OUTSOURCING MANAGEMENT AND VALUE FOR MONEY IN THE PUBLIC SECTOR: A CASE OF SELECTED CENTRAL GOVERNMENT ENTITIES IN UGANDA

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SEPTEMBER, 2012.
I, Aheebwa Moses do declare that, this dissertation is my original work and has not been published and/or submitted for any award in any other University before.

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# TABLE OF CONTENT

DECLARATION .................................................................................................................. i 

APPROVAL...................................................................................................................... ii 

ACKNOWLEDGEMENT ................................................................................................... iii 

DEDICATION .................................................................................................................. viii 

LIST OF ABBREVIATIONS ............................................................................................. ix 

CHAPTER ONE: INTRODUCTION .................................................................................... 1 

1.1 Background of the Study .......................................................................................... 1 

1.2 Statement of Problem ............................................................................................. 4 

1.3 Purpose of the Study ............................................................................................... 4 

1.4 The Objective of Study ............................................................................................ 5 

1.5 Research Questions ................................................................................................ 5 

1.6 Scope of Study ......................................................................................................... 6 

1.6.1 Subject Scope ..................................................................................................... 6 

1.6.2 Geographical Scope ............................................................................................ 6 

1.7 Significance of the Study ......................................................................................... 6 

1.8 Conceptual Framework ........................................................................................... 7 

CHAPTER TWO: LITERATURE REVIEW ........................................................................ 9 

2.0 Definition of Key Terms .......................................................................................... 9 

2.1.1 Outsourcing ......................................................................................................... 9 

2.1.2 Value for Money ................................................................................................ 9 

2.1.3 Outsourcing Management .................................................................................. 10 

2.1.4 Provider Competence ....................................................................................... 11 

2.1.5 Provider Behavior ............................................................................................. 11 

2.2 Outsourcing Management and Value for Money ..................................................... 12
LIST OF TABLES AND FIGURES

Figure 1. Conceptual Model ................................................................. 8
Figure 2. Age of Respondents................................................................. 27
Figure 3. Highest Education Level of the Respondent .............................. 28
Table 3-1 Summary of the Sample Size................................................ 21
Table 3-3: Reliability Analysis.............................................................. 23
Table 4-1 Response Rate........................................................................ 26
Table 4-2 Age of Respondents.............................................................. 27
Table 4-3 Experience in Current Organisation........................................ 28
Table 4-4 Distribution of the Experience in handling Outsourcing Assignment by Employment Terms........... 30
Table 4-5 Distribution of the Organisational Age by the Category ............. 31
Table 4-6 Distribution of Organisation Category by the Nature of Services......................................................... 33
Table 4-7 Relationship between Variables............................................. 34
Table 4-8 Regression Model ................................................................ 36
Table 4-10 ANOVA Results for Organisation Category by Variable .......... 37
Table 4-11 ANOVA Results for Organisational Age by Variance .............. 39
DEDICATION

To my dear wife Oliver, my son Daniel, Nimrod, and Timothy
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
</tr>
<tr>
<td>BBA</td>
<td>Bachelor of Business Administration</td>
</tr>
<tr>
<td>CHOUGHUM</td>
<td>Common Wealth Heads of Government Meeting</td>
</tr>
<tr>
<td>GOU</td>
<td>Government of Uganda</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>IASIA</td>
<td>International Association of Schools and Institutes of Administration</td>
</tr>
<tr>
<td>PGD PSCM</td>
<td>Post Graduate Diploma in Procurement and Supply Chain Management</td>
</tr>
<tr>
<td>PDE</td>
<td>Procuring and Disposing Entity</td>
</tr>
<tr>
<td>PPDA</td>
<td>Public Procurement and Disposal of Public Assets Authority</td>
</tr>
<tr>
<td>UDBS</td>
<td>Uganda Diploma in Business Studies</td>
</tr>
<tr>
<td>UPPC</td>
<td>Uganda Printing and Publishing Corporation</td>
</tr>
<tr>
<td>USE</td>
<td>Universal Secondary Education</td>
</tr>
<tr>
<td>VFM</td>
<td>Value for Money</td>
</tr>
<tr>
<td>3 E’s</td>
<td>Economy Efficiency and Effectiveness</td>
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ABSTRACT

Managers in the Public sector are under constant pressure to improve on quality of services delivered and achieve value for money from the resource under their control. To meet this public demand they have adopted new public management practices and outsourcing of public services is one of these management practices that have been adopted by Central government entities in Uganda. However although its widely believed that outsourcing improves on value for money in the public sector, most central government entities in Uganda experience difficulty in realizing value for money, this puts the management of outsourcing contracts, provider competence and provider behavior in question.

The study examined the relationship between outsourcing management and value for money in the public sector, the relationship of provider competence and provider behavior were tested as modifiers in the model as an extension of previous literature, which suggests that those variables influence the strength of the relationship. It was a cross-sectional study with quantitative methods of data collection that was conducted mainly in Kampala and neighboring districts. Stratified random sampling was used to select 91 central government entities’ out of a population of 116 central government entities. Two respondents were purposely selected from each entity sampled making a total of 182 respondents. The Data was collected using a pre-tested self-administered questionnaire.

The findings revealed that there exists a significant positive relationship between outsourcing management and value for money. The relationship between outsourcing management and Provider competence are also significantly and positively related. Further the results revealed that there exists significant positive relationship between outsourcing management and Service provider behavior. Similarly Provider competence and behavior was also observed to be positively related to the Value for money. It was also found out that variables studied contribute 30.6 % of variance in value for money.