurement monitoring positively affects FBUL's performance was tested and accepted. The variable mean was above the scale mean at 3.35 and it can be concluded that the bank generally monitors its procurement system. However, there are areas that need improvement and these include; regular reviews of the procurement system; the reviews of the procurement system being undertaken by independent personnel; A pre-identified check list of indicators to be put in place against which the procurement systems are checked; and obstacles in the procurement process being mitigated in a timely manner.

5.3 Recommendations

The findings of the study showed that there is great need for banks to improve their performance through proper procurement management as described by the respondents on the contribution of procurement management to bank performance. Although procurement management may not be the only contributing factor to bank performance, it is imperative that banks review their existing procurement systems in order to identify the weak points and fasten them accordingly as this directly affects their profitability.

In light of the conclusions above, below are the recommendations suggested;

- The bank should establish a procurement unit with qualified, skilled and knowledgeable personnel to spearhead the procurement operations in order to stream line most of the existing weaknesses in the procurement controls including
- The bank should undertake to do market capability analysis as part of its procurement management. This will allow the bank to assess the ability of the market to meet its required goods and services in the right quantities and quality in the right timings.
- The bank should also work on having reliable suppliers whose delivery schedules are realistic and within the bank's requirements. This will minimize emergency purchases that are normally expensive and therefore negatively impact on the performance of the bank.
- To strengthen the procurement controls and monitoring aspects, management should ensure that the procurement policies are easily accessed by the staff so that they are appropriately guided through the process.

- The procurement policies should be reviewed periodically by independent personnel from those who directly participate in the procurement process.
- The bank should also undertake to have prequalified suppliers so that the procurement process is shortened for routine purchases and this too, will help establish long term relationships with the suppliers and thereby, better bargaining power.

5.3 Suggestions for further research

The study was limited to three attributes of procurement management and few variables of performance measures. There is a need for future research to replicate the findings employing multi-disciplinary measures of bank performance and wider coverage of procurement management and also applying it to different populations.

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APPENDICES

APPENDIX A: QUESTIONNAIRE

Business Performance Questionnaire

Dear respondent,

Kindly spare some time to fill this questionnaire that is aimed at analyzing the contribution of procurement management to the performance of the bank.

Thank you for agreeing to fill this questionnaire.

A. Introduction

Background questions:

1) Duration in current employment

a) 0-1 Years

b) 1-2 Years

c) Over 2 Years

2) Duty station

a) Head office

b) Buganda road

c) Nakivubo

d) Ovino

e) Mbarara

f) Kyaliwajjala

3) What level of management are you in the organisation?

a) Lower level management

b) Middle level management

c) Senior level management

4) Do you participate in the procurement process of the bank?

a) Yes

b) No

5) What items do you procure?

a) Office supplies (e.g. stationery)

b) Capital expenditures (e.g. property, plant & equipment)

c) Services (e.g. cleaning services, repairs etc)

d) Others (Please specify).....

Your perception about Procurement Management

Tick the box that best describes how you perceive the following statements in relation to how the bank applies them in procurement management.

B. Procurement Planning and Bank performance

| | Procurement Planning Variables | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|----|--|-------------------|----------|---------|-------|----------------|
| 1 | The bank procurement process begins with "planning" | 1 | 2 | 3 | 4 | 5 |
| 2 | The business need is clearly defined by the responsible personnel in the unit /department | 1 | 2 | 3 | 4 | 5 |
| 3 | Thorough needs assessment is undertaken by the respective managers for the required goods and services | 1 | 2 | 3 | 4 | 5 |
| 4 | Budget approval is obtained for the required items before purchase in the bank | 1 | 2 | 3 | 4 | 5 |
| 5 | Relevant approvals are obtained from the bank authorities for all procured items | 1 | 2 | 3 | 4 | 5 |
| 6 | Only personnel with legal powers to purchase undertake such transactions in the bank | 1 | 2 | 3 | 4 | 5 |
| 7 | Decisions on when to procure the goods and services are taken by the procurement committee | 1 | 2 | 3 | 4 | 5 |
| 8 | Market capability analysis is carried out to determine where to procure from | 1 | 2 | 3 | 4 | 5 |
| 9 | The business unit clearly states when they will use the required goods and services | 1 | 2 | 3 | 4 | 5 |
| 10 | Delivery schedules that fit in the bank requirements are drawn with the suppliers | 1 | 2 | 3 | 4 | 5 |
| 11 | The procurement committee independently decides on where to procure from | 1 | 2 | 3 | 4 | 5 |
| 12 | The procurement committee decides on the method of purchase to be adopted (leasing or outright purchasing) dependent on the item | 1 | 2 | 3 | 4 | 5 |
| 13 | Extent of supplies (quantities) to be procured at a time are determined by the committee | 1 | 2 | 3 | 4 | 5 |
| 14 | The procurement committee ensures funds availability before any purchase | 1 | 2 | 3 | 4 | 5 |
| 15 | Top management is involved in the procurement planning of the bank | 1 | 2 | 3 | 4 | 5 |
| 16 | There is full commitment of top management to the procurement planning process of the bank | 1 | 2 | 3 | 4 | 5 |

i. Please identify the challenges in the bank's procurement planning process.

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ii. What could be the possible solutions to the above challenges?

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C. Procurement Controls

| | Procurement control variables | Strongly Disagree | Disagree | Not sure | Agree | Strongly Agree |
|----|---|--------------------------|-----------------|-----------------|--------------|-----------------------|
| 1 | The bank has policies that guide the procurement process | 1 | 2 | 3 | 4 | 5 |
| 2 | The procurement procedures are written down | 1 | 2 | 3 | 4 | 5 |
| 3 | The operational procedures are readily accessed by the staff | 1 | 2 | 3 | 4 | 5 |
| 4 | The bank periodically reviews the existing procurement policies | 1 | 2 | 3 | 4 | 5 |
| 5 | Bids are received by an independent person | 1 | 2 | 3 | 4 | 5 |
| 6 | Bids are opened by an independent committee. | 1 | 2 | 3 | 4 | 5 |
| 7 | The independent committee evaluates the bids | 1 | 2 | 3 | 4 | 5 |
| 8 | The technical abilities of the suppliers are evaluated before contract awarding | 1 | 2 | 3 | 4 | 5 |
| 9 | Service level agreements that include specific job requirements are signed for various jobs | 1 | 2 | 3 | 4 | 5 |
| 10 | The bank has pre-qualified suppliers. | 1 | 2 | 3 | 4 | 5 |
| 11 | Received goods and services are checked against the local purchase order | 1 | 2 | 3 | 4 | 5 |
| 12 | Periodic supplier audits are undertaken to correct compliance errors | 1 | 2 | 3 | 4 | 5 |
| 13 | The bank has a professional team that handles the Purchases | 1 | 2 | 3 | 4 | 5 |
| 14 | Stores management is handled by different personnel from those who receive the goods | 1 | 2 | 3 | 4 | 5 |
| 15 | Invoices are checked against the local purchase order and delivery note before payment | 1 | 2 | 3 | 4 | 5 |

i. Please highlight the weaknesses in the procurement controls of the bank

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ii. Please suggest solutions to the above weaknesses

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iii. Please highlight how procurement controls contribute to the performance of the bank

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E) Procurement Monitoring

| | Procurement Management Variables | Strongly Disagree | Dis-agree | Neutral | Agree | Strongly Agree |
|----|---|--------------------------|------------------|----------------|--------------|-----------------------|
| 1 | The bank tracks all key aspects of the procurement process | 1 | 2 | 3 | 4 | 5 |
| 2 | Reviews of the procurement system are done at regular intervals | 1 | 2 | 3 | 4 | 5 |
| 3 | The reviews of the procurement system are undertaken by independent personnel | 1 | 2 | 3 | 4 | 5 |
| 4 | A pre-identified check list of indicators is in place against which the procurement systems are checked | 1 | 2 | 3 | 4 | 5 |
| 5 | Corrective actions are taken once a variance is identified in these processes | 1 | 2 | 3 | 4 | 5 |
| 6 | Losses are prevented through continuously checking the purchase processes | 1 | 2 | 3 | 4 | 5 |
| 7 | The bank examines the procurement cycle to prevent fraud | 1 | 2 | 3 | 4 | 5 |
| 8 | Close supervision of purchases is done as a way of controlling costs | 1 | 2 | 3 | 4 | 5 |
| 9 | Supplier evaluation is periodically undertaken to ensure good quality of the goods and services. | 1 | 2 | 3 | 4 | 5 |
| 10 | Monitoring assists in ongoing quality assurance of the procurement process | 1 | 2 | 3 | 4 | 5 |
| 11 | Obstacles in the procurement process are mitigated in a timely manner | 1 | 2 | 3 | 4 | 5 |
| 12 | Feedback is provided to all those involved in the procurement system for further improvement | 1 | 2 | 3 | 4 | 5 |
| 13 | Monitoring of the bank's procurement process creates sustainable development strategies | 1 | 2 | 3 | 4 | 5 |
| 14 | Reviewing of the procurement cycle involves a mix of internal and external exercises | 1 | 2 | 3 | 4 | 5 |

i. Please identify the challenges in the bank's procurement monitoring process

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ii. Suggest possible solutions to the above.

