

**DETERMINANTS OF PROCUREMENT CONTRACT MANAGEMENT OF
SELECTED STATE CORPORATIONS IN NAKURU COUNTY, KENYA,
KENYA**

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TECHNOLOGY**

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DECLARATION

This project is my original work and has not been presented for a degree in any other university.

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HD322-C007-7870/2015

Sign.....Date.....

This research project has been submitted for examination with my approval as university supervisor

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DEDICATION

This project is dedicated to the memory of my father, David Soi. He taught me to persevere and prepared me to face the challenges with faith and humility. He was constant source of inspiration to my life. Although he is not here to give me strength and support I always feel his presence that used to urge me to strive to achieve my goals in life.

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ABSTRACT

A contract is a written or oral legally -binding agreement between the parties identified in the agreement to fulfill the terms and conditions outlined in the agreement. Contract management is the process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular to provide value for money. Contract management enhances the procurement function in diverse ways including anticipating future needs of users, reacting to arising challenges, and achievement of product and services quality. Despite the importance of contract management amongst the procurement authorities, state corporation still face diverse challenges associated with contract management. The study therefore seeks to determinants of procurement contract management of selected state corporations in Nakuru County, Kenya, Kenya. Specifically the study sought to establish the role of compliance of contract conditions, contract documentation, cost management and contract monitoring on procurement contract management of selected state corporations in Nakuru County, Kenya. This study adopted descriptive research design. The target population of this study comprised of 28 procurement staff, 28 finance staff and 30 management staff from 10 selected state corporations in Nakuru County, Kenya. The study used primary data, which was collected by use of structured questionnaires. Quantitative data was analysed by use of descriptive and inferential statistics through the help of Statistical Package for Social Sciences (SPSS) version 24. Descriptive statistics included percentages, frequencies, measures of central tendencies (mean) and measures of dispersion (standard deviation). Inferential statistic involving the use of correlation analysis was used to determine the nature of the relationship between variables. The regression coefficient of -0.200 for the compliance with contract terms and conditions implied that a unit increase in compliance levels with contract conditions with the other variables left constant would lead to a -0.200 decrease in the effectiveness of contract management. This implies that compliance with contract terms and conditions on its own is not sufficient to lead to a positive influence on the contract management. The regression coefficient of 0.243 for the contract documentation implies that a unit increase in contract documentation would lead to a 0.243 increase in effective contract management with the other independent variables kept constant. The regression coefficient of -0.240 for the cost management implied that a unit increase in cost management with the other variables left constant would lead to a -0.240 decrease in the effectiveness of contract management. On the other hand, a unit increase in contract monitoring would lead to a 0.317 increase in effective contract management with the other independent variables kept constant. The study concluded that compliance with contract terms and conditions as well as cost management were metrics that on their own they could lead to a positive influence on procurement contract management. From the finding the researcher concluded that state corporations comply with contract conditions by awarding the contract to the most suitable party. Regarding contract documentation the researcher concluded that failure to understand the contract document potentially leads to mistakes in implementation of contract which caused unnecessary rework and increase in project cost. The study recommends that in order for the state corporations to improve on the effectiveness of the contract management, the state corporations must place emphasis on contract documentation and contract monitoring of contract management. Emphasize should be done to contractors to review and understand the contract requirement.

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ABBREVIATIONS AND ACRONYMS

DoD	Department of Defense
GoK	Government of Kenya
IEBC	Independent Electoral and Boundaries Commission
IMF	International Monetary Fund
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KENGEN	Kenya Electricity Generating Company
KPI	Key Performance Indicators
MDAs	Ministries' Departments and Agencies
PCM	Procurement Contract Management
PDE	Public Procurement Authorities
PPDA	Public Procurement and Asset Disposal Act 2015
PPRA	Public Procurement Regulatory Authority

DEFINITIONS OF TERMS

Contract Management	Is a profession that includes many positions within the federal government, industry, commercial businesses, academia, and more. Contracts are created between buyers and sellers. (Wearne, 1995).
Contract Documentation	Preparation of a set of commercial and financial documents that record or support a business transaction (Chandra, 2008).
Contract monitoring	Is a visual indicator of where your contract is in the contract life cycle, and it designates when a contract is available for lookup and processing. PeopleSoft Contracts delivers a set of system-defined processing statuses that control the type of processing that can occur against a contract. Collins (2005)
State corporations	A statute established by an Act of Parliament; a bank or other financial institution or other company whose shares or a majority of whose shares are owned by government or by another state corporation, and; a subsidiary of a state corporation (R.O.K, 2004)
Procurement contract management	Activities of a buyer during a contract period to ensure that all parties to the contract fulfill their contractual obligation (Bailey, 2008).
Contract Cost Management	Activities for estimating costs, developing contract budget and controlling spending (Inayatullah et al, 2012).
Compliance with Contract Conditions	Conforming to the rules in the agreement by purchasing organization such as payment terms and minimum order requirements by using framework agreements for the entire company (Telgen, 2004).

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A contract is a written or oral legally -binding agreement between the parties identified in the agreement to fulfill the terms and conditions outlined in the agreement. A prerequisite requirement for the enforcement of a contract, amongst other things, is the condition that the parties to the contract accept the terms of the claimed contract (Arrow smith, 2004). Historically, this was most commonly achieved through signature or performance, but in many jurisdictions -especially with the advance of electronic commerce -the forms of acceptance have expanded to include various forms of electronic signature.

Contracts can be of many types, e.g. sales contracts (including leases), purchasing contracts, partnership agreements, trade agreements, and intellectual property agreements. Contract management are the activities of a buyer during a contract period to ensure that all parties to the contract fulfill their contractual obligation (Bailey, 2008).Contract life cycle management is the process of systematically and efficiently managing the contract creation, execution and analysis of maximizing operational and financial performance and minimizing risks (Else, 2007).

A sales contract is a contract between a company (the seller) and a customer that where the company agrees to sell products and/or services. The customer in return is obligated to pay for the product/services bought. A purchasing contract is a contract between a company (the buyer) and a supplier who is promising to sell products and/or services within agreed terms and conditions. The company (buyer) in return is obligated to acknowledge the goods / or service and pay for liability created (Willmott, 2009)

Contract management is the process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular to provide value for money. As a result developing and managing contracts is a skill required by public sector entities in the management of the majority, if not all, programmes. However, contract management is not an end in itself and it is important that all contracting decisions and actions focus on the outcomes that entities are seeking to achieve (Saxena, 2008).

In the public sector there is huge variety of contracts, with different types of contracts needing different types of contract management. On the other hand agency contract management is the process of managing all stages in the lifecycle of enterprise-wide contracts with the goal of minimizing costs and risks, maximizing revenues, streamlining operations, and improving compliance with policies, procedures, regulations, and negotiated terms and conditions. Successful and efficient contract management practices are those that meet the needs of the company's stakeholders, achieve optimum conditions and value in regard to the allocation of scarce tax payers resources (best value for money), ensure rational and efficient of funds available, stimulate valuable competition and manage the risk and potential liabilities to the buyer thus improving service delivery (Bradley, 2002).

Enforcement of existing regulatory measures must be enforced to avoid pitfalls of inefficient contract management process and eventual poor service delivery. The people in charge of the contracts need to play an important and meaningful role in ensuring that the company's contractual goals are fully achieved at the minimum cost possible. As a result, consideration should be given to address the questions in the procurement contract literature as to how the supplier can provide the buyer with sufficient flexibility while not assuming all the risk due to demand uncertainty (Golovachkina and Bradley, 2002). Equally pertinent is need for trained personnel in contract management and procurement procedures. But this is not usually the case as supported by Nadiope (2005) who observes that the government lacks trained procurement personnel.

In the United States federal government continues to increase its level of public spending for supplies and services. Within the federal government, the Department of Defense (DoD) is the largest contracting agency, procuring approximately \$370 billion in FY2009 (FPDS, 2010). This was an increase from \$133 billion in FY2000. The DoD acquisition workforce professionals are responsible for managing over 3 million contract actions for the procurement of critical supplies and services, ranging from commercial-type supplies, professional and administrative services, highly complex information technology systems, and major defense weapon systems (FPDS, 2010).

The extent and amount of defense procurement spending necessitates that these contract management processes be well managed (Thai, 2004). However, this is not necessarily the case. Between 2001 and 2009, the Government Accountability Office

(GAO) has issued 16 reports related to trends, challenges, and deficiencies in federal government contracting. Also, between 2002 and 2008, the DoD Inspector General (DoD IG) issued 142 reports on deficiencies in the DoD acquisition and contract administration processes. These reports have identified project management and contract management as some of the critical deficient areas in DoD contracts. The essence of DoD contract management is the proper planning, award, and administration of contracts and the oversight of contractor performance (Rendon & Snider, 2008). The lack of effective contract administration and contractor oversight increases the government's risk of jeopardizing the total value for the dollars spent on supplies and services.

Oliveira (2015) in a study on the management of construction agreements in South Africa has examined the concept of contract management. The study notes that contract management is a process enabling the contractual parties involved to meet their obligations. This is with a view of delivering the objectives arising in terms of the contract by proactively managing the contract so as to anticipate future needs and react to situations that may arise.

In Uganda the need for training personnel particularly to contract management can only be established after what is known about the same has been established. Public Procurement Authorities must continuously formulate and implement strategies to address the existing capacity gaps within PDEs especially in the area of contract award and management. This evidenced by the PPDA Capacity Building Report (2010) which noted that some PDEs had serious constraints in execution and monitoring of contracts.

In an effort to attain these demands, organizations constantly look for employees who have skills necessary to deal with the wide variety of tasks (Monczka et al., 1998; Sauber et al., 2008). Notwithstanding the above, Lan, Riley and Cayer, (2005) posit that finding, hiring and retaining dedicated, energetic, and ethical employees with special skills is always hard. The supervisors (contract managers) should be knowledgeable in contract management. Organisations must, therefore, assign experienced staff to supervise the consultant and contractors. This should be accompanied by proper record keeping.

1.1.1 State Corporations

State Corporation is a statute established by an Act of Parliament; a bank or other financial institution or other company whose shares or a majority of whose shares are owned by government or by another state corporation, and; a subsidiary of a state corporation. According to Njiru (2007), the Kenyan government forms these state corporations to meet both commercial and social goals. They exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas.

The Kenyan government acknowledges that over the years there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization of sustainable economic growth. This led to the development of Kenya Vision 2030 as the country's development blueprint covering the period 2008 to 2030. State corporations play a major role in the development of the country through provision of public services and have become a strong entity in Kenya and very useful engines to promoting development. On the international scenes the global economy recorded a growth of 5.1% in 2006 compared to 4.5% (IMF 2005).

In Kenya state corporations accounted for 20% of the country's Gross Domestic Product (GDP), provided employment opportunities to about 300,000 people in the formal sector and 3.7 million persons in the informal sectors of the economy (GoK 2004). The government through sessional paper no. 10 of 1965 established state corporation by an act of parliament to meet both commercial and social goals, that was to correct market failure, to exploit social and political objectives, provide education, health and redistribute income or develop marginal areas. One aim of making Kenya a newly industrialized, middle income country by providing quality life for all its citizens is by the Kenyan Vision 2030 (KNBS, 2008).

