

**MAKERERE UNIVERSITY**  
**BUSINESS SCHOOL**

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

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REQUIREMENTS FOR THE AWARD OF A MASTER DEGREE OF SCIENCE  
(ACCOUNTING AND FINANCE) OF MAKERERE UNIVERSITY**

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## DECLARATION

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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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## APPROVAL

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This dissertation has been submitted with my approval as the University Supervisor

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## DEDICATION

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To my dear wife Oliver, my son Daniel, Nimrod, and Timothy

## LIST OF ABBREVIATIONS

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ANOVA	:	Analysis of Variance
BBA	:	Bachelor of Business Administration
CHOGHUM	:	Common Wealth Heads of Government Meeting
GOU	:	Government of Uganda
OECD	:	Organization for Economic Co-operation and Development
IASIA	:	International Association of Schools and Institutes of Administration
PGD PSCM	:	Post Graduate Diploma in Procurement and Supply Chain Management
PDE	:	Procuring and Disposing Entity
PPDA	:	Public Procurement and Disposal of Public Assets Authority
UDBS	:	Uganda Diploma in Business Studies
UPPC	:	Uganda Printing and Publishing Corporation
USE	:	Universal Secondary Education
VFM	:	Value for Money
3 E's	:	Economy Efficiency and Effectiveness

## 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.