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iii. Highlight how procurement monitoring contributes to the performance of the bank.

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Thank you

APPENDIX B: PROCUREMENT PLANNING FREQUENCIES

The bank procurement process begins with planning

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 0% | 6% | 0% | 3% |
| Disagree | 14% | 25% | 30% | 24% |
| Not sure | 14% | 6% | 10% | 9% |
| Agree | 43% | 31% | 50% | 39% |
| Strongly Agree | 29% | 31% | 10% | 24% |

The business need is clearly defined by the responsible personnel in the unit /department

| | Head office | Buganda road | Nakivubo | Ovino | Mbarara | Kyaliwajjala | Industrial Area | Total |
|----------------|-------------|--------------|----------|-------|---------|--------------|-----------------|-------|
| Disagree | 12% | 0% | 0% | 0% | 0% | 33% | 0% | 9% |
| Not sure | 12% | 0% | 0% | 0% | 50% | 0% | 0% | 9% |
| Agree | 65% | 50% | 100% | 100% | 0% | 67% | 100% | 70% |
| Strongly Agree | 12% | 50% | 0% | 0% | 50% | 0% | 0% | 12% |

Budget approval is obtained for the required items before purchase in the bank

| | Head office | Buganda road | Nakivubo | Ovino | Mbarara | Kyaliwajjala | Industrial Area | Total |
|-------------------|-------------|--------------|----------|-------|---------|--------------|-----------------|-------|
| Strongly Disagree | 0% | 0% | 0% | 100% | 0% | 0% | 0% | 9% |
| Disagree | 41% | 0% | 0% | 0% | 50% | 33% | 67% | 33% |
| Not sure | 12% | 0% | 33% | 0% | 0% | 0% | 0% | 9% |
| Agree | 29% | 0% | 33% | 0% | 0% | 67% | 33% | 27% |
| Strongly Agree | 18% | 100% | 33% | 0% | 50% | 0% | 0% | 21% |

Only personnel with legal powers to purchase undertake such transactions in the bank

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 0% | 25% | 10% | 15% |
| Not sure | 0% | 19% | 0% | 9% |
| Agree | 100% | 44% | 80% | 67% |
| Strongly Agree | 0% | 13% | 10% | 9% |

Market capability analysis is carried out to determine where to procure from

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 6% | 0% | 9% |
| Disagree | 14% | 19% | 50% | 27% |
| Not sure | 14% | 44% | 20% | 30% |
| Agree | 43% | 19% | 30% | 27% |
| Strongly Agree | 0% | 13% | 0% | 6% |

Delivery schedules that fit in the bank requirements are drawn with the suppliers

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 0% | 0% | 3% |
| Disagree | 57% | 38% | 50% | 46% |
| Not sure | 0% | 31% | 20% | 21% |
| Agree | 29% | 13% | 30% | 21% |
| Strongly Agree | 0% | 19% | 0% | 9% |

The procurement committee independently decides on where to procure from

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 0% | 6% | 0% | 3% |
| Disagree | 43% | 13% | 40% | 27% |
| Not sure | 0% | 31% | 30% | 24% |
| Agree | 43% | 44% | 30% | 39% |
| Strongly Agree | 14% | 6% | 0% | 6% |

Extent of supplies (quantities) to be procured at a time are determined by the committee

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 0% | 13% | 0% | 6% |
| Disagree | 14% | 19% | 30% | 21% |
| Not sure | 0% | 19% | 10% | 12% |
| Agree | 71% | 44% | 60% | 55% |
| Strongly Agree | 14% | 6% | 0% | 6% |

Top management is involved in the procurement planning of the bank

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 0% | 25% | 10% | 15% |
| Not sure | 0% | 19% | 0% | 9% |
| Agree | 100% | 44% | 80% | 67% |
| Strongly Agree | 0% | 13% | 10% | 9% |

APPENDIX C: PROCUREMENT CONTROL FREQUENCIES

The bank has policies that guide the procurement process

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Not sure | 0% | 25% | 0% | 12% |
| Agree | 100% | 56% | 80% | 73% |
| Strongly Agree | 0% | 19% | 20% | 15% |

The procurement procedures are written down

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 0% | 0% | 3% |
| Disagree | 0% | 25% | 0% | 12% |
| Not sure | 14% | 25% | 0% | 15% |
| Agree | 71% | 38% | 80% | 58% |
| Strongly Agree | 0% | 13% | 20% | 12% |

The operational procedures are readily accessed by the staff

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 13% | 0% | 9% |
| Disagree | 43% | 63% | 60% | 58% |
| Not sure | 0% | 6% | 10% | 6% |
| Agree | 43% | 13% | 20% | 21% |
| Strongly Agree | 0% | 6% | 10% | 6% |

The bank periodically reviews the existing procurement policies

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 0% | 6% | 0% | 3% |
| Disagree | 43% | 31% | 50% | 39% |
| Not sure | 29% | 44% | 10% | 30% |
| Agree | 29% | 6% | 30% | 18% |
| Strongly Agree | 0% | 13% | 10% | 9% |

Bids are received by an independent person

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 6% | 0% | 6% |
| Disagree | 29% | 31% | 80% | 46% |
| Not sure | 29% | 63% | 0% | 36% |
| Agree | 29% | 0% | 10% | 9% |
| Strongly Agree | 0% | 0% | 10% | 3% |

Bids are opened by an independent committee.

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 6% | 0% | 6% |
| Disagree | 14% | 25% | 80% | 39% |
| Not sure | 43% | 56% | 0% | 36% |
| Agree | 29% | 6% | 0% | 9% |
| Strongly Agree | 0% | 6% | 20% | 9% |

The independent committee evaluates the bids

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 0% | 0% | 3% |
| Disagree | 14% | 25% | 70% | 36% |
| Not sure | 43% | 38% | 0% | 27% |
| Agree | 14% | 31% | 10% | 21% |
| Strongly Agree | 14% | 6% | 20% | 12% |

The technical abilities of the suppliers are evaluated before contract awarding

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 13% | 0% | 12% |
| Disagree | 29% | 19% | 70% | 36% |
| Not sure | 14% | 38% | 10% | 24% |
| Agree | 14% | 19% | 20% | 18% |
| Strongly Agree | 14% | 13% | 0% | 9% |

Service level agreements that include specific job requirements are signed for various jobs

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 0% | 0% | 3% |
| Disagree | 29% | 25% | 50% | 33% |
| Not sure | 14% | 13% | 10% | 12% |
| Agree | 43% | 56% | 40% | 49% |
| Strongly Agree | 0% | 6% | 0% | 3% |

The bank has pre-qualified suppliers.