However, in addition, State Corporations in Kenya has been experiencing a myriad of problems including corruption, nepotism and mismanagement. For example a world bank report (2004) stated that a key area for corruption busting reform is the parastatal sector which when compared to similar economies are a drain on public resources and are locus of corruption that thrives in public monopolies especially when coupled with lax oversight, mismanagement and fiduciary control procedures. An area of State Corporations dominance that cries out for reforms is the financial sector and other support and service provision sectors. In fact the public investment committee reports

of out of 130 reports examined by the Auditor General, only 23 Corporations managed a clean bill of health (GoK, 2002).

The general story is one of loss, fraud, theft and gross mismanagement which are hampering improved and sustained performance and service delivery. In view of the myriad challenges of budgetary allocations, staffing, and deterioration and near collapse of infrastructure, negative travel advisories issued by the governments in the main international source markets, coupled with actual and perceived concerns regarding safety and security results in negative publicity affecting marketing efforts (Economic Survey 2009). Private and public sector organizations have been experiencing challenges on their procurement performance but organizations which have enhanced their performance through embracing e-procurement strategy have been able to supersede others in terms of accountability and transparency (Subramaniam & Shaw, 2002) Productivity of state corporations was quite low while at the same time they continued to absorb excessive portion of the budget, becoming a principal cause of long term procurement problems (Hawamdeh 2005). State Corporations' operations had become inefficient and non-profitable, partly due to multiplicity of objectives, stifled private sector initiatives and failing of joint ventures requiring the government to shoulder major procurement burdens (Naliaka, 2005). 31% of state corporations rely on old records in selecting their suppliers, while 69% search through internet catalogue in selecting suppliers Comick (2006).

1.2 Statement of the Problem

The contract management is a critical component of procurement process of public bodies. Contract management enhances the procurement process in diverse ways including anticipating future needs of users, reacting to arising challenges, and achievement of product and services quality. Other aspects include lead times in service delivery, budget considerations in procurement aspects, optimization of the efficiency, effectiveness and economy of service in contractual relationship, balancing costs against risks and actively management the relationship between procurement parties. Despite the importance of contract management amongst the procurement authorities, state corporation still face diverse challenges associated with contract management. For example, KenGen in 2015 cancelled Ksh 52 billion contract awarded to Rentco for the operation of geothermal well fields to due diligence not undertaken before the awarding of the contract. The Independent Electoral and

Boundaries Commission (IEBC) faced similar contract management challenges in respect to the ballot paper tendering resulting in delay in procurement of the same. Aluonzi, Oluca & Nduhura (2016) examined the role of contract management and performance of road maintenance projects. Dmaidi, Dwaikat & Shweiki (2013) examined the role of construction contracting management obstacles in Palestine while Marco (2013) examined contract management in Tanzania. These studies don't examine determinants of procurement contract management. It is on the basis of this gap that the researcher seeks to fill this by answering the question: what are the determinants of procurement contract management of selected state corporations in Nakuru County, Kenya?

1.3 Objectives of the study

1.3.1 General Objective

The general objective of the study is the determinants of procurement contract management of selected state corporations in Nakuru County, Kenya.

1.3.2 Specific Objectives

The specific objectives of the study include;

- (i) To examine the influence of compliance with contract conditions on procurement contract management of selected state corporations in Nakuru County, Kenya
- (ii) To establish the influence of contract documentation on procurement contract management of selected state corporations in Nakuru County, Kenya
- (iii) To find out the influence of contract cost management on procurement contract management of selected state corporations in Nakuru County, Kenya
- (iv) To examine the influence of contract monitoring on procurement contract management of selected state corporations in Nakuru County, Kenya.

1.4 Research Hypotheses

The study was guided by the following research hypotheses;

H₀₁: Compliance with contract conditions has no significant effect on procurement contract management of state corporations in Nakuru County, Kenya.

H₀₂: Contract documentation has no significant effect on procurement contract management of state corporations in Nakuru County, Kenya.

H₀₃: Contract cost management has no significant effect on procurement contract management of state corporations in Nakuru County, Kenya.

H₀₄: Contract monitoring has no significant effect on procurement contract management of state corporations in Nakuru County, Kenya.

1.5 Significance of the Study

This study is of significance to the management of the state corporations, the procurement officials within these state corporations and the Public Procurement Regulatory Authority Kenya (PPRA). The study helped the management of the state corporations, the procurement officials within these state corporations and PPRA develop policies at their respective levels which ensured that contract management processes are effective in order to improve on procurement performance of state corporations. This was possible due to the study's ability to highlight gaps in existing contract management policies in relation to procurement contract management in state corporations.

The state corporations will also be able to formulate strategies as well as action plans to improve their procurement management. The study on various state corporations in Nakuru County, Kenya will also highlight the contract management processes which are effective in these state corporations and therefore encourage other state corporations in Kenya to adopt them for greater compliance with the procurement laws and other related acts of parliament. Additionally, the procurement officials in state corporations realized the standard operating procedures that can help them reduce the cost and time associated with contract management. Researchers and scholars in the subject area will also gain from this study as they gained more knowledge on the determinants of Procurement contract management in State Corporation.

1.6 Scope of the Study

The geographical scope of the study was Nakuru County, Kenya as the study aimed to survey state corporations in Nakuru County, Kenya. The target population of this study comprised of 28 procurement staff, 28 finance staff and 30 management staff from 10 selected state corporations in Nakuru County, Kenya. The study was conducted on a time scope of six months from August, 2017 to January, 2018. The budget of the study was Ksh 50,270.

1.7 Limitation of the Study

The study was prone to the following limitation which included the unwillingness of respondents to participate. Respondents posed the greatest challenge as they were unwilling to participate citing the fear of giving information to competitors hence hampering the expected response rate. The researcher overcome this problem by guaranteeing the respondent's that secret of the organization was preserved. This helped the researcher to achieve 82.5% response rate. Some respondents left some questions unanswered, because they felt uncomfortable hence leading to difficulties in making conclusions in research analysis.

Moreover lack of co-operation and suspicion from respondents especially at the managerial level, who thought the research could be used against the firm if the research findings falls into the wrong hands especially of their competitors. Time was also another factor that hindered research taking to a large extent. This was due the fact that the researchers had different time schedules and hence establishing cohesiveness in the group and coming up with competent research outcomes was not an easy task but it was successfully completed.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review in this study. Literature was reviewed in terms of theoretical literature and empirical literature. Empirical literature was reviewed relating each of the research independent indicators: compliance with contract terms and conditions, proper documentation, cost management and contract monitoring.

2.2 Theoretical Review

This section presents the theories that guided the study. The study was guided by McNeils Relation Contract Theory, Agency Theory and the General Systems Theory.

2.2.1 McNeils Relation Contract Theory

This theory was developed by Iain McNeils in U.S.A. This theory has been the object of theoretical research in common law Jurisprudence. It contracts legal formalism to a certain extent and is based on the assumption that all the contracts can fall along a relational range from discrete-mere transaction-to highly relational. Although no relation can be totally separate from relational elements, the isolation of the contract from a relational context and the complete and exact planning of the relationship presentation, although having a great importance for contracts law, cannot explain totally modern contractual relationships. Highly relational contracts are these, the effect of which is strongly based on a specific social and economic context, on an on-going relation usually of trust between the parties, which influences the scope and content of the contract (Diathesopoulos, 2010).

2.2.2 The Principal-Agency Theory

According to Chiappori and Salanie (2003) as cited by Salim (2013); and Oluka and Basheka (2012) the underlying principle of the principal -agency theory is that there should be a clear understanding of the needs of the principal and ability of the agent to meet these needs competently. Principal must closely monitor agents' performance; create reward structures that reinforce desired performance (Ketchen and Hult, 2006). Indeed, when procurement contract is well defined and planned, the principal and agents find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract (Oluka and Basheka, 2012). The principal-agent theory can proudly be applied to this study with a case company as a principal and contractors or service providers or suppliers as agents. The theory becomes significant to the study

as it highlights the need for robust contract requirements and specifications as well as the objectively process of monitoring contractor s' performance. When contract requirements, CM team roles and responsibilities and KPIs are well defined, the principal and agents will find it easy to meet needs of each other in an efficient way resulting into timely execution of the contract in predetermined performance level.

2.2.3 The general systems theory

The most widely employed conceptual framework in the policy sciences is the systems model (Easton, 1953; Dye 1966), which may be seen as an application of general system theory (Bertalanffy, 1968) to public policy. For many social science applications, this model is referred to as an “open systems” model, which reflects the idea that all elements of the model are open to influences from the external environment. Thus, outputs and feedback are functions not only of the conversion element, but of other environmental factors as well. In this study, the contract management is considered to be influenced by factors which include: staff training and motivation, service market and government policy.

Thai (2000) adapts the systems model to capture “the whole scope of public procurement”. Thai places the policy-making function with management executives at the top level of a procurement system. This has the effect of discounting the importance of policy roles that may be played in other elements of his model, for example, his “regulations” element or his “operations” element. The theory therefore was appropriate in explaining the policy issues in public procurement contract management and therefore very necessary for this study.

2.2.4 The Will Theory

Traditionally defending the view that rights necessarily involve discretion, or control, over another's duties, the Will theory, otherwise known as the Choice theory, has been elaborated throughout the second half of the twentieth century by scholars such as H.L.A Hart and Carl Wellman. Will theorists argue that the purpose of rights is to grant the right-holder the freedom to control the duties that others owe to him. Essentially, the purpose of rights is to protect and foster individual autonomy. Will theory emphasises the idea that all rights consist in the enjoyment of opportunities for individual choices, and furthermore, that having a right is having an opportunity to make a choice.

The distribution of freedom, which the Will theory allows, is an appealing aspect in suggesting that it is a plausible theory to adopt when discussing the function and nature of rights. Jeremy Waldron, in 'The Right to Private Property', claims, "The Will theory is essentially connected to a certain distribution of freedom". Also, the Will theory captures the distinctive link between rights and normative control. Will theorists argue to have a right is having the ability to determine what other's may or may not do. Finally, the Will theory emphasises the power that our ability to make rational choices has. Rights function as a power that the right holder exercises over others. This appealing aspect of the theory makes it a plausible theory to adopt, however, many would argue that holding such power could be considered a destructive element. The basis of contract is the meeting of the minds of the parties (that is the will of the parties).

Hutchison et al., (2009) narrated that if one party is in fault as regard to one of the important elements of the agreement there is no real agreement. The result is neither party is bound nor each party may reclaim whatever it has performed. This theory maintains that commitments in project contracts are enforceable because the promisor has "willed" or chosen to be bound by his or her commitment(s).

2.3 Empirical Review

This section reviewed literature from past studies that have linked contract management on State Corporation. It linked four dimensions, compliance with contract terms and conditions, proper documentation cost management and contract monitoring of contract monitoring.

