

**INSTITUTIONAL CAPACITY, ORGANISATIONAL CLIMATE AND CONTRACT  
MANAGEMENT PRACTICES IN LOCAL GOVERNMENTS  
OF BUSOGA SUB-REGION**

**ETENU TIMOTHY**

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## **ABSTRACT**

This study examined the relationship between institutional capacity, organisational climate, and contract management practices among local governments in the Busoga Sub-region. The study was guided by four objectives; to assess the relationship between institutional capacity and contract management practices, to examine the relationship between organisational climate and contract management practices, to establish the relationship between institutional capacity and organisational climate, and to determine the mediating effect of organisational climate on the relationship between institutional capacity and contract management practices. The study adopted a cross-sectional research design with a quantitative approach, targeting 118 local governments in the Busoga Sub-region. A response rates of 76.3% at the unit of analysis level was realized, and data were analysed using descriptive statistics, Pearson correlation, simple linear regression, and Hayes' PROCESS macro (Model 4) for mediation testing. The findings revealed a significant positive relationship between institutional capacity and contract management practices, organisational climate and contract management practices, institutional capacity and organisational climate, while mediation analysis showed that organisational climate partially mediated the relationship between institutional capacity and contract management practices, with the indirect effect accounting for 41.3% of the total effect. As such all four hypotheses were supported. The study concludes that institutional capacity alone cannot guarantee effective contract management unless it is deliberately paired with a supportive organisational climate, and recommends that local governments and oversight bodies such as the Ministry of Local Government design capacity-building and climate-improvement interventions to strengthen contract management practices of public contracts in the Busoga Sub-region.