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 13% | 0% | 12% |
| Disagree | 29% | 25% | 70% | 39% |
| Not sure | 14% | 13% | 20% | 15% |
| Agree | 29% | 44% | 10% | 30% |
| Strongly Agree | 0% | 6% | 0% | 3% |

Received goods and services are checked against the local purchase order

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 0% | 6% | 0% | 3% |
| Not sure | 14% | 6% | 30% | 15% |
| Agree | 57% | 69% | 60% | 64% |
| Strongly Agree | 29% | 19% | 10% | 18% |

Periodic supplier audits are undertaken to correct compliance errors

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 6% | 0% | 9% |
| Disagree | 14% | 19% | 60% | 30% |
| Not sure | 14% | 31% | 0% | 18% |
| Agree | 43% | 38% | 40% | 39% |
| Strongly Agree | 0% | 6% | 0% | 3% |

The bank has a professional team that handles the Purchases

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 19% | 0% | 15% |
| Disagree | 14% | 38% | 70% | 42% |
| Not sure | 14% | 6% | 20% | 12% |
| Agree | 43% | 31% | 10% | 27% |
| Strongly Agree | 0% | 6% | 0% | 3% |

Stores management is handled by different personnel from those who receive the goods

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 13% | 20% | 18% |
| Disagree | 57% | 44% | 80% | 58% |
| Not sure | 14% | 6% | 0% | 6% |
| Agree | 0% | 38% | 0% | 18% |

Invoices are checked against the local purchase order and delivery note before payment

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 0% | 6% | 0% | 3% |
| Disagree | 0% | 0% | 10% | 3% |
| Not sure | 0% | 0% | 20% | 6% |
| Agree | 71% | 63% | 70% | 67% |
| Strongly Agree | 29% | 31% | 0% | 21% |

APPENDIX D: PROCUREMENT MONITORING FREQUENCIES

The bank tracks all key aspects of the procurement process

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 29% | 19% | 20% | 21% |
| Not sure | 14% | 25% | 20% | 21% |
| Agree | 57% | 44% | 60% | 52% |
| Strongly Agree | 0% | 13% | 0% | 6% |

Reviews of the procurement system are done at regular intervals

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 6% | 0% | 9% |
| Disagree | 29% | 31% | 60% | 39% |
| Not sure | 29% | 25% | 10% | 21% |
| Agree | 14% | 19% | 30% | 21% |
| Strongly Agree | 0% | 19% | 0% | 9% |

The reviews of the procurement system are undertaken by independent personnel

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 0% | 0% | 6% |
| Disagree | 43% | 38% | 70% | 49% |
| Not sure | 14% | 25% | 0% | 15% |
| Agree | 14% | 19% | 30% | 21% |
| Strongly Agree | 0% | 19% | 0% | 9% |

A pre-identified check list of indicators is in place against which the procurement systems are checked

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 0% | 0% | 6% |
| Disagree | 14% | 25% | 50% | 30% |
| Not sure | 29% | 38% | 30% | 33% |
| Agree | 29% | 25% | 20% | 24% |
| Strongly Agree | 0% | 13% | 0% | 6% |

Corrective actions are taken once a variance is identified in these processes

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 43% | 19% | 20% | 24% |
| Not sure | 14% | 25% | 20% | 21% |
| Agree | 29% | 44% | 60% | 46% |
| Strongly Agree | 14% | 13% | 0% | 9% |

Losses are prevented through continuously checking the purchase processes

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 14% | 13% | 50% | 24% |
| Not sure | 0% | 13% | 20% | 12% |
| Agree | 86% | 63% | 20% | 55% |
| Strongly Agree | 0% | 13% | 10% | 9% |

Close supervision of purchases is done as a way of controlling costs

| | Lower level management | Middle level management | Senior level management | Total |
|----------------|------------------------|-------------------------|-------------------------|-------|
| Disagree | 0% | 19% | 20% | 15% |
| Not sure | 14% | 6% | 0% | 6% |
| Agree | 71% | 56% | 80% | 67% |
| Strongly Agree | 14% | 19% | 0% | 12% |

Supplier evaluation is periodically undertaken to ensure good quality of the goods and services.

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 29% | 6% | 0% | 9% |
| Disagree | 29% | 38% | 80% | 49% |
| Not sure | 0% | 19% | 10% | 12% |
| Agree | 43% | 19% | 10% | 21% |
| Strongly Agree | 0% | 19% | 0% | 9% |

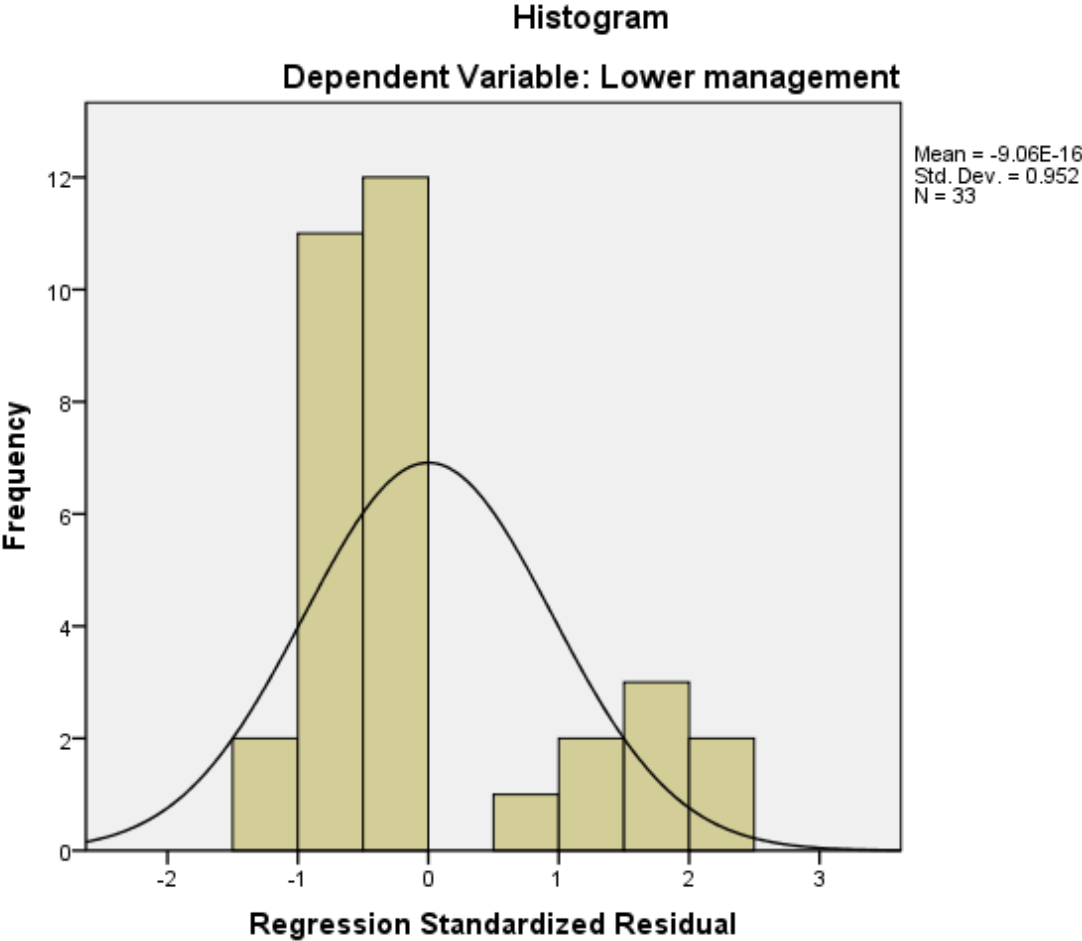
Obstacles in the procurement process are mitigated in a timely manner

| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 14% | 0% | 0% | 3% |
| Disagree | 71% | 38% | 50% | 49% |
| Not sure | 0% | 25% | 20% | 18% |
| Agree | 14% | 19% | 30% | 21% |
| Strongly Agree | 0% | 19% | 0% | 9% |

Monitoring of the bank's procurement process creates sustainable development strategies