2.3.1 Compliance with contract terms and conditions of the contract

According to Dmaidi, Dwaikat, & Shweiki (2013), there are two broad objectives of contract management that is definition of the parties' roles with a view of achieving the contractual obligations and development of a mutually rewarding relationship between parties involved in contract. Aluonzi, Oluka, & Nduhura (2016) in examination of the contract management on performance of road projects in Uganda notes that contract management involves three diverse aspects; achievement of the three goals of product quality, delivery on time and within the budget. In this context, Aluonzi et al., (2016) indicates that contract management is divided into the

upstream/pre contract award activities and downstream/post contract award activities. Marco (2013) in a study on the contract management in Tanzania notes that contract management involves the proactive management of the relationship between the parties in a contract with a view of anticipating future needs and managing arising risks with a view of improving the performance over the lifecycle of the contract.

Kakwezi (2012) in a study on the procurement contract management in public procurement noted that contract management activities can be divided into three broad sections that is service delivery management, relationship management, and contract administration. In this context, the service delivery management involves the full management of all the contractual deliverables, performance levels of the contract as well as the contract quality. Silvana (2015) in a study on the contract management on private public partnership indicates that the aim of contract management is the optimization of the efficiency, effectiveness and economy of service in contractual relationship, balancing costs against risks and actively manages the relationship between procurement parties.

Rotich (2014) in a study on the contract management practice and operational performance of state corporations indicate that there are diverse aspects involved in contract management. These factors include contractor monitoring and acceptance management; managing the contractor relationship; contract administration; dispute resolution; and contract closure (Vatankhah, Barati, Tofighi, & Rafii, 2012). The contractor monitoring involves the examination that the contractor is fulfilling the contractual obligation as agreed. This enables the identification of any emergent issues and quick resolution of those issues. On the other hand, contract administration involves the maintaining an updated form of the contract; controlling and managing contract variations; paying the contractor; managing assets; drafting reports; and terminating the contract.

Langat (2013) in a study on the procurement performance in public institutions indicates that procurement performance involves the manner in which procurement function is able to reach the objectives and goals with minimum costs. The study examined procurement performance in terms of efficiency, competitiveness of services procured, quality of goods procured, and reduction of conflict of interests within the procurement activities. Masaba (2010) in a study on procurement

performance of public entities in Uganda argues that procurement performance can be measured using two metrics; effectiveness and efficiency.

The effectiveness in procurement performance involves achievement of procurement values such as transparency, accountability and value for money. The efficiency aspects of procurement involve aspects such as adequate consideration of the user needs, efficiency in utilization of public resources and risk management. On the other hand, Kamotho (2014) undertook a study on the influence of electronic procurement on procurement performance. The procurement performance metrics that were utilized included costs management, inventory levels, time taken to complete procurement process, delivery of best-value contracted goods and service, stronger vendor-buyer relationship, and assured supply. Masiko (2013) study on procurement performance notes that procurement performance involves the execution of the procurement activities against set standards. These standards include accuracy, completeness, cost, speed, flexibility, quality of supplies, and supplier profile among many others. According Aberdeen Group (2006) compliance may be internal or external. Internal compliance can be interpreted as either conforming to the rules in the agreement by purchasing organization such as payment terms and minimum order requirements or in purchasing from agreement only, that is, purchasing by using framework agreements for the entire company (Telgen, 2004).

According to Aberdeen Group (2006) the use of framework agreements for the entire company can assist maintaining high contract compliance and reduction in purchasing costs. This can in turn increase the probability of project success. As far as the projects as concerned, external contract compliance can take up several forms including unavailability of products services or qualified personnel, charging prices different from the contracted prices, or late delivery or delivering products that do not meet the contracted specifications.

2.3.2 Proper Documentation of Contract

Failure to understand the contract document may lead in unnecessary argument between parties and result in loss of reputation and business. Is one of the key fundamental aspect of procurement contract management PPAD act 2015. Work break down structure of work contracts needs to be documented at each and every stage of implementation. This was key at communicating the work progress to all key stakeholder and the expectation of each one of them in completion of the contract at

the required time and in accordance to quality expectation (Ndekugri and Turner 2014).

PRMPM (2008) asserts that organizations need to create and maintain authentic and reliable records and to protect the integrity of records as long as they are required. This would be done by ensuring that reliable records are created, preserved, accessed, maintained in a safe and secure environment, the integrity of records is safeguarded (complete and unaltered), comply with legal and regulatory environment, and provide an appropriate storage environment and media. Document and records storage may not feel like the most exciting work for your company, but it's one of the most important things in your business that needs to be maintained and managed. Companies can use record storage solutions and records management companies to free up space in their office, optimize workflows, and securely store critical and inactive files Chandra (2008).

Contract projects include new construction, renovation, and demolition for both residential and non-residential projects, as well as public works projects, such as streets, roads, highways, utility plants, bridges, tunnels, and overpasses. The success parameters for any project are in time completion, within specific budget and requisite performance (technical requirement). The main barriers for their achievement are the change in the project environment. The problem multiplies with the size of the project as uncertainties in project outcome increase with size. Large contract projects are exposed to uncertain environment because of such factors as planning, design and contract complexity, presence of various interest groups (owner, consultants, contractors, suppliers, etc.), resources (manpower, materials, equipment, and funds) availability, environmental factors, the economic and political environment and statutory regulations.

Contractual obligation by any party in any contract was of questionable state if the understanding of the terms and interpretation of the contents of the contract documents are not fully appreciated. The contract documents drafted for any contract should fulfill the intended roles of being the references and guidelines for the relationships between the contracting parties throughout the project. To understand the contract requirements is to understand the contents of the documents and the spirit of the contractual relationships. Contracts are formed and signed based on the fair basis where parties agree amicably to discharge their obligations to satisfy each other needs and requirements. Understanding of contract documents is very important in

order to achieve effective outputs in contract implementations. The content analysis from the interview with the expert panel has shown that lacking in understanding of contract documents will lead to serious contractual problems and the output of the projects was affected in term of quality, cost and time.

The panels also agreed that the level of understanding of contract document has to be improved for best output of the contract practice with regard to cost, quality and time. Complexity of contract documents will also influence the contracting party to understand the contract documents. This is particularly true when contract documents have a lot of legal jargons and phrases sometimes may have irrelevant materials associated to it. This will result parties in the contract may have difficulty to understand the terms used in the contract. Document that having irrelevant materials may lead to misinterpretation of the actual need of the contract and will hinder the contractor to understand the contract.

In relation to this, these complexity of the documents are due to many reasons such as the use of difficult languages, specifications used are not clear and illogical in nature, clients do not clear the requirements needed and no familiarization with the types and form of contract used. These elements will create confusion to most parties in the contract and will lead to not relevant materials may be included in the documents which increase the thickness of the documents. The clarity of the contract documents is considered another important factor to improve the understanding of contract documents. Clarity means easy to understand and parties have no difficulty in translating the documents.

2.3.3 Cost Management on Contract Management

Cost element in the contract management is basically divided into two; namely: the cost of labor; and material costs. Usually there are two types of costs that cannot be separated or put into a single unit that is the cost incurred in human resource department and of the daily running of the operation of the organization. Normally costs of labor are recurring and predictive to most organization and hence need to proper preparing of management of such contracts. Material cost and operation are not normally predicted as they can increase or reduce as per the budget depending on other external facts such as inflation and general shortage of goods and services in the market. Effective contract management will enable organization to be able to off see such increase and hence create a proper budget.

Contract Management is the administrative activities related to the handling of the contract, which is divided into several things, such as: an invitation to offer contracts; evaluation of bids; contract award, contract execution; performance measurement work has been completed; calculation of payment including addressing issues related; incorporating the necessary changes or modifications to the contract, make sure both sides meet or exceed their expectations, and actively interact with the contractor to achieve the objectives of the contract.

When the two companies will do business with other companies, then the contract will specify the activities that are held each party to fulfill their obligations under the contract, thereby affecting the profitability of the business activities are organized, then both sides need to identify effective provisions to be published in the contract, which in turn can create strong business relationships and pave the way to enhance greater profitability in the long term for both parties.

The need to enter into contracts with vendors, employees and even customers is the result of a business' desire to sell the best products and services. Creating value for the organization is a key objective of contract management. Managing the contract is concerned with how well the other party is helping the business create and maintain this added value. If you hire a contractor to handle your payroll, for example, you want that contractor to manage your finances accurately, to pay employees on time and to provide you with periodic progress reports (Petrovic-Lazarevic, 2002)

Failure to do this may result in you revoking the contract, as the payroll contractor simply isn't adding value to your operations. Ensuring quality is related closely to the concept of adding value but has more to do with the employees you have on contract than it does with the vendors you take on board. The contract management process is essential in making sure employees respect the company's policies and procedures and, in turn, are welcoming, friendly and open to communication with customers. This is important from the financial perspective of the company as well. Customers who are happy come back, so contract management has a huge role to play in the financial stability and profitability of the firm (Inayatullah et al, 2012).

Organizational performance can be divided in to three parts: financial performance, product performance, and operational performance. Financial performance of organization includes: market share, return on investment, profit margin, inventory turnover rate, and productivity. Product performance includes: functionality, service,

operating expenses, comfort, and ease of use. Higher product performance enhances the customer and employee satisfaction. Operational performance includes: product/service quality, lead time/service completion time, product development time, utilization of resources, responsiveness to customer demand, and operational cost (Petrovic-Lazarevic and Sohal 2002).

According to MacPherson et al (2004) most organizations view their performance in terms of "effectiveness" in achieving their mission, purpose or goals. A majority of organizations also see their performance in terms of their "efficiency" in deploying resources. This relate to the optimal use of resources to obtain the results desired. In order for an organization to remain viable over time, it must be both "financially viable" and "relevant" to its stakeholders and their changing needs. In a study carried out by (MacPherson, 2004) she highlighted the three factors as being the factors that affect organizational performance; External Environment, Internal Motivation and Capacity Performance.

2.3.4 Contract Monitoring on Contract Management

According to Regulation 8 of the Public Procurement and Disposal Regulations 2006, the procurement unit is charged with the responsibility to monitor contract management by user departments to ensure implementation of project contracts in accordance with the terms and conditions of the contracts. The unit is also required to report any significant departures from the terms and conditions of the contract to the head of the procuring entity and to coordinate internal monitoring and evaluation of the supply chain function in respect of the projects being undertaken.

Within the context of project contract monitoring and control, section 47 (b) of the PPDA 2005 and Regulation 31 of the Procurement Regulations 2006 provide for contract variation shall be effective only if the price variation is based on the prevailing price index obtained from Central Bureau of Statistics or the monthly inflation rate issued by the Central Bank of Kenya; the quantity variation for goods and services does not exceed ten 10% of the original contract quantity; the quantity variation for works does not exceed fifteen per cent of the Original contract quantity, and finally the price or quantity variation are to be executed within the period of the contract. Further, Regulation 32 provides for project contract termination subject to approval by the tender committee which authorized the original contract.

