

## Research Findings Seminar

### Topic B: “*Contracting Out and Quality of Road Maintenance Service in Uganda Using Panel Data*”

(in English)

**Presenter:** Ms. KATUNZE Miriam Nabawanga (PhD Student)

**Date:** 17 April 2020 (Friday)

**Time:** 13:45 – 14:30

**Venue:** ZOOM Meeting (Registration link:  
<https://lingnan.zoom.us/meeting/register/vJcldOispj4uaLZUZRB3RAp92a2U-yCMw>)

**Chief Supervisor:** Prof. Thomas VOON (Associate Professor)

**Co-supervisor:** Prof. HONG Fuhai (Associate Professor)

#### **Abstract:**

There is strong evidence that outsourcing can give rise to cost savings in public service delivery. Despite this compelling evidence, not many research papers have been devoted to demonstrating the benefits of contracting out in developing countries. The majority of the studies show associative but not dynamic evidence, especially for public technical services like road maintenance. This paper examines the effect of contracting out on the quality of road maintenance services in Uganda using panel data. Selection bias has been controlled by accounting for the year, region, and terrain. The results reveal a negative effect of contracting out on the quality of road maintenance in Uganda.

Given that the outcome is ordinal, local governments that contract out are less likely to observe the excellent quality of road maintenance service. Multiple imputation regressions, transformations in the population variable, and the removal of the capital city (Kampala) sample consistently reflect a negative relationship, hence achieving robustness. The result corroborates prior research on service quality and contracting in various fields such as education, prisons, and workers ‘compensation claims. This result could be attributed to the conventional thinking that contracting out lowers the spending, which consequentially reduces the service quality as both government and contractors. Poor contractual management practices and delays arising from bureaucracy further explain the paper’s main finding.

Moreover, contractors tend to perform better at the beginning of the contract than toward the end of it. This explanation corroborates with the prior studies. The paper contributes to the related literature, the broad literature, as well as to Uganda and other developing nations at large. The limitations of the analysis are discussed, and the recommendations for further research are provided.

**ALL ARE WELCOME**

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