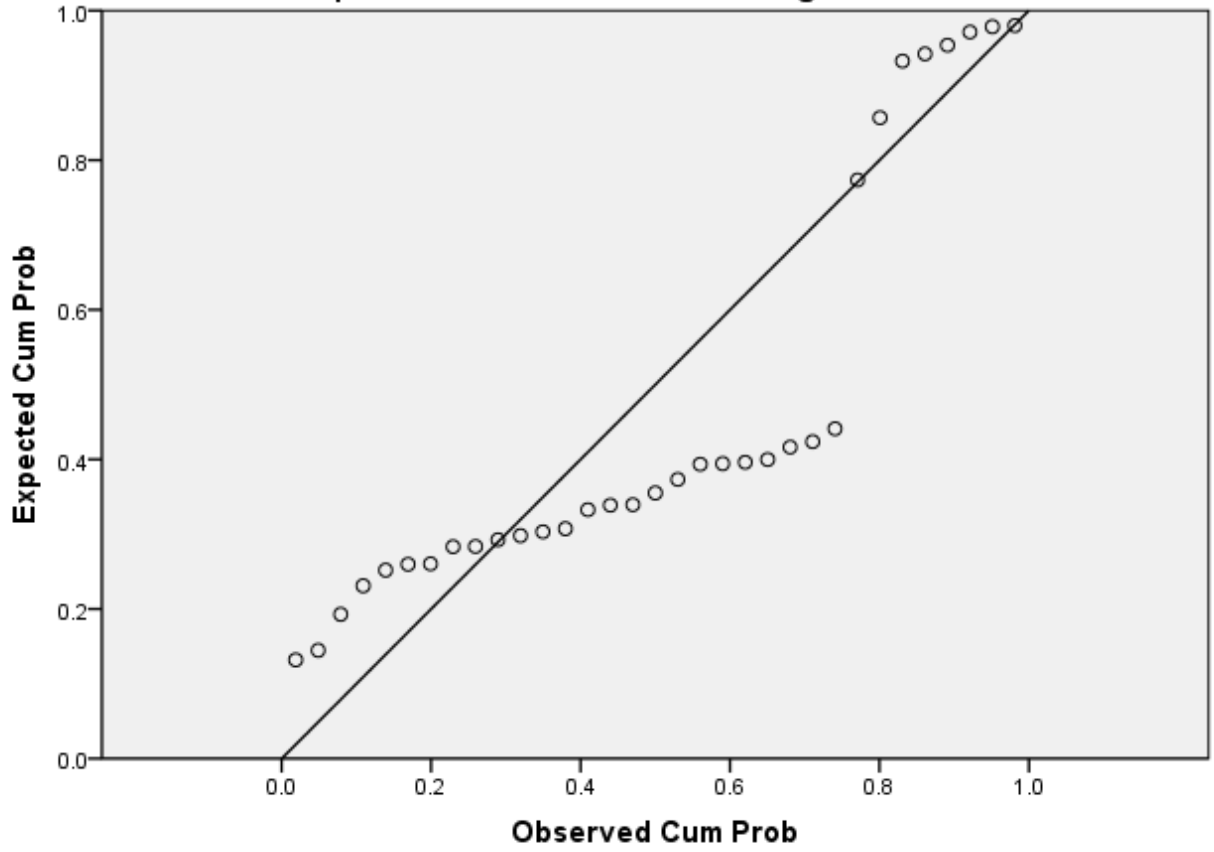
| | Lower level management | Middle level management | Senior level management | Total |
|-------------------|------------------------|-------------------------|-------------------------|-------|
| Strongly Disagree | 0% | 6% | 0% | 3% |
| Disagree | 43% | 6% | 20% | 18% |
| Not sure | 0% | 6% | 0% | 3% |
| Agree | 57% | 50% | 70% | 58% |
| Strongly Agree | 0% | 31% | 10% | 18% |