On the other hand, the responsibility of the user department vis-à-vis project contract management include, among others; reporting any departures from the terms and conditions of the contract to the procurement unit; forwarding details of any required variations to contracts to the procurement unit for consideration and action; and finally maintain and archive records of contract management and undertaking conformity assessments of supplied goods, works and services with the specifications of the project contract documents. All these actions are important aspects of the procurement project monitoring and control process embedded in the procurement legal framework to aid effective project implementation.

According to Meredith and Mantel (2012), the key things to be planned, monitored and controlled are time (schedule), cost (budget) and scope (performance). The prescribed public sector procurement plan format as already discussed above exhibits the first two as very prominent features. It is useful to perceive the control process as a closed-loop system, with revised plans and schedules (if warranted) following corrective actions. The planning-monitoring-controlling cycle is continuously in process until the project is completed. This process should be constructed as an integral part of the organizational structure of the project, not something external to and imposed on it, or worse, in conflict with it.

According to Brown and Hyer (2010), monitoring refers to any tracking system from a simple checklist to sophisticated dashboard style approaches, for identifying variances from the original plan. They advance the argument that as part of the planning process, a project team should agree on the appropriate approach for monitoring key performance indicators (KPIs) during the life of the project.

As a general planning principle, Chandra (2008) asserts that unlike small projects that involve few activities, complex projects that go beyond a certain threshold level of magnitude should proceed on the basis of a sound formal planning platform without which there may be chaos. Sound formal planning provides the basis for organizing the work on the project and allocating responsibilities to individuals. It is not only a means of communication and coordination between all those involved in the procurement project but also induces people to look ahead besides instilling a sense of urgency and time consciousness.

Above all planning provides the basis for monitoring and control. Planning entails defining the activities, scheduling and sequencing, planning the requisite manpower and staff required in sufficient quantities and quality, planning the money that should be spent in a time-phased manner and finally planning the information system necessary for effective communication to enhance project monitoring and control.

2.4 Conceptual Framework

Independent Variable

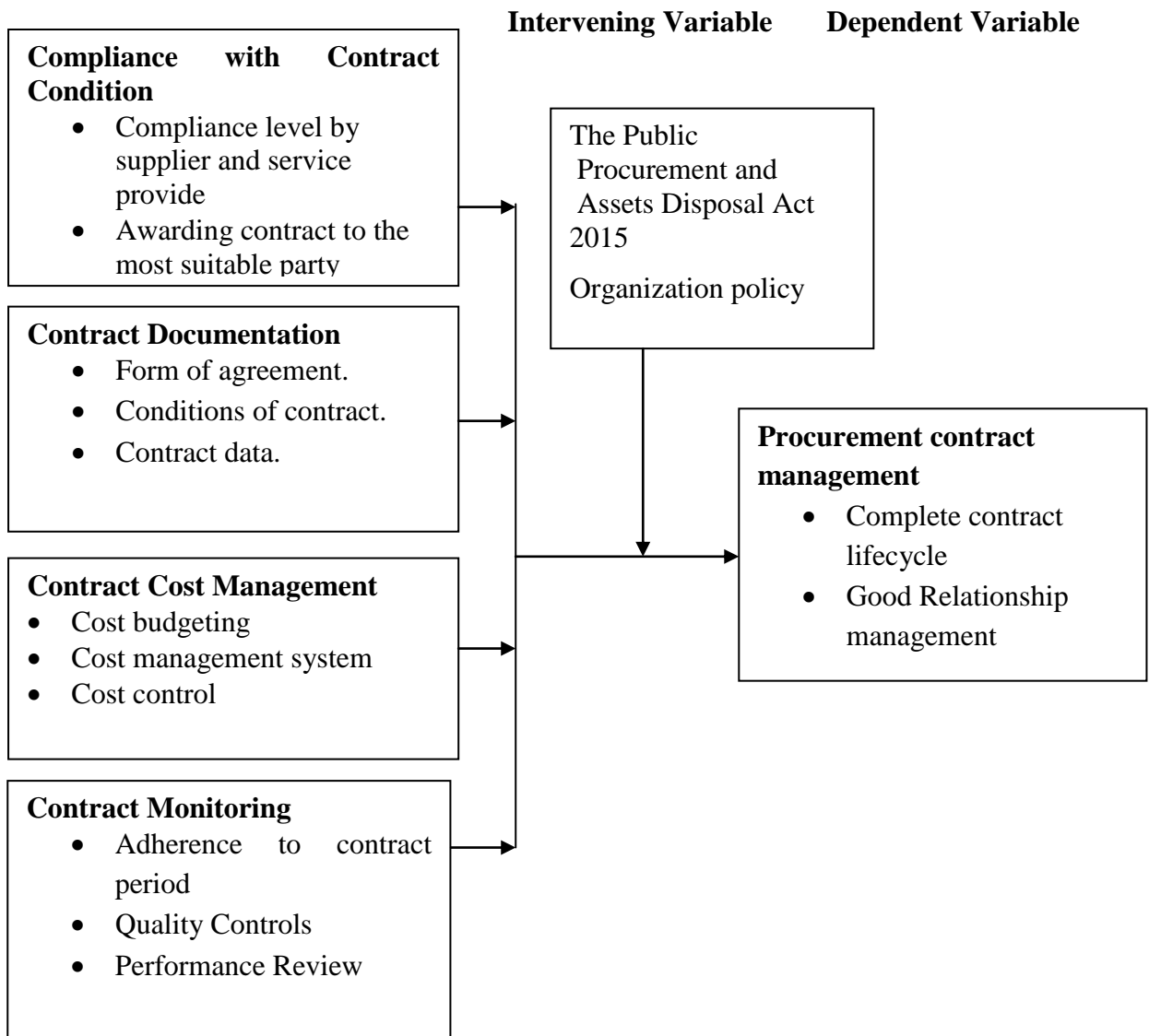


Figure 2.1: Conceptual Framework

2.5 Critique of the Existing Literature Relevant to the Study

According to McNeils Relation Contract theory, contracts are not adopted by all individuals in a social system at the same time. Instead they adopt in a time sequence

and can be classified into adopter categories based upon how long it takes for them to begin using the new idea. McNeils Relation Contract theory has a pro-innovation bias, if adopted, will tend to concentrate on the terms and conditions strictly set on initiation of the contract which will hinder on expansion of the contract if need to make changes arises.

Agency theory which state the principle is supposed to delegate duties to the organization for effectiveness of work done, will not always stand as employee in organization are mainly driven in their personal desires to achieve in their lives other than the main objective of the organization. Its analytical tools cannot challenge power structures, it can only describe them.

The general system theory which reflects the idea that all elements of the model are open to influences from the external environment will sometimes not been effective contract management process. Contracts are formulated when the buyer and supplier agree on term and sign the document. In the event that the supplier does not deliver goods and services required by the buying organization, he or she was held responsible for breaching of the contract even if it was as a result of external short comings.

2.6 Summary of the Reviewed Literature

The three theories that guided the research were to offer a background on how to relate the research variables. TheMcNeils Relation Contract theory, elaborate that contracts can fall along a relational range from discrete-mere transaction-to highly relational. Although no relation can be totally separate from relational elements, the isolation of the contract from a relational context and the complete and exact planning of the relationship presentation, although having a great importance for contracts law, cannot explain totally modern contractual relationships. This helps to understand the role of proper documentation and recording of work done (Diathesopoulos, 2010). The agency theory was relevant in assessing risk management practices and contract monitoring of contract monitoring, especially where the principal bears the risk that may accrue for having delegated responsibilities to an agent.

Lastly the theory of the general system theory which reflects the idea that all elements of the model are open to influences from the external environment. Thus, outputs and feedback are functions not only of the conversion element, but of other

environmental factors as well. Contract management is considered to be influenced by factors which include and not limited to: staff training and motivation, service market and government policy.

2.7 Research Gaps

Most research regarding contract management have tended to focus on small and medium sized enterprise as opposed to large companies, (Williamson & Ram, 2009) investigated the implementation of compliance on contract terms among small and medium sized enterprises. Others have been with respect to the effect of best procurement practices on profitability (Hassanzadeh, 2010) and others on quality improvement on contract management (Liker, 2004).It is evident that no research has been done on the determinants of contract management of state corporation. This study attempts to fill this gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the methodology that was used in gathering and analysing the data. The chapter comprises of the research design, target population, the sample size and sampling technique, data collection instruments, pilot testing and data analysis and presentation.

3.2 Research Design

Research design refers to the method used to carry out a research. This research study used survey research design Mugenda and Mugenda (2003). This study adopted descriptive research design. A descriptive research design involves the collection of data to answer research questions, or to offer solutions to an impending problem that is being studied. Descriptive research design is a method of collecting information by administering questionnaires and focuses on the respondents views (Bryman, 2003).

3.3 Target Population

Target population refers to all the members of a hypothetical or real group of subjects, objects or individuals to whom a researcher desires to generalize the conclusions of the study (Kothari, 2004). The target population of this study comprised of 28 procurement staff, 28 finance staff and 30 senior administrators from the 10 selected state corporations in Nakuru County, Kenya. According to State Corporations Advisory Committee (2017) there are 41 state corporations in Nakuru town but the study used purposive sampling to select 10 corporations which were convenient for the researcher in term of time. Table 3.1 indicates the number of procurement officers from the selected state corporations in Nakuru County, Kenya.

Table 3.1: Target Population

Name of the State Corporation	Procurement Staff	Finance Staff	Senior Administrative Staff	Total
Kenya Pipeline Company Ltd	2	3	3	8
Kenya Seed National Cereals and Produce Board	3	4	3	10
Geothermal Development Company	3	3	3	9
Kenya Medical Training College	5	5	4	14
Kenya Power and Lighting Company	2	2	3	7
Kenya Plant Health Inspectorate Services (KEPHIS)	2	3	3	8
Kenya National Bureau of Statistics	2	2	2	6
Rift Valley Water Service Board	4	2	3	9
Pyrethrum Board of Kenya	3	2	3	8
Total	28	28	30	86

Source: Institution Administration Records (2017)

3.4 Sample Size and Sampling Technique

A sampling frame is a list of all items where a representative sample is drawn for the purpose of research (Kothari, 2005). The researcher used census technique to incorporate the entire target population. According to Mugenda (2001) census is sampling technique whereby every member or item of the population is surveyed. The study used census to select all the 86 selected officers.

3.5 Data Collection Instruments and Procedure

The study used primary data, which was collected by use of structured questionnaires. The questionnaires encompass closed ended questions. The structured questions were used in an effort to facilitate an easier analysis as they are in immediate usable form (Greener, 2008). Kothari (2004) indicates that a questionnaire is a cost efficient method to collecting information particularly from a huge group of respondents. It also facilitates anonymity.

In collecting data, the researcher acquired a letter of introduction from Jomo Kenyatta University of Agriculture and Technology, Nakuru Campus which was presented to the selected state corporations in Nakuru to obtain permission for carrying out the study. Upon obtaining the permission, the selected respondents were identified and the researcher created a rapport with them as well as explaining the purpose of the study and the expected data from them. Questionnaires was administered on a drop and pick later basis. The researcher then allowed the respondents to fill in the questionnaires within duration of 2 weeks. Follow ups was then made through their respective supervisors to know the progress in responding to questionnaires and also to ensure higher response rates.