SUMMARY OF PROCUREMENT MANAGEMENT AND BANK FINANCIAL PERFORMANCE

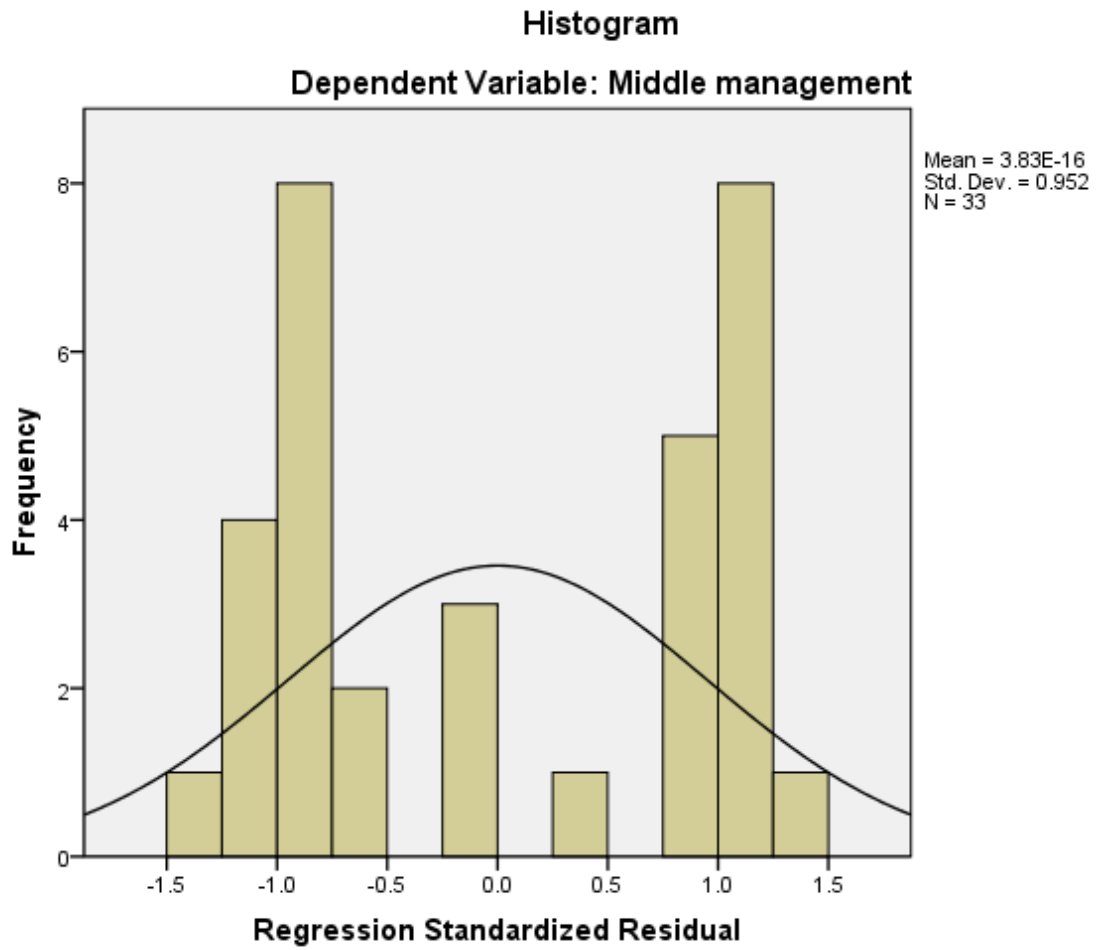


Source: Field Primary Data

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Lower management

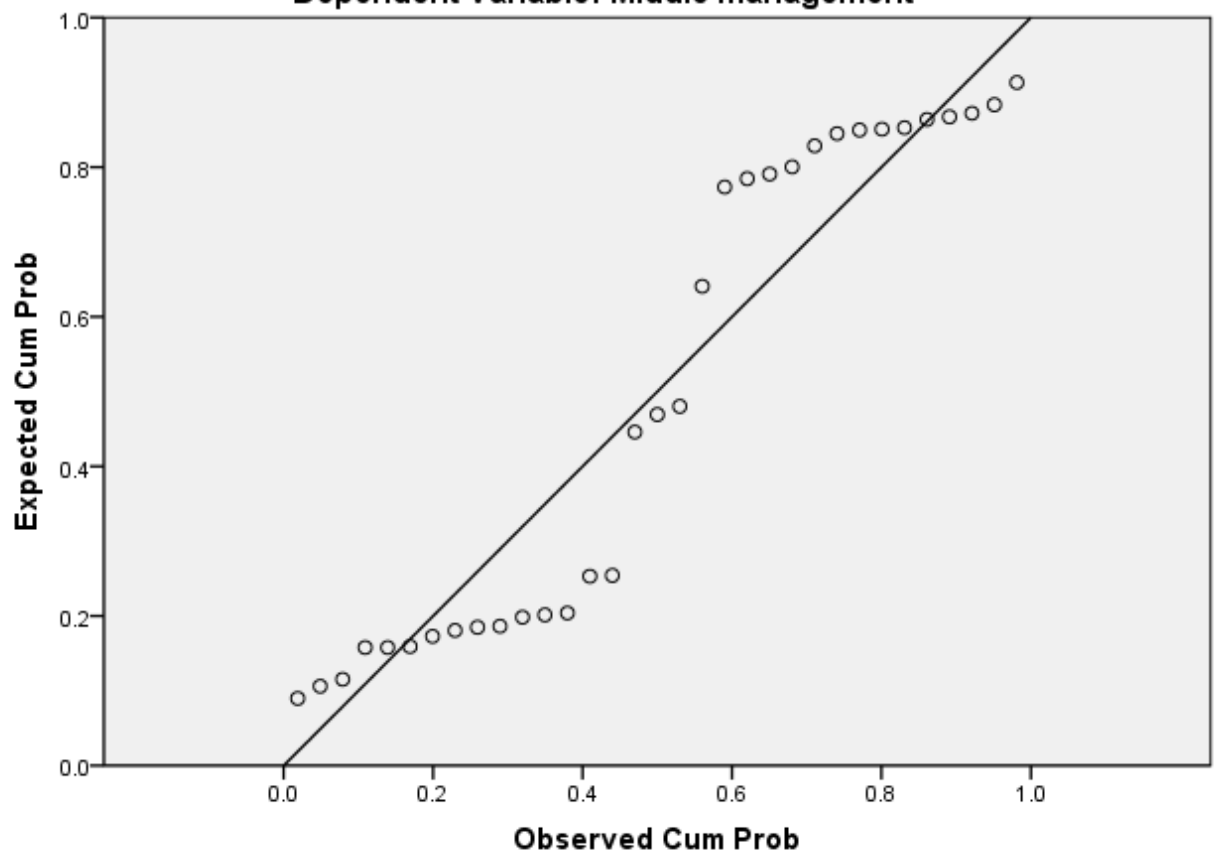


Source: Field Primary Data

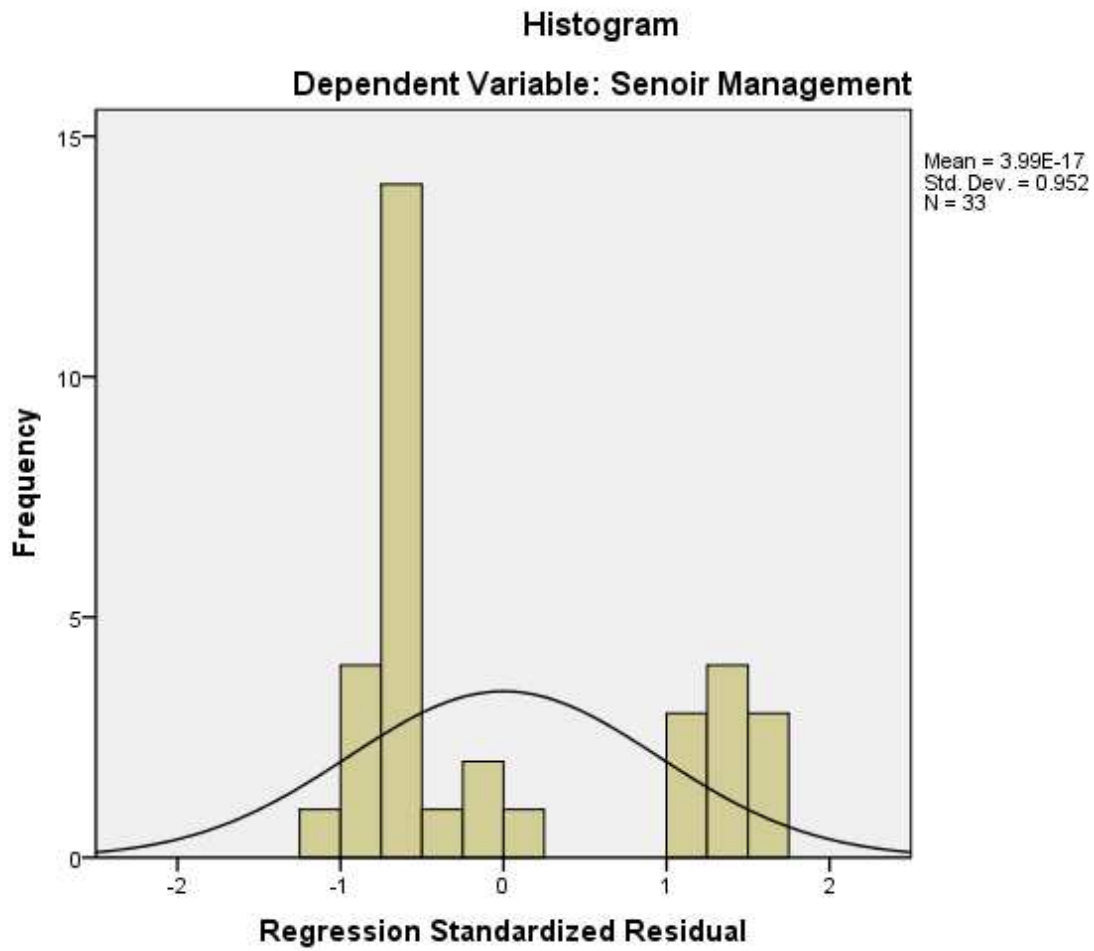


Source: Field Primary Data

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Middle management

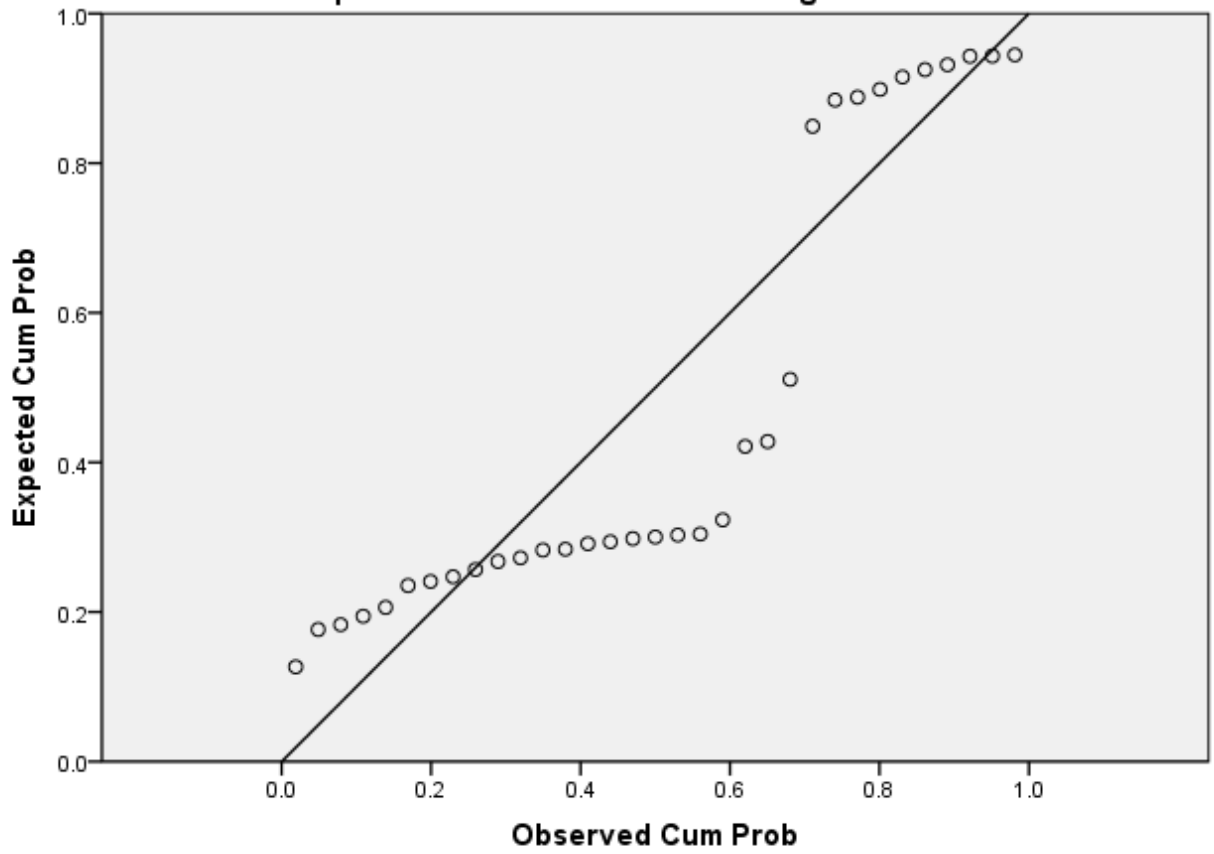


Source: Field Primary Data



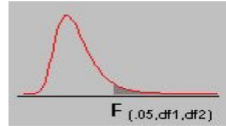
Source: Field Primary Data

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Senoir Management



Source: Field Primary Data

APPENDIX E: F DISTRIBUTION TABLE



F Table for $\alpha = 0.05$ (1/3)

| df2/df1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1 | 161.4476 | 199.5000 | 215.7073 | 224.5832 | 230.1619 | 233.9860 | 236.7684 | 238.8827 | 240.5433 | 241.8817 |
| 2 | 18.5128 | 19.0000 | 19.1643 | 19.2468 | 19.2964 | 19.3295 | 19.3532 | 19.3710 | 19.3848 | 19.3959 |
| 3 | 10.1280 | 9.5521 | 9.2766 | 9.1172 | 9.0135 | 8.9406 | 8.8867 | 8.8452 | 8.8123 | 8.7855 |
| 4 | 7.7086 | 6.9443 | 6.5914 | 6.3882 | 6.2561 | 6.1631 | 6.0942 | 6.0410 | 5.9988 | 5.9644 |
| 5 | 6.6079 | 5.7861 | 5.4095 | 5.1922 | 5.0503 | 4.9503 | 4.8759 | 4.8183 | 4.7725 | 4.7351 |
| 6 | 5.9874 | 5.1433 | 4.7571 | 4.5337 | 4.3874 | 4.2839 | 4.2067 | 4.1468 | 4.0990 | 4.0600 |
| 7 | 5.5914 | 4.7374 | 4.3468 | 4.1203 | 3.9715 | 3.8660 | 3.7870 | 3.7257 | 3.6767 | 3.6365 |
| 8 | 5.3177 | 4.4590 | 4.0662 | 3.8379 | 3.6875 | 3.5806 | 3.5005 | 3.4381 | 3.3881 | 3.3472 |
| 9 | 5.1174 | 4.2565 | 3.8625 | 3.6331 | 3.4817 | 3.3738 | 3.2927 | 3.2296 | 3.1789 | 3.1373 |
| 10 | 4.9646 | 4.1028 | 3.7083 | 3.4780 | 3.3258 | 3.2172 | 3.1355 | 3.0717 | 3.0204 | 2.9782 |
| 11 | 4.8443 | 3.9823 | 3.5874 | 3.3567 | 3.2039 | 3.0946 | 3.0123 | 2.9480 | 2.8962 | 2.8536 |
| 12 | 4.7472 | 3.8853 | 3.4903 | 3.2592 | 3.1059 | 2.9961 | 2.9134 | 2.8486 | 2.7964 | 2.7534 |
| 13 | 4.6672 | 3.8056 | 3.4105 | 3.1791 | 3.0254 | 2.9153 | 2.8321 | 2.7669 | 2.7144 | 2.6710 |
| 14 | 4.6001 | 3.7389 | 3.3439 | 3.1122 | 2.9582 | 2.8477 | 2.7642 | 2.6987 | 2.6458 | 2.6022 |
| 15 | 4.5431 | 3.6823 | 3.2874 | 3.0556 | 2.9013 | 2.7905 | 2.7066 | 2.6408 | 2.5876 | 2.5437 |
| 16 | 4.4940 | 3.6337 | 3.2389 | 3.0069 | 2.8524 | 2.7413 | 2.6572 | 2.5911 | 2.5377 | 2.4935 |
| 17 | 4.4513 | 3.5915 | 3.1968 | 2.9647 | 2.8100 | 2.6987 | 2.6143 | 2.5480 | 2.4943 | 2.4499 |
| 18 | 4.4139 | 3.5546 | 3.1599 | 2.9277 | 2.7729 | 2.6613 | 2.5767 | 2.5102 | 2.4563 | 2.4117 |
| 19 | 4.3807 | 3.5219 | 3.1274 | 2.8951 | 2.7401 | 2.6283 | 2.5435 | 2.4768 | 2.4227 | 2.3779 |
| 20 | 4.3512 | 3.4928 | 3.0984 | 2.8661 | 2.7109 | 2.5990 | 2.5140 | 2.4471 | 2.3928 | 2.3479 |
| 21 | 4.3248 | 3.4668 | 3.0725 | 2.8401 | 2.6848 | 2.5727 | 2.4876 | 2.4205 | 2.3660 | 2.3210 |
| 22 | 4.3009 | 3.4434 | 3.0491 | 2.8167 | 2.6613 | 2.5491 | 2.4638 | 2.3965 | 2.3419 | 2.2967 |

F Table for $\alpha= 0.05$ (2/3)

| df2/df1 | 12 | 15 | 20 | 24 | 30 | 40 | 60 | 120 | ∞ |
|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1 | 243.9060 | 245.9499 | 248.0131 | 249.0518 | 250.0951 | 251.1432 | 252.1957 | 253.2529 | 254.3144 |
| 2 | 19.4125 | 19.4291 | 19.4458 | 19.4541 | 19.4624 | 19.4707 | 19.4791 | 19.4874 | 19.4957 |
| 3 | 8.7446 | 8.7029 | 8.6602 | 8.6385 | 8.6166 | 8.5944 | 8.5720 | 8.5494 | 8.5264 |
| 4 | 5.9117 | 5.8578 | 5.8025 | 5.7744 | 5.7459 | 5.7170 | 5.6877 | 5.6581 | 5.6281 |
| 5 | 4.6777 | 4.6188 | 4.5581 | 4.5272 | 4.4957 | 4.4638 | 4.4314 | 4.3985 | 4.3650 |
| 6 | 3.9999 | 3.9381 | 3.8742 | 3.8415 | 3.8082 | 3.7743 | 3.7398 | 3.7047 | 3.6689 |
| 7 | 3.5747 | 3.5107 | 3.4445 | 3.4105 | 3.3758 | 3.3404 | 3.3043 | 3.2674 | 3.2298 |
| 8 | 3.2839 | 3.2184 | 3.1503 | 3.1152 | 3.0794 | 3.0428 | 3.0053 | 2.9669 | 2.9276 |
| 9 | 3.0729 | 3.0061 | 2.9365 | 2.9005 | 2.8637 | 2.8259 | 2.7872 | 2.7475 | 2.7067 |
| 10 | 2.9130 | 2.8450 | 2.7740 | 2.7372 | 2.6996 | 2.6609 | 2.6211 | 2.5801 | 2.5379 |
| 11 | 2.7876 | 2.7186 | 2.6464 | 2.6090 | 2.5705 | 2.5309 | 2.4901 | 2.4480 | 2.4045 |
| 12 | 2.6866 | 2.6169 | 2.5436 | 2.5055 | 2.4663 | 2.4259 | 2.3842 | 2.3410 | 2.2962 |
| 13 | 2.6037 | 2.5331 | 2.4589 | 2.4202 | 2.3803 | 2.3392 | 2.2966 | 2.2524 | 2.2064 |
| 14 | 2.5342 | 2.4630 | 2.3879 | 2.3487 | 2.3082 | 2.2664 | 2.2229 | 2.1778 | 2.1307 |
| 15 | 2.4753 | 2.4034 | 2.3275 | 2.2878 | 2.2468 | 2.2043 | 2.1601 | 2.1141 | 2.0658 |
| 16 | 2.4247 | 2.3522 | 2.2756 | 2.2354 | 2.1938 | 2.1507 | 2.1058 | 2.0589 | 2.0096 |
| 17 | 2.3807 | 2.3077 | 2.2304 | 2.1898 | 2.1477 | 2.1040 | 2.0584 | 2.0107 | 1.9604 |
| 18 | 2.3421 | 2.2686 | 2.1906 | 2.1497 | 2.1071 | 2.0629 | 2.0166 | 1.9681 | 1.9168 |
| 19 | 2.3080 | 2.2341 | 2.1555 | 2.1141 | 2.0712 | 2.0264 | 1.9795 | 1.9302 | 1.8780 |
| 20 | 2.2776 | 2.2033 | 2.1242 | 2.0825 | 2.0391 | 1.9938 | 1.9464 | 1.8963 | 1.8432 |
| 21 | 2.2504 | 2.1757 | 2.0960 | 2.0540 | 2.0102 | 1.9645 | 1.9165 | 1.8657 | 1.8117 |
| 22 | 2.2258 | 2.1508 | 2.0707 | 2.0283 | 1.9842 | 1.9380 | 1.8894 | 1.8380 | 1.7831 |