3.6 Pilot Test

The pilot survey enabled the researcher to find out any flows in the questionnaires and modify it in order to validate it. The purpose of the pilot survey is to refine the instruments so that the respondents was not having problem in answering the questions and provide easy recording and analysis of data. This helped to assess the validity of the instruments and reliability of the data was collected.

3.6.1 Validity of Instruments

Validity means establishing whether the instrument content is measuring what is supposed to measure (Orodho, 2003). In other words validity is the degree to which results are obtained from the analysis of data actually present the phenomena under study. All assessment of validity are subjective opinions based on the judgment of the researcher hence the validity of the research was achieved through expert opinion of the university supervisor.

3.6.2 Reliability of the Measuring Instruments

Orodho (2004) describes reliability as the degree to which empirical indicators are consistent in two or more trials in an attempt to measure the theoretical concept .The researcher used the test-retest method to obtain reliability of the measuring instrument. A pre-test was done at Kenya Pipeline Eldoret where 4 questionnaires was issued to the respondents. The Cronbach alpha coefficients of ccompliance with terms and conditions, Contract documentation, Contract Cost management, contract monitoring and compliance with contract conditions were 0.7652, 0.8645, 0.7924 and 0.8154 respectively which was above 0.7 threshold hence deemed reliable.

Table 3. 1: Reliability Statistics

Variable	Number of Items	Cronbach's Alpha
Contract documentation	4	0.7652
Contract cost management	4	0.8645
Contract monitoring	4	0.7924
Compliance with contract conditions	4	0.8154

3.7 Data Analysis and Presentation

Data analysis involves reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Quantitative data was analysed by use of descriptive and inferential statistics through the help of Statistical Package for Social Sciences (SPSS) version 24. Descriptive statistics included percentages, frequencies, measures of central tendencies (mean) and measures of dispersion (standard deviation). Inferential statistic involving the use of correlation analysis was used to determine the nature of the relationship between variables. Data was presented in graphs and tables. Further, a correlation analysis was used to establish the relationship between the dependent and the independent variables.

In addition, multiple regression analysis was employed to analyse the relationship between a single dependent variable and several independent variables (Johnson & Christensen, 2012). The beta (β) coefficients for each independent variable generated from the model was used to test each of the hypotheses under study. T-test was used in testing the null hypothesis. If the test is statistically significant the null hypotheses is rejected and accept the alternative hypothesis.

The multivariate regression model was;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y = Procurement contract management

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients;

X_1 = Compliance with Contract conditions

X_2 = Contract documentation

X_3 = Cost management

X_4 = Contract monitoring

ε = Error Term

CHAPTER FOUR
RESEARCH FINDINGS AND DATA ANALYSIS

4.1 Introduction

This chapter examines the research findings and resulting data analysis. The research findings were illustrated using frequency distribution in which the actual frequencies and percentages of the responses of individual questions were indicated. The means and standard deviation were also calculated to enable the examination of measures of dispersion. The inferential statistics were undertaken through use of multiple linear regression coefficients.

4.2 Response Rate

The sample size of this study was 86 respondents derived from procurement staff, finance staff and management staff within the state corporations that included the procurement officers and their assistants. Therefore, a total of 86 questionnaires were distributed to the potential respondents of which a total of 71 questionnaires were returned. This constituted a response rate of 82.5% which is considered sufficient by Bergh & Ketchen (2009) as it was above 80%.

Responses	Frequency	Percentage
Expected response	86	100
Received response	71	82.5
Un-received response	15	17.5

4.3 Background Characteristics

The background characteristics were examined using gender distribution, age distribution, education qualification, and length of period worked at the firm.

4.3.1 Gender Distribution

In respect to the gender distribution, 60.5% of the respondents were male compared to 39.5% of the respondents who were female members. The high number of the male respondents can be attributed to the riskiness of the job in the recent years where several procurement officers have been prosecuted in the recent years on procurement challenges.

Table 4.1; Gender Distribution

	Frequency	Percentage
Male	43	60.5%
Female	28	39.5%
Total	71	100.0%

4.3.2 Age Distribution

The age distribution indicated that a majority of 38% of the respondents were between 26 to 35 years of age compared to 18.3% at 18-25 years, 33.8% at 36-45 years of age, and 9.9% at over 45 years of age.

Table 4.2; Age Distribution

	Frequency	Percentage
18-25 Years	13	18.3
26-35 Years	27	38.0
36-45 Years	24	33.8
Over 45 Years	7	9.9
Total	71	100.0%

4.3.3 Education Qualification

In the context of education qualification, 4.2% of the respondents had secondary qualification, 29.5% with college qualification, 46.4% with undergraduate qualification and 19.9% of the respondents with post graduate qualification. The high number of respondents with degree level is in tandem with the increasing levels of persons with high education qualification in Kenya.

Table 4.3: Education Qualification

	Frequency	Percentage
Secondary	3	4.2%
College	21	29.5%
Undergraduate	33	46.4%
Post Graduate	14	19.9%
Total	71	100%

4.3.4 Length of Time Worked At the Firm

The length of time worked at the firm is important in indicating the knowledge level of the respondents in relations to contract management aspects within the organization. A majority of the respondents (46.4%) had worked for between 6-10 years compared less than a year (8.4%), 2-5 years (28.1%), and over 10 years (17.1%).

Table 4.4: Length of Time Worked at the Firm

	Frequency	Percentage
Less than 1 Year	6	8.4%
2-5 Years	20	28.1%
6-10 Years	33	46.4%
Over 10 Years	12	17.1%
Total	71	100.0%

4.4 Descriptive Statistics

4.4.1 Compliance with Contract Terms and Conditions

The compliance with contract conditions was examined using five metrics; Compliance with the contract conditions by the supplier/service provider enhance the procurement contract management; The organization comply with the contract conditions by awarding the contract to the most suitable party; Compliance with the general contract's conditions; Compliance with the specific contract's conditions, and Enforcement levels of compliance with contract conditions. In respect to the compliance levels by supplier/service provider being on influence to the effective contract management, a majority of 56.3% indicated that it impacted to a Strongly Agree and a further 33.8% indicated the influence was agreed upon.

On the extent of the organization comply with the contract conditions by awarding the contract to the most suitable party, a majority of 43.7% indicated that it impacted on contract management to a strongly agree and a further 35.2% indicated the influence was agreed upon. The compliance with the general contract's conditions had 46.5% and 43.7% of the respondents indicating that it impacted on contract management to a great and Strongly Agree respectively. In respect to compliance with the specific contract's conditions, 2.8%, 7.0%, 49.3%, and 40.8% of the respondents indicated that this metric impacted on contract management to a Disagree, Neutral, Agree and

Strongly Agree respectively. Finally, in relations to the enforcement levels of compliance with contract conditions, 4.2%, 29.6%, and 66.2% of the respondents indicated that the metric impacted on contract management to Neutral, Agree and Strongly Agree respectively.

Table 4.5; Frequency Distributions of Compliance Levels

	1	2	3	4	5
Compliance with the contract conditions by the supplier/service provider enhance procurement contract management	1 (1.4%)	2 (2.8%)	4 (5.6%)	24 (33.8%)	40 (56.3%)
The organization comply with the contract conditions by awarding the contract to the most suitable party	0 (0.0%)	3 (4.2%)	12 (16.9%)	25 (35.2%)	31 (43.7%)
Compliance with the general contract's conditions	0 (0.0%)	2 (2.8%)	5 (7.0%)	33 (46.5%)	31 (43.7%)
Compliance with the specific contract's conditions	0 (0.0%)	2 (2.8%)	5 (7.0%)	35 (49.3%)	29 (40.8%)
Enforcement levels of compliance with contract conditions	0 (0.0%)	0 (0.0%)	3 (4.2%)	21 (29.6%)	47 (66.2%)

Key: 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1 = Strongly Disagree

The mean of compliance with contract conditions metrics were examined with a view of understanding the average opinion of the respondents in respect to the influence of the compliance levels on procurement contract management. On the other hand, the standard deviation of the compliance with contract conditions was examined with a view of understanding the dispersion of the data from the mean. In this context, Compliance with the contract conditions by the supplier/service provider enhance the procurement contract management had a mean of 4.41 and standard deviation of 0.84. The organizations comply with the contract conditions by awarding the contract to the most suitable party had a mean and standard deviation of 4.18 and 0.87 respectively. Compliance with the general contract's conditions had a mean of 4.31 and standard

deviation of 0.73. Compliance with the specific contract’s conditions had a mean and standard deviation of 4.27 and 0.77 respectively. Finally, enforcement levels of compliance with contract conditions had a mean of 4.62 and standard deviation of 0.57. According to Peat & Barton (2005), in a five point likert scale questionnaires (with 1=Strongly Disagree and 5= Strongly Agree), a mean of between 3.5 and 4.5 implies that on average the respondents tended to think that the measured metrics affected contract management was agreed upon. All the metrics of compliance with contract conditions except enforcement levels of compliance with contract conditions had means between 3.5 and 4.5 indicating that on average the compliance levels had a moderate effect on contract management aspects.

The enforcement levels of compliance with contract conditions had a mean of 4.62 implied that on average this metric impacted on contract management to a Strongly Agree. According to Spiegel & Stephens (2007), standard deviation refers to the measure of dispersion of the data from its means. The standard deviation of between 0.5 and 1 implied that there was moderate dispersion of data from the mean implying a moderate consensus. The contract documentation metrics had standard deviations between 0.5 and 1 implying moderate consensus amongst the respondents in relations to the influence of compliance with contract conditions on contract management.

Table 4.6: Mean and Standard Deviations of Compliance Levels

	N	Min	Max	Mean	Std. Dev.
Compliance with the contract conditions by the supplier/service provider enhance procurement contract management	71	1.00	5.00	4.41	0.84
The organization comply with the contract conditions by awarding the contract to the most suitable party	71	2.00	5.00	4.18	0.87
Compliance with the general contract’s conditions	71	2.00	5.00	4.31	0.73
Compliance with the specific contract’s conditions	71	1.00	5.00	4.27	0.77
Enforcement levels of compliance with contract conditions	71	3.00	5.00	4.62	0.57
Valid N (listwise)	71				

4.4.2 Contract Documentation

The influence of contract documentation on contract management was examined using five metrics that is failure to understand the contract document may lead in unnecessary argument between parties and result in loss of reputation and business., documentation of contract implementation work in progress, Failure to understand the contract document potentially leads to mistakes in implementation of contract which caused unnecessary rework and increase in project cost., Understanding of contract document is very relevant and important in order to sustain the desired cost, time and quality in contract implementation, and For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly. A majority of the respondents at 47.9% indicated that the Failure to understand the contract document may lead in unnecessary argument between parties and result in loss of reputation and business. Impacted on contract management was agreed upon while 32.4% indicated that it was to a Strongly Agree.