F Table for $\alpha= 0.05$ (3/3)

| df2/df1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 23 | 4.2793 | 3.4221 | 3.0280 | 2.7955 | 2.6400 | 2.5277 | 2.4422 | 2.3748 | 2.3201 |
| 24 | 4.2597 | 3.4028 | 3.0088 | 2.7763 | 2.6207 | 2.5082 | 2.4226 | 2.3551 | 2.3002 |
| 25 | 4.2417 | 3.3852 | 2.9912 | 2.7587 | 2.6030 | 2.4904 | 2.4047 | 2.3371 | 2.2821 |
| 26 | 4.2252 | 3.3690 | 2.9752 | 2.7426 | 2.5868 | 2.4741 | 2.3883 | 2.3205 | 2.2655 |
| 27 | 4.2100 | 3.3541 | 2.9604 | 2.7278 | 2.5719 | 2.4591 | 2.3732 | 2.3053 | 2.2501 |
| 28 | 4.1960 | 3.3404 | 2.9467 | 2.7141 | 2.5581 | 2.4453 | 2.3593 | 2.2913 | 2.2360 |
| 29 | 4.1830 | 3.3277 | 2.9340 | 2.7014 | 2.5454 | 2.4324 | 2.3463 | 2.2783 | 2.2229 |
| 30 | 4.1709 | 3.3158 | 2.9223 | 2.6896 | 2.5336 | 2.4205 | 2.3343 | 2.2662 | 2.2107 |
| 40 | 4.0847 | 3.2317 | 2.8387 | 2.6060 | 2.4495 | 2.3359 | 2.2490 | 2.1802 | 2.1240 |
| 60 | 4.0012 | 3.1504 | 2.7581 | 2.5252 | 2.3683 | 2.2541 | 2.1665 | 2.0970 | 2.0401 |
| 120 | 3.9201 | 3.0718 | 2.6802 | 2.4472 | 2.2899 | 2.1750 | 2.0868 | 2.0164 | 1.9588 |
| ∞ | 3.8415 | 2.9957 | 2.6049 | 2.3719 | 2.2141 | 2.0986 | 2.0096 | 1.9384 | 1.8799 |

| df2/df1 | 10 | 12 | 15 | 20 | 24 | 30 | 40 | 60 | 120 | ∞ |
|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
| 23 | 2.2747 | 2.2036 | 2.1282 | 2.0476 | 2.0050 | 1.9605 | 1.9139 | 1.8648 | 1.8128 | 1.7570 |
| 24 | 2.2547 | 2.1834 | 2.1077 | 2.0267 | 1.9838 | 1.9390 | 1.8920 | 1.8424 | 1.7896 | 1.7330 |
| 25 | 2.2365 | 2.1649 | 2.0889 | 2.0075 | 1.9643 | 1.9192 | 1.8718 | 1.8217 | 1.7684 | 1.7110 |
| 26 | 2.2197 | 2.1479 | 2.0716 | 1.9898 | 1.9464 | 1.9010 | 1.8533 | 1.8027 | 1.7488 | 1.6906 |
| 27 | 2.2043 | 2.1323 | 2.0558 | 1.9736 | 1.9299 | 1.8842 | 1.8361 | 1.7851 | 1.7306 | 1.6717 |
| 28 | 2.1900 | 2.1179 | 2.0411 | 1.9586 | 1.9147 | 1.8687 | 1.8203 | 1.7689 | 1.7138 | 1.6541 |
| 29 | 2.1768 | 2.1045 | 2.0275 | 1.9446 | 1.9005 | 1.8543 | 1.8055 | 1.7537 | 1.6981 | 1.6376 |
| 30 | 2.1646 | 2.0921 | 2.0148 | 1.9317 | 1.8874 | 1.8409 | 1.7918 | 1.7396 | 1.6835 | 1.6223 |
| 40 | 2.0772 | 2.0035 | 1.9245 | 1.8389 | 1.7929 | 1.7444 | 1.6928 | 1.6373 | 1.5766 | 1.5089 |
| 60 | 1.9926 | 1.9174 | 1.8364 | 1.7480 | 1.7001 | 1.6491 | 1.5943 | 1.5343 | 1.4673 | 1.3893 |
| 120 | 1.9105 | 1.8337 | 1.7505 | 1.6587 | 1.6084 | 1.5543 | 1.4952 | 1.4290 | 1.3519 | 1.2539 |
| ∞ | 1.8307 | 1.7522 | 1.6664 | 1.5705 | 1.5173 | 1.4591 | 1.3940 | 1.3180 | 1.2214 | 1.0000 |

APPENDIX F: QUESTIONNAIRE RELIABILITY

Reliability Statistics

| | | |
|------------------|--|------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| 0.959 | 0.958 | 45 |

Item-Total Statistics

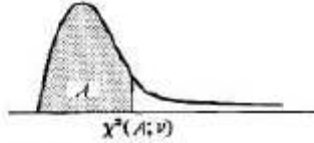
| Questions | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----------|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| Q9i | 143.15 | 709.508 | 0.535 | 0.958 |
| Q9ii | 142.88 | 723.735 | 0.513 | 0.958 |
| Q9iii | 143.15 | 710.445 | 0.653 | 0.958 |
| Q9iv | 143.55 | 691.881 | 0.720 | 0.957 |
| Q9v | 142.58 | 721.064 | 0.580 | 0.958 |
| Q9vi | 143.27 | 725.955 | 0.349 | 0.959 |
| Q9vii | 143.27 | 712.142 | 0.641 | 0.958 |
| Q9viii | 143.79 | 710.860 | 0.571 | 0.958 |
| Q9ix | 143.42 | 708.127 | 0.666 | 0.957 |
| Q9x | 143.85 | 713.070 | 0.534 | 0.958 |
| Q9vi | 143.55 | 713.631 | 0.563 | 0.958 |
| Q9vi | 143.21 | 726.047 | 0.455 | 0.958 |
| Q9vi | 143.39 | 716.246 | 0.480 | 0.958 |
| Q9vi | 143.58 | 720.627 | 0.469 | 0.958 |
| Q9vi | 143.03 | 743.280 | 0.025 | 0.960 |
| Q9vi | 143.12 | 735.485 | 0.181 | 0.960 |
| Q11i | 142.70 | 732.030 | 0.448 | 0.959 |
| Q11ii | 143.09 | 732.460 | 0.226 | 0.960 |
| Q11iii | 144.15 | 709.945 | 0.569 | 0.958 |
| Q11iv | 143.82 | 709.466 | 0.623 | 0.958 |
| Q11v | 144.15 | 723.133 | 0.456 | 0.958 |
| Q11vi | 143.97 | 713.218 | 0.560 | 0.958 |
| Q11vii | 143.70 | 713.718 | 0.512 | 0.958 |
| Q11viii | 143.97 | 692.030 | 0.838 | 0.956 |
| Q11ix | 143.58 | 703.939 | 0.731 | 0.957 |
| Q11x | 144.00 | 703.500 | 0.676 | 0.957 |
| Q11xi | 142.76 | 719.502 | 0.686 | 0.958 |
| Q11xii | 143.76 | 706.252 | 0.642 | 0.958 |
| Q11xiii | 144.12 | 702.922 | 0.674 | 0.957 |
| Q11xiv | 144.48 | 723.758 | 0.392 | 0.959 |
| Q11xv | 142.73 | 718.955 | 0.573 | 0.958 |
| Q13i | 143.30 | 721.468 | 0.472 | 0.958 |
| Q13ii | 143.91 | 697.210 | 0.762 | 0.957 |
| Q13iii | 143.94 | 699.184 | 0.741 | 0.957 |
| Q13iv | 143.79 | 706.297 | 0.691 | 0.957 |
| Q13v | 143.33 | 711.167 | 0.641 | 0.958 |
| Q13vi | 143.24 | 708.064 | 0.698 | 0.957 |
| Q13vii | 143.27 | 708.517 | 0.646 | 0.958 |
| Q13viii | 142.97 | 721.343 | 0.495 | 0.958 |
| Q13ix | 144.00 | 695.813 | 0.770 | 0.957 |
| Q13x | 143.15 | 711.633 | 0.572 | 0.958 |
| Q13xi | 143.88 | 702.985 | 0.707 | 0.957 |
| Q13xii | 143.18 | 704.091 | 0.652 | 0.958 |
| Q13xiii | 143.03 | 710.968 | 0.576 | 0.958 |
| Q13xiv | 143.24 | 702.002 | 0.640 | 0.958 |