In respect to the documentation of contract implementation of work in progress influence on procurement contract management, a majority of respondents at 46.5% indicated that the metric impacted on effective contract management was agreed upon while 36.6% indicated it was to a Strongly Agree. The respondents of the extent to which Failure to understand the contract document potentially leads to mistakes in implementation of contract which caused unnecessary rework and increase in project cost influenced contract management had 23.9%, 45.1%, and 25.4% of the respondents indicating that it was to a Neutral, Agree and Strongly Agree respectively.

On the other in respect to the extent in which understanding of contract document is very relevant and important in order to sustain the desired cost, time and quality in contract implementation influenced contract management, 15.5%, 56.3%, and 25.4% of the respondents indicated that it was to a Neutral, Agree, and Strongly Agree respectively. Finally, in respect to the For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly, 1.4%, 7.0%, 16.9%, 52.1%, and 22.5% of the respondents indicated that it impacted on contract management to a Neutral, Disagree, Neutral, Agree and Strongly Agree respectively.

Table 4.7: Frequency Distribution of Contract Documentation

	1	2	3	4	5
Failure to understand the contract document may lead in unnecessary argument between parties and result in loss of reputation and business.	2 (2.8%)	5 (7.0%)	7 (9.9%)	34 (47.9%)	23 (32.4%)
Failure to understand the contract document lead in misinterpretation of the needs of the contract which result in loss of trust among the contracting parties	1 (1.4%)	6 (8.5%)	5 (7.0%)	33 (46.5%)	26 (36.6%)
Failure to understand the contract document potentially leads to mistakes in implementation of contract which caused unnecessary rework and increase in project cost.	1 (1.4%)	3 (4.2%)	17 (23.9%)	32 (45.1%)	18 (25.4%)
Understanding of contract document is very relevant and important in order to sustain the desired cost, time and quality in contract implementation	0 (0.0%)	2 (2.8%)	11 (15.5%)	40 (56.3%)	18 (25.4%)
For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly	1 (1.4%)	5 (7.0%)	12 (16.9%)	37 (52.1%)	16 (22.5%)

Key: 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1 = Strongly

Disagree

The mean of contract documentation metrics were examined with a view of understanding the average opinion of the respondents in respect to the influence of contract documentation on contract management. On the other hand, the standard deviation of the contract documentation was examined with a view of understanding the dispersion of the data from the mean. In this context, understanding contract document ensures all the involved parties understand their role and rights in the contract process. had a mean of 4.00 and standard deviation of 0.99; documentation of contract implementation progress check had a mean and standard deviation of 4.08

and 0.95 respectively, and understanding contract document lead in misinterpretation of the needs of the contract which result in loss of trust among the contracting parties had a mean of 3.89 and standard deviation of 0.89.

On the other hand, understanding of contract document is very relevant and important in order to sustain the desired cost, time and quality in contract implementation had a mean and standard deviation of 4.04 and 0.73 respectively while For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly had a mean of 3.87 and standard deviation of 0.89. According to Peat & Barton (2005), in a five point Likert scale questionnaires (with 1=Strongly Disagree and 5= Strongly Agree), a mean of between 3.5 and 4.5 implies that on average the respondents tended to think that the measured metrics affected contract management was agreed upon. It is thus critical to note that the means contract documentation lay between 3.5 and 4.5 indicating that on average the contract documentation had a moderate effect on contract management aspects.

According to Spiegel & Stephens (2007), standard deviation refers to the measure of dispersion of the data from its means. The standard deviation of between 0.5 and 1 implied that there was moderate dispersion of data from the mean implying a moderate consensus. The contract documentation metrics had standard deviations between 0.5 and 1 implying moderate consensus amongst the respondents in relations to the influence of contract documentation on contract management.

Table 4.8: Means and Standard Deviation of Contract Documentation

	N	Min	Max	Mean	Std. Dev.
Understanding contract document ensures all the involved parties understand their role and rights in the contract process.	71	1.00	5.00	4.00	0.99
Understanding contract document lead in misinterpretation of the needs of the contract which result in loss of trust among the contracting parties	71	1.00	5.00	4.08	0.95
Understanding contract document reduces mistakes in implementation of contract which eliminate unnecessary rework.	71	1.00	5.00	3.89	0.89
Understanding of contract document is very relevant and important in order to sustain the desired cost, time and quality in contract implementation	71	2.00	5.00	4.04	0.73
For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly	71	1.00	5.00	3.87	0.89
Valid N (listwise)	71				

4.4.3 Cost Management

The cost management influence on contract management was examined using five metrics; Cost management helps in controlling contract specific cost, Cost control predicts the future expenses and costs accordingly to work towards the expected revenues., Cost management system ensure adherence to budgeted costs during contract implementation, Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement, and continuous cost checking of progressive contract implementation. The extent of the Cost management helps in controlling contract specific cost influence on contract management had a majority of 62.0% of the respondents indicating that impacted on contract management was agreed upon.

This is compared to 4.2%, 5.6%, 11.3%, and 62.0% of the respondents who indicated Strongly Disagree, Disagree, Neutral, and Agree respectively. The role of Cost control predicts the future expenses and costs accordingly to work towards the expected revenues. Influence on contract management had a majority of 54.9% of the respondents indicating that impacted on the contract management was agreed upon. A further 33.8% of the respondents indicated that it impacted on contract management to a Strongly Agree.

In respect to the Cost management system ensure adherence to budgeted costs during contract implementation, a majority of 66.2% of the respondents indicated that it impacted on contract management was agreed upon. The extent to which the Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement impacted on contract management was to Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree as indicated by 2.8%, 5.7%, 2.8%, 73.2%, and 15.5% respectively. Finally, the role of continuous cost checking of progressive contract implementation had 11.3%, 9.9%, 57.7%, and 21.1% of the respondents indicating that the metric impacted on contract management to a Disagree, Neutral, Agree, and Strongly Agree respectively.

Table 4.9; Frequency Distribution of Cost Management

	1	2	3	4	5
Cost management helps in controlling contract specific cost	3 (4.2%)	4 (5.6%)	8 (11.3%)	44 (62.0%)	12 (16.9%)
Cost control predicts the future expenses and costs accordingly to work towards the expected revenues.	0 (0.0%)	4 (5.6%)	4 (5.6%)	39 (54.9%)	24 (33.8%)
Cost management system ensure adherence to budgeted costs during contract implementation	0 (0.0%)	2 (2.8%)	9 (12.7%)	47 (66.2%)	13 (18.3%)
Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement	2 (2.8%)	4 (5.7%)	2 (2.8%)	52 (73.2%)	11 (15.5%)
Continuous cost checking of progressive contract implementation	0 (0.0%)	8 (11.3%)	7 (9.9%)	41 (57.7%)	15 (21.1%)

Key: 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1 = Strongly Disagree

The mean of cost management metrics were examined with a view of understanding the average opinion of the respondents in respect to the influence of cost management on contract management. On the other hand, the standard deviation of the cost management was examined with a view of understanding the dispersion of the data from the mean.

Cost management helps in controlling contract specific cost had a mean of 3.90 and standard deviation of 0.74; Cost control predicts the future expenses and costs accordingly to work towards the expected revenues. Had a mean and standard deviation of 4.17 and 0.77 respectively, and Cost management system ensure adherence to budgeted costs during contract implementation had a mean of 4.00 and standard deviation of 0.65. On the other hand, Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement had a mean and standard deviation of 3.96 and 0.73 respectively while continuous cost checking of progressive contract implementation had a mean of 3.89 and standard deviation of 0.87. According to Peat & Barton (2005), in a five point likert scale questionnaires (with 1=Strongly Disagree and 5= Strongly Agree), a mean of between 3.5 and 4.5 implies that on average the respondents tended to think that the measured metrics affected contract management was agreed upon.

It is thus critical to note that the means cost management lay between 3.5 and 4.5 indicating that on average the cost management had a moderate effect on contract management aspects. According to Spiegel & Stephens (2007), standard deviation refers to the measure of dispersion of the data from its means. The standard deviation of between 0.5 and 1 implied that there was moderate dispersion of data from the mean implying a moderate consensus. The cost management metrics had standard deviations between 0.5 and 1 implying moderate consensus amongst the respondents in relations to the influence of cost management on contract management.

Table 4.10; Mean and Standard Deviation of Cost Management

	N	Min	Max	Mean	Std. Dev.
Cost management helps in controlling contract specific cost	71	2.00	5.00	3.90	0.74
Cost control predicts the future expenses and costs accordingly to work towards the expected revenues.	71	2.00	5.00	4.17	0.77
Cost management system ensure adherence to budgeted costs during contract implementation	71	2.00	5.00	4.00	0.65
Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement	71	2.00	5.00	3.96	0.73
Continuous cost checking of progressive contract implementation	71	2.00	5.00	3.89	0.87
Valid N (listwise)	71				

4.4.4 Contract Monitoring

The contract monitoring influence on contract management was examined through five metrics that is Contract monitoring ensures quality of services/goods offered, contract monitoring of adherence to terms of reference, Contract monitoring guarantee timely expenditure in contract execution, contract monitoring against work done, and contract monitoring of the relationship between the parties. The extent in which Contract monitoring ensures quality of services/goods offered had an influence on contract management was ranked as Disagree, Neutral, Agree, and Strongly Agree by 12.7%, 19.7%, 49.3%, and 18.3% respectively. On the impact of contract monitoring of adherence to terms of reference on contract management, a majority of 35.2% of the respondents indicated that it influenced it to a Strongly Agree.

A further 33.8% and 25.4% of the respondents indicated that it was agreed upon and Neutral respectively. In respect to the Contract monitoring guarantee timely expenditure in contract execution influence on contract management, a majority of 31.0% of the respondents thought that it impacted on contract management to a Disagree. This is compared to 26.8%, 29.6%, and 12.7% of the respondents who thought that it impacted on contract management to a Neutral, Agree and Strongly Agree respectively.

On the other hand, a majority of 42.3% of the respondents indicated that contract monitoring against work done impacted on contract management was agreed upon. This is compared to 5.6%, 15.5%, 19.7%, and 16.9% of the respondents who indicated that its impact was to Strongly Disagree, Disagree, Neutral, and Strongly Agree respectively. Finally, the influence of contract monitoring of relationship between parties on contract management had a majority of 31.0% of the respondents indicating that it had a Strongly Agree impact.

Table 4.11: Frequency Distribution of Contract monitoring

	1	2	3	4	5
Contract monitoring ensures quality of services/goods offered	0 (0.0%)	9 (12.7%)	14 (19.7%)	35 (49.3%)	13 (18.3%)
Contract monitoring of adherence to terms of reference	0 (0.0%)	4 (5.6%)	18 (25.4%)	24 (33.8%)	25 (35.2%)
Contract monitoring guarantee timely expenditure in contract execution	0 (0.0%)	22 (31.0%)	19 (26.8%)	21 (29.6%)	9 (12.7%)
Contract monitoring against work done	4 (5.6%)	11 (15.5%)	14 (19.7%)	30 (42.3%)	12 (16.9%)
Contract monitoring of the relationship between the parties	2 (2.8%)	9 (12.7%)	19 (26.8%)	19 (26.8%)	22 (31.0%)

Key: 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1 = Strongly Disagree

The mean of the contract monitoring were examined with a view of understanding the average opinion of the respondents in respect to the influence of contract monitoring on the contract management. The standard deviation of contract monitoring was also examined to gain an understanding on the dispersion of the data from the mean. In this context, Contract monitoring ensures quality of services/goods offered had a mean of 3.73 and standard deviation of 0.91; Contract monitoring of adherence to terms of reference with a mean of 3.99 and a standard deviation of 0.92; and Contract monitoring guarantee timely expenditure in contract execution had a mean of 3.24 and standard deviation of 1.03.