APPENDIX G: CHI-SQUARE DISTRIBUTION

Chi-Square Distribution

Table C-2. Percentiles of the χ^2 Distribution

Entry is $\chi^2(A; \nu)$ where $P\{\chi^2(\nu) \leq \chi^2(A; \nu)\} = A$



| ν | A | | | | | | | | | |
|-------|---------|---------|---------|---------|---------|-------|-------|-------|-------|-------|
| | .005 | .010 | .025 | .050 | .100 | .900 | .950 | .975 | .990 | .995 |
| 1 | 0.00433 | 0.00447 | 0.00462 | 0.00477 | 0.00491 | 2.71 | 3.84 | 5.02 | 6.63 | 7.88 |
| 2 | 0.0100 | 0.0201 | 0.0506 | 0.103 | 0.211 | 4.61 | 5.99 | 7.38 | 9.21 | 10.60 |
| 3 | 0.072 | 0.115 | 0.216 | 0.352 | 0.584 | 6.25 | 7.81 | 9.35 | 11.34 | 12.84 |
| 4 | 0.207 | 0.297 | 0.484 | 0.711 | 1.064 | 7.78 | 9.49 | 11.14 | 13.28 | 14.86 |
| 5 | 0.412 | 0.554 | 0.831 | 1.145 | 1.61 | 9.24 | 11.07 | 12.83 | 15.09 | 16.75 |
| 6 | 0.676 | 0.872 | 1.24 | 1.64 | 2.20 | 10.64 | 12.59 | 14.45 | 16.81 | 18.55 |
| 7 | 0.989 | 1.24 | 1.69 | 2.17 | 2.83 | 12.02 | 14.07 | 16.01 | 18.48 | 20.28 |
| 8 | 1.34 | 1.65 | 2.18 | 2.73 | 3.49 | 13.36 | 15.51 | 17.53 | 20.09 | 21.96 |
| 9 | 1.73 | 2.09 | 2.70 | 3.33 | 4.17 | 14.68 | 16.92 | 19.02 | 21.67 | 23.59 |
| 10 | 2.16 | 2.56 | 3.25 | 3.94 | 4.87 | 15.99 | 18.31 | 20.48 | 23.21 | 25.19 |
| 11 | 2.60 | 3.05 | 3.82 | 4.57 | 5.58 | 17.28 | 19.68 | 21.92 | 24.73 | 26.76 |
| 12 | 3.07 | 3.57 | 4.40 | 5.23 | 6.30 | 18.55 | 21.03 | 23.34 | 26.22 | 28.30 |
| 13 | 3.57 | 4.11 | 5.01 | 5.89 | 7.04 | 19.81 | 22.36 | 24.74 | 27.69 | 29.82 |
| 14 | 4.07 | 4.66 | 5.63 | 6.57 | 7.79 | 21.06 | 23.68 | 26.12 | 29.14 | 31.32 |
| 15 | 4.60 | 5.23 | 6.26 | 7.26 | 8.55 | 22.31 | 25.00 | 27.49 | 30.58 | 32.80 |
| 16 | 5.14 | 5.81 | 6.91 | 7.96 | 9.31 | 23.54 | 26.30 | 28.85 | 32.00 | 34.27 |
| 17 | 5.70 | 6.41 | 7.56 | 8.67 | 10.09 | 24.77 | 27.59 | 30.19 | 33.41 | 35.72 |
| 18 | 6.26 | 7.01 | 8.23 | 9.39 | 10.86 | 25.99 | 28.87 | 31.53 | 34.81 | 37.16 |
| 19 | 6.84 | 7.63 | 8.91 | 10.12 | 11.65 | 27.20 | 30.14 | 32.85 | 36.19 | 38.58 |
| 20 | 7.43 | 8.26 | 9.59 | 10.85 | 12.44 | 28.41 | 31.41 | 34.17 | 37.57 | 40.00 |
| 21 | 8.03 | 8.90 | 10.28 | 11.59 | 13.24 | 29.62 | 32.67 | 35.48 | 38.93 | 41.40 |
| 22 | 8.64 | 9.54 | 10.98 | 12.34 | 14.04 | 30.81 | 33.92 | 36.78 | 40.29 | 42.80 |
| 23 | 9.26 | 10.20 | 11.69 | 13.09 | 14.85 | 32.01 | 35.17 | 38.08 | 41.64 | 44.18 |
| 24 | 9.89 | 10.86 | 12.40 | 13.85 | 15.66 | 33.20 | 36.42 | 39.36 | 42.98 | 45.56 |
| 25 | 10.52 | 11.52 | 13.12 | 14.61 | 16.47 | 34.38 | 37.65 | 40.65 | 44.31 | 46.93 |
| 26 | 11.16 | 12.20 | 13.84 | 15.38 | 17.29 | 35.56 | 38.89 | 41.92 | 45.64 | 48.29 |
| 27 | 11.81 | 12.88 | 14.57 | 16.15 | 18.11 | 36.74 | 40.11 | 43.19 | 46.96 | 49.64 |
| 28 | 12.46 | 13.56 | 15.31 | 16.93 | 18.94 | 37.92 | 41.34 | 44.46 | 48.28 | 50.99 |
| 29 | 13.12 | 14.26 | 16.05 | 17.71 | 19.77 | 39.09 | 42.56 | 45.72 | 49.59 | 52.34 |
| 30 | 13.79 | 14.95 | 16.79 | 18.49 | 20.60 | 40.26 | 43.77 | 46.98 | 50.89 | 53.67 |
| 40 | 20.71 | 22.16 | 24.43 | 26.51 | 29.05 | 51.81 | 55.76 | 59.34 | 63.69 | 66.77 |
| 50 | 27.99 | 29.71 | 32.36 | 34.76 | 37.69 | 63.17 | 67.50 | 71.42 | 76.15 | 79.49 |
| 60 | 35.53 | 37.48 | 40.48 | 43.19 | 46.46 | 74.40 | 79.08 | 83.30 | 88.38 | 91.95 |
| 70 | 43.28 | 45.44 | 48.76 | 51.74 | 55.33 | 85.53 | 90.53 | 95.02 | 100.4 | 104.2 |
| 80 | 51.17 | 53.54 | 57.15 | 60.39 | 64.28 | 96.58 | 101.9 | 106.6 | 112.3 | 116.3 |
| 90 | 59.20 | 61.75 | 65.65 | 69.13 | 73.29 | 107.6 | 113.1 | 118.1 | 124.1 | 128.3 |
| 100 | 67.33 | 70.06 | 74.22 | 77.93 | 82.36 | 118.5 | 124.3 | 129.6 | 135.8 | 140.2 |