On the other hand, contract monitoring against work done with a mean of 3.49 and standard deviation of 1.12; and Contract monitoring of the relationship between the parties had a mean of 3.70 and standard deviation of 1.13. According to Peat & Barton (2005), in a five point likert scale questionnaires (with 1=Strongly Disagree and 5= Strongly Agree), a mean of between 3.5 and 4.5 implies that on average the respondents tended to think that the measured metrics affected contract management was agreed upon. In this context, the Contract monitoring ensures quality of services/goods offered; contract monitoring of adherence to terms of reference; and contract monitoring of the relationship between the parties had means between 3.5 and 4.5 which implied that these metrics affected contract management was agreed upon.

Peat & Barton (2005) further noted that a mean of between 2.5 and 3.5 in a five point likert scale indicated that these metrics affected the dependent variable to a Neutral. In this context, the Contract monitoring guarantee timely expenditure in contract execution and contract monitoring against work done had means of 3.24 and 3.49 respectively. This implied that on average they impacted on contract management to a Neutral. In respect to the standard deviation, the standard deviation of Contract monitoring measures quality of services/goods offered, and contract monitoring of adherence to terms of reference had a standard deviation of 0.91 and 0.92 respectively.

This implied that the data was moderately dispersed from the mean and therefore there was moderate consensus. On the other hand, Contract monitoring guarantee timely expenditure in contract execution; contract monitoring against work done, and contract monitoring of the relationship between the parties had standard deviation of above 1 which implied that the data was widely dispersed from the mean. This implied a lack of consensus on the given metrics.

Table 4.12; Mean and Standard Deviation of Contract monitoring

	N	Min	Max	Mean	Std. Dev.
Contract monitoring ensures quality of services/goods offered	71	2.00	5.00	3.73	0.91
Contract monitoring of adherence to terms of reference	71	2.00	5.00	3.99	0.92
Contract monitoring guarantee timely expenditure in contract execution	71	2.00	5.00	3.24	1.03
Contract monitoring against work done	71	1.00	5.00	3.49	1.12
Contract monitoring of the relationship between the parties	71	1.00	5.00	3.70	1.13
Valid N (list wise)	71				

4.4.5 Contract Management

Contract management was examined using five metrics that is formulation of elaborate key performance indicators in a contract, achievement of procured product and services quality, maintenance of good relationship between contract parties, due process followed and communicated against contract changes, and low supplier defect Supplier defect rate is low.

The formulation of elaborate key performance indicators in a contract had a majority of 49.3% of the respondents indicating that Compliance with contract terms and conditions, contract documentation, cost management, and contract monitoring impacted on it to a Strongly Agree. This is compared to 32.4%, 12.7%, 2.8%, and 2.8% of the respondents who indicated that the impact was Agree, Neutral, Disagree, and no extent respectively. The independent variables impacted on achievement of procured product and services quality to no extent (5.6%), Disagree (8.5%), Neutral (16.9%), Agree (28.2%), and Strongly Agree (40.8%). The independent variables impacted on the maintenance of good relationship between contract parties to Disagree (1.4%), Neutral (11.3%), Agree (35.2%), and Strongly Agree (52.1%). The independent variables impacted on the due process followed and communicated against contract changes to no extent (5.6%), Disagree (11.3%), Neutral (16.9%),

Agree (43.7%), and Strongly Agree (22.5%). Finally, the independent variables impacted on the Low supplier defect Supplier defect rate to a Disagree (5.6%), Neutral (25.4%), Agree (31.0%), and Strongly Agree (38.0%).

Table 4.13: Frequency Distribution of Contract Review

	1	2	3	4	5
Formulation of an elaborate key performance indicators in a contract	2 (2.8%)	2 (2.8%)	9 (12.7%)	23 (32.4%)	35 (49.3%)
Achievement of procured product and services quality	4 (5.6%)	6 (8.5%)	12 (16.9%)	20 (28.2%)	29 (40.8%)
Maintenance of good relationship between contract parties	0 (0.0%)	1 (1.4%)	8 (11.3%)	25 (35.2%)	37 (52.1%)
Due process followed and communicated against contract changes	4 (5.6%)	8 (11.3%)	12 (16.9%)	31 (43.7%)	16 (22.5%)
Low supplier defect Supplier defect rate is low	0 (0.0%)	4 (5.6%)	18 (25.4%)	22 (31.0%)	27 (38.0%)

Key: 5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree and 1 = Strongly Disagree

The mean and standard deviations of contract management were examined with a view of understanding the average opinion of the respondents on contract management and the average dispersion of the responses from the mean. In this context, the formulation of an elaborate key performance indicator in a contract had a mean of 4.31 and a standard deviation of 0.80; achievement of procured product and services quality had a mean of 4.01 and a standard deviation of 0.99; Maintenance of good relationship between contract parties had mean and standard deviation of 4.38 and 0.74 respectively. On the other hand, Due process followed and communicated against contract changes had mean and standard deviation of 3.38 and 0.91

respectively while low supplier defect Supplier defect rate is low had a mean of 4.01 and a standard deviation of 0.93.

According to Peat & Barton (2005), in a five point likert scale questionnaires (with 1=Strongly Disagree and 5= Strongly Agree), a mean of between 3.5 and 4.5 implies that on average the respondents tended to think that the measured metrics affected was agreed upon. It is thus critical to note that the means of contract management lay between 3.5 and 4.5. This implied that on average the respondents felt that the independent variables (contract documentation, cost management, compliance with contract terms and conditions, and continuous contract monitoring) had influenced contract management metrics was agreed upon.

According to Spiegel & Stephens (2007), standard deviation refers to the measure of dispersion of the data from its means. In a five point likert scale (with 1=Strongly Disagree and 5= Strongly Agree), the standard deviations figures are grouped into three batches for the purposes of interpretation.

The standard deviation of less than 0.5 implies that the data is closely distributed around the mean and there is little dispersion of the data hence a conclusion of high level of consensus of the respondents. A standard deviation of between 0.5 and 1 would imply that the data is moderately distributed around the mean hence an implication of moderate consensus in respect to the measured metrics. On the other hand, a standard deviation of above 1 implies that there is no consensus with the measured items. In the context of this study all the metrics for contract management are between 0.5 and 1 implying that there was moderate consensus in respect to these metrics.

Table 4.14: Means and Standard Deviation of Contract Review

	N	Min	Max	Mean	Std. Dev.
Formulation of an elaborate key performance indicators in a contract	71	2.00	5.00	4.31	0.80
Achievement of procured product and services quality	71	2.00	5.00	4.01	0.99
Maintenance of good relationship between contract parties	71	2.00	5.00	4.38	0.74
Due process followed and communicated against contract changes	71	2.00	5.00	3.83	0.91
Low supplier defect Supplier defect rate is low	71	2.00	5.00	4.01	0.93
Valid N (listwise)	71				

4.5 Inferential Statistics

The multiple linear regressions was undertaken for the purpose of examining the influence of the independent variables on the dependent variable. The model summary indicated a multiple linear correlation coefficient R of 0.476 which indicated that the independent variables (contract documentation, cost management, compliance with contract conditions, and contract monitoring) had a positive correlation with the dependent variable that is effective contract management. The coefficient of determination (R Square) of 0.727 indicated that the independent variable constituted 72.7% of the variance in the dependent variable.

Table 4.15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.476 ^a	.727	.680	.55858

a. Predictors: (Constant), Contract Documentation, Cost Management, Compliance With Contract Conditions, and Contract Monitoring

In order to examine on whether the data was good fit for regression model, the ANOVA was undertaken and the data being good fit for data was tested at 5% level of significance. Since the observed p value was 0.002 which was less than 0.05 (5%), it implied that the regression model was good fit for data. This in essence implies that the probability of the regression model giving wrong prediction effect on the dependent variable is 0.2% which is less than the set level of significance of 5%. Therefore the regression model was undertaken.

Table 4.16: ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	6.031	4	1.508	4.832	.002 ^b
1	Residual	20.592	66	.312		
	Total	26.623	70			

a. Dependent Variable: Contract Management

b. Predictors: (Constant), Contract Documentation, Cost Management, Compliance With Contract Conditions, and Contract Monitoring

To examine the influence of the independent variables on the dependent variables, the regression analysis was undertaken yielding the below regression model;

$$Y = 3.821 - 0.200X_1 + 0.243X_2 - 0.240X_3 + 0.317X_4$$

Where X_1 =Compliance with contract conditions

X_2 =Contract documentation

X_3 =Cost Management

X_4 = Contract monitoring

The regression coefficient of -0.200 for the compliance with contract conditions implied that a unit increase in compliance levels with contract conditions with the other variables left constant would lead to a -0.200 decrease in contract management. This implies that compliance with contract conditions on its own is not sufficient to lead to a positive influence on the contract management and the metric would only lead to a positive influence in collaboration with other independent metrics. The regression coefficient of 0.243 for the contract documentation implies that a unit increase in contract documentation would lead to a 0.243 increase in contract management with the other independent variables kept constant. The regression

coefficient of -0.240 for the contract cost management implied that a unit increase in contract cost management with the other variables left constant would lead to a -0.240 decrease in contract management. This implies that contract cost management on its own is not sufficient to lead to a positive influence on the contract management and the metric would only lead to a positive influence in collaboration with other independent variables. On the other hand, a unit increase in contract monitoring would lead to a 0.317 increase in contract management with the other independent variables kept constant.

Table 4.17: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.821	.951		4.019	0.000
Compliance	-.200	.126	-.182	-2.083	0.045
Documentation	.243	.117	.255	2.073	0.042
1 Contract cost management	-.240	.161	-.183	-2.064	0.04
Contract Monitoring	.317	.103	.343	3.073	.003

a. Dependent Variable: Contract t Management

The study's research hypotheses was tested using the t statistics and p values indicated in table 4.17.

H₀₁: There is no significant influence relationship between compliance with contract conditions and procurement contract management of state corporations in Nakuru County, Kenya.

The computed t-statistic was -2.083 and the p-value under the null hypothesis was 0.045. The p-value did not exceed the 5% level (0.05 significance level) leading to a conclusion to reject the null hypothesis (H₀₁).

H₀₂: There is no significant influence relationship between contract documentation and procurement contract management of state corporations in Nakuru County, Kenya

The computed t-statistic was 2.073 and the p-value under the null hypothesis was 0.042. The p-value of 0.042 did not exceed the 5% level (0.05 significance level) leading to a conclusion to reject the null hypothesis (H₀₂).

H₀₃: There is no significant influence relationship between contract cost management and procurement contract management of state corporations in Nakuru County, Kenya

The computed t-statistic was -2.064 and the p-value under the null hypothesis was 0.04. The p-value of 0.04 did not exceed the 5% level (0.05 significance level) leading to a conclusion to reject the null hypothesis (H₀₃).

H₀₄: There is no significant influence relationship between contract monitoring on procurement contract management of state corporations in Nakuru County, Kenya

The computed t-statistic was 3.073 and the p-value under the null hypothesis was 0.003. The p-value of 0.003 did not exceed the 5% level (0.05 significance level) leading to a conclusion to reject the null hypothesis (H₀₄).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a detailed summary of the major findings of the actual study; it then draws conclusions and discusses implications emanating from these findings. Finally, it makes some recommendations and suggestions on areas of further study.

5.2 Summary of Results

The summary of the results were examined in terms of the specific research objectives as per below;

5.2.1 Compliance with Contract Terms and Conditions

The compliance with contract terms and conditions was examined using five metrics; Compliance with the contract terms and conditions by the supplier/service provider enhance procurement contract management; The organization comply with the contract terms and conditions by awarding the contract to the most suitable party; Compliance with the general contract's conditions; Compliance with the specific contract's terms and conditions, and Enforcement levels of compliance with contract terms and conditions. All the metrics of compliance with contract conditions except enforcement levels of compliance with contract conditions had means between 3.5 and 4.5 indicating that on average the compliance levels had a moderate effect on contract management aspects. The enforcement levels of compliance with contract terms and conditions had a mean of 4.62 implied that on average this metric impacted on contract management to a strongly Agree. The contract documentation metrics had standard deviations between 0.5 and 1 implying moderate consensus amongst the respondents in relations to the influence of compliance with contract terms and conditions on contract management.

5.2.2 Contract Documentation

The influence of contract documentation on contract management was examined using five metrics that is understanding contract document ensures all the involved parties understand their role and rights in the contract process., understanding contract document lead in misinterpretation of the needs of the contract which result in loss of trust among the contracting parties, understanding contract document

reduces mistakes in implementation of contract which eliminate unnecessary rework., Understanding of contract document is very relevant and important in order to sustain the desired cost, time and quality in contract implementation, and for effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly. It is thus critical to note that the means contract documentation lay between 3.5 and 4.5 indicating that on average the contract documentation had a moderate effect on contract management aspects. The contract documentation metrics had standard deviations between 0.5 and 1 implying moderate consensus amongst the respondents in relations to the influence of contract documentation on contract management.

5.2.3 Cost Management

The cost management influence on contract management was examined using five metrics; Cost management helps in controlling contract specific cost, Cost control predicts the future expenses and costs accordingly to work towards the expected revenues., Cost management system ensure adherence to budgeted costs during contract implementation, Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement, and continuous cost checking of progressive contract implementation. The means of cost management metrics lay between 3.5 and 4.5 indicating that on average the cost management had a moderate effect on contract management aspects. The cost management metrics had standard deviations between 0.5 and 1 implying moderate consensus amongst the respondents in relations to the influence of cost management on contract management.

5.2.4 Contract Monitoring

The contract monitoring influence on contract management was examined through five metrics that is contract monitoring ensures quality of services/goods offered, contract monitoring of adherence to terms of reference, contract monitoring guarantee timely expenditure in contract execution, contract monitoring against work done, and contract monitoring of the relationship between the parties. Contract monitoring ensures quality of services/goods offered; contract monitoring of adherence to terms of reference; and contract monitoring of the relationship between the parties had means between 3.5 and 4.5 which implied that these metrics affected the contract management was agreed upon. On the other hand, the Contract monitoring guarantee

timely expenditure in contract execution and contract monitoring against work done had means of 3.24 and 3.49 respectively. This implied that on average they impacted on contract management to a Neutral. In respect to the standard deviation, the standard deviation of Contract monitoring ensures quality of services/goods offered, and contract monitoring of adherence to terms of reference had a standard deviation of 0.91 and 0.92 respectively. This implied that the data was moderately dispersed from the mean and therefore there was moderate consensus. On the other hand, Contract monitoring guarantee timely expenditure in contract execution; contract monitoring against work done, and contract monitoring of the relationship between the parties had standard deviation of above 1 which implied that the data was widely dispersed from the mean. This implied a lack of consensus on the given metrics.

4.2.5 Contract Management

Contract management was examined using five metrics that is formulation of elaborate key performance indicators in a contract, achievement of procured product and services quality, maintenance of good relationship between contract parties, due process followed and communicated against contract changes, and low supplier defect Supplier defect rate is low. Contract management metrics had means between 3.5 and 4.5. This implied that on average the respondents felt that the independent variables (contract documentation, cost management, compliance with contract terms and conditions, and continuous contract review) had influenced contract management metrics was agreed upon. All the metrics for contract management are between 0.5 and 1 implying that there was moderate consensus in respect to these metrics.

5.3 Conclusions of the Study

From the finding the researcher concluded that compliance with the contract conditions by the supplier/service provider enhance procurement contract management in state corporations. State corporations comply with contract conditions by awarding the contract to the most suitable party. The study further concluded that state corporations comply with both general and specific contract's conditions

Regarding contract documentation the researcher concluded that failure to understand the contract document potentially leads to mistakes in implementation of contract which caused unnecessary rework and increase in project cost. Understanding of contract document is relevant in sustaining the desired cost, time and quality in

contract implementation. For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly.

Concerning contract cost management the researcher concluded that cost management helps state corporations in controlling contract specific cost. Cost management system also ensures adherence to budgeted costs during contract implementation. Cost budgeting also ensures predefined costs are maintained as recorded in the contract agreement. Continuous cost checking of progressive contract implementation

Finally the researcher concluded that contract monitoring ensures quality of services/goods offered. Contract monitoring guarantee timely expenditure in contract execution and also enhance relationship between the parties.

The study concluded that compliance with contract terms and conditions as well as cost management were metrics that on their own they could lead to a positive influence on contract management. These metrics must work conjunctively with other metrics in order for them to lead to a positive influence on contract management. On the other hand, contract documentation and contract monitoring were seen to be impactful on contract management as they had the capacity on their own to lead to a positive change in contract management.

5.4 Recommendations of the Study

The study recommends that in order for the state corporations to improve on contract management, the state corporations must place emphasis on contract documentation and contract monitoring of contract management.

Risk management process need to be a continuous process during the contract period; and improve the relationship management with all the preferred contractors or suppliers especially in terms of timely settlement of contractors' payment for successfully delivery of service, work or product. Contract management teams must identify effective incentives and penalties to ensure that the contractor achieves the desired outcomes.

Emphasize should be done to contractors to review and understand the contract requirement including the case company invoicing requirements during kick-off meetings. This will act as reminder for contractors to meet the contract requirements.

Before contract awarded to a new contractor, state corporations should get recommendation from their previous clients for their capability in delivering service or goods ; Physical site visit to the shortlisted potential bidders should be done to verify what had been submitted in bidding documents prior to award of contract; Whenever there is significant difference in total contract amount offered by bidders, then the rates for the lowest technically compliant bidder has to be checked and verified if they are within the market range.

5.5 Suggestions for Further Studies

The study suggested that further studies should be conducted on procurement contract management of private firms in Nakuru County, Kenya.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY

P.O.BOX 62000-00200, NAIROBI, KENYA

TEL:+254-67-52711/52181-4 FAX 254-67-52164

Dear Respondent,

I am a Masters student at Jomo Kenyatta University of Agriculture and Technology from The Department of Entrepreneurship and Procurement Department. In partial fulfillment of the requirements for the award of a Master of Science Degree in Procurement and Contract Management, I am currently carrying out a study entitled *'Determinants of Procurement Contract Management.'* This questionnaire gives you a chance to express your views on the research topic. The information you give was treated with utmost confidentiality and was used for the purposes of this research study only. You are therefore NOT required to write your name on this questionnaire. Your cooperation was highly appreciated.

Thank you.

Benard Kipkemoi Yegon

APPENDIX 2: RESEARCH QUESTIONNAIRES

The questions below are for the purposes of establishing the determinants of procurement contract management of state corporations in Nakuru, Kenya. Your opinions as reflected in this questionnaire are important to this study and are held in confidentiality. Therefore you are requested to fill this questionnaire in the most free and honest way possible.

Please tick the appropriate answers in the boxes provided and also write down the appropriate answers in the spaces provided. Do not write your name or leave your contacts on the questionnaire. Thank you in advance for your time and cooperation

SECTION A. RESPONDENTS DETAILS

1. What is your gender?

Male ()

Female ()

2. What is your age category?

a) 20-25 yrs () c) 36-45yrs ()

b) 26-35 yrs () d) Above 45 years ()

3. Highest education qualification attained

Secondary ()

College ()

Undergraduate Degree ()

Post Graduate ()

4. How long have you been working in this organization?

Less than 1 year ()

2-5 Years ()

6-10 Years ()

More than 10 Years ()

In a scale of 1-5, indicate the level of agreement regarding the following statement

Key

5= Strongly Agree

4= Agree

3= Undecided

2= Disagree

1= Strongly Disagreed

SECTION B: COMPLIANCE WITH CONTRACT CONDITIONS

	5	4	3	2	1
Compliance with the contract terms and conditions by the supplier/service provider enhance procurement contract management					
The organization comply with the contract terms and conditions by awarding the contract to the most suitable party					
Compliance with the general contract's terms and conditions					
Compliance with the specific contract's terms and conditions					
Enforcement levels of compliance with contract terms and conditions are very high					

SECTION C: CONTRACT DOCUMENTATION

	5	4	3	2	1
Understanding contract document ensures all the involved parties understand their role and rights in the contract process					
Understanding contract document lead in misinterpretation of the needs of the contract which result in loss of trust among the contracting parties					
Understanding contract document reduces mistakes in implementation of contract which eliminate unnecessary rework.					
Understanding of contract document is very relevant and					

important in order to sustain the desired cost, time and quality in contract implementation					
For effective implementation of a contract the contractor must have the ability to understand the contract document thoroughly					

SECTION D: COST MANAGEMENT

	5	4	3	2	1
Cost management helps in controlling contract specific cost.					
Cost control predicts the future expenses and costs accordingly to work towards the expected revenues.					
Cost management system ensure adherence to budgeted costs during contract implementation					
Cost budgeting ensures predefined costs are maintained as recorded in the contract agreement					
Continuous cost checking enhance progressive contract implementation					

SECTION F: CONTRACT MONITORING

	5	4	3	2	1
Contract monitoring ensures quality of services/goods offered					
Contract monitoring ensures adherence to terms of reference					
Contract monitoring guarantee timely expenditure in contract execution					
Contract monitoring helps to against work done					
Contract monitoring ensure the relationship between the parties					

SECTION E: PROCUREMENT CONTRACT MANAGEMENT

	5	4	3	2	1
Formulation of an elaborate key performance indicators in a contract					
Achievement of procured product and services quality					
Maintenance of good relationship between contract parties					
Due process followed and communicated against contract changes					
Low supplier defect					