



**EFFECT OF SUPPLIER CONTRACT MANAGEMENT ON PERFORMANCE OF STATE CORPORATIONS IN KENYA**

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**Onyango, B. A.,<sup>1\*</sup> & Ndeto, C.<sup>2</sup>**

<sup>1\*</sup> Msc. Scholar, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Kenya

<sup>2</sup> Ph.D, Lecturer, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Kenya

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**ABSTRACT**

*The primary goal of the study was to examining the Influence of Supplier Contract Management and Performance of State corporations in Kenya. The review was instructed by the following unique objectives: To determine the influence of Contract Risk Assessment as well as to evaluate the outcome of Contract Performance Review on Performance of State corporations in Kenya. The study adopted the descriptive research design. The research covered (219) parastatals where respondents from; procurement officers, legal officers and finance officers making a total target population of 657 officers was selected. Stratified random sampling method was applied, since the population in different state corporations is considered heterogeneous. Sample size was determined by computing 30% of each stratum or sub groups. Data was compiled, sorted, classified and entered into the computer analysis using the Statistical Package for Social Scientists (SPSS) version 24. The study adopted one way analysis of variance (ANOVA) as a technique for data analysis as well as correlation analysis to test the relationships between the variables. The data was analyzed through the use of descriptive and inferential statistics. The study concluded that the use of Contract Risk Assesment have a significant influence on Supplier Contract Management on Performance of State Corporations in Kenya. The use of Contract Performance Review has a significant influence on Performance of State Corporations in Kenya. The study recommended that more emphasis be put on collection of information and monitoring supply contracts using computers for ease of access to information and for transparency purposes. Risk mitigating measures should be put in place to arrest procurement contracting at an early stage.*

**Key Words:** Contract Risk Assessment, Contract Performance Review, Performance

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## INTRODUCTION

The contract management process is the interaction between the vendor and the purchaser that ensures that both parties meet their respective obligations in any procurement relationship. The aim is to meet the operational, functional and business objectives required by the contract and provide a profitable interaction (Mburu,2017).Management of contracts, particularly partnerships, requires flexibility on both sides and a willingness to adopt the terms of the contract to reflect changing circumstances. It is important to recognize that problems are bound to arise which could not be foreseen when the contract was awarded (Lesere, 2018).

According to (Lesere,2018) Procurement contractual associations are essential to the capability of a business to send the services of theirs and or even offer items to the clients of theirs. When deliveries are late the business might be not able to service the customers of theirs. Poor quality items reflect upon the business as well as the customers of theirs might go elsewhere. Issues are expensive for resolve as well as impact right upon the good results as well as earnings of the purchasing organization. Agreement management system calls for an understanding of the agreement management procedure and all it requires are important to the good results of a business hence there for the crucial tasks inside an agreement management procedure should be handled properly. The personnel involved in contract administration required negotiating, assistance & balance useful contracts.

Procurement and contracting play a significant role in determining the availability and access to, health commodities in India where the supply chain management and critical contract elements such supplier contract management ,supplier tender evaluation , and bid rating for acquiring cold chain management, and quality management at international levels. This allows public health institutions acquire health commodities through the main office of Delhi therefore facilitating the

integration of the SCM of the vertical applications related to TB, Malaria as well as family planning (Umar& Abdul-Aziz, 2019). The functionality of the supply chain is actually attained to these Asian nations through Contract administration methods which deal with the specialized governance of the agreement and any permitted modifications to proof throughout the life of the agreement. This particular aspect of contract control guarantees that the daily facets of making the agreement run efficiently and effectively are taken care of by the Government Contracting (Mandal, 2020).

According to Kim and Kim, (2019) Organisations in the private and public sectors in Kenya, Rwanda Tanzania as well as Ethiopia are actually facing increasing pressure to bring down costs and enhance operational and financial results. Latest regulatory requirements, globalization, increases in complexity and contract volumes have resulted in an increasing recognition of the benefits as well as advantages of highly effective contract control.

According to Agarwal and Shankar, (2019) this strategic purchasing program is a structured and collaborative process of critically analyzing a Uganda Government spending patterns to better leverage its purchasing power, reduce cost and improve overall performance. By going out to the market as one large buyer, an approach common to the private sector and even state governments, the Uganda government enhanced buying power, streamline acquisition operations, improve service, and create significant savings (Keith, 2016).

Unilever Kenya, a subsidiary of one of the largest consumer goods manufacturing and distribution groups in the world, on the restructuring of Unilever's supplier contract management in Kenya, Tanzania, Malawi and Zambia, includes. A significant factor in designing a fit-for-purpose contract management strategy is identifying how critical or important the Goods, Works, Non-consulting or Consulting Services Gajjar & Sullivan,(2018).Managing supplier relationships is actually among the important skills practiced in Unilever Kenya It is about understanding the

dynamics of various kinds of customer dealer relationships and determining just how much time & resources must be dedicated to handling and communicating each relationship. Each contract is actually different, therefore careful considerations of the parties groups involved, the dynamics of the agreement, and the worth of its, scope as well as complexity have to be taken into consideration when creating a relationship management program, as part of the Contract Management Plan Muriuki & Kinoti,(2019).

Solvochem East Africa, a leading international supplier and manufacturer of chemicals and solvents in bulk quantities, Supplier Contract Performance measures cover all aspects of a contract are actually created to fit the demands of a specific contract and then set out in the agreement proof to make certain suppliers are completely alert to both the actions as well as the measurement methodology prior to any agreement is actually awarded Karangi & Mwangangi, (2017).The performance methods selected provide demonstrable and clear proof of the good results of the connection and also, in principle, problems such as for instance the following are discussed price as well as great received, performance & client satisfaction as well as delivery improvement and then additional value Sindiga, & Mbura, (2019).

According to (Aputo,2017),organizational performance for state corporations comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives, organizational performance encompasses specific areas of firm outcomes which include financial performance profits, return on assets, return on investment. Product market performance which includes sales, market share and shareholder return total shareholder return, economic value added. The term Organizational effectiveness is broader.

### **Statement of the Problem**

Poor contract management is to blame for poor results in public procurement efforts caused by the lack of a structured process to identify the supplier

contract performance deficiencies in a timely manner. In the absence of a formal supplier evaluation process, the ability to measure value for money is forgone. As well inexperienced contract management team unfamiliar with the technical specifications, terms of reference and/or conditions of the contract, as and with standard contract monitoring methods, systems and/or tools and the delegations and responsibilities for making decisions aren't clear Ndirangu & Gachuri,(2018).

The impact of the poor supplier contract management in government parastatals has greatly influenced the performance of the government ministries with supply chain operation activity generating up to 75 % of overall business costs, with major costs from 4% to 9% and from 7% to 12% associated with asset disposal and obsolesces cost respectively. public institutions loss 20 %to 30 % of their revenue in unrealized cost savings by not engaging in procurement best practices (Lesere, 2018). With the Poor inventory planning and ineffective distribution effect another 15-30% hence reduction in critical goods inventories, This Impacted to the user department and their orders of ksh 100,000.00 every week. Due to the mismanaged demand, Impact before this resulted in 7-10 lead time on deliveries hence disruption on finance, sales, and marketing and human resource operations Mwilu & Chirchir, (2013). According to the report of Presidential taskforce on parastatals reforms, states that the output of state corporations to GDP has been increasing from 9.54% in 2008/2009 to 11.64% in 2010/2011, based on internally generated income. In 2011/12, eleven (11) commercial state corporations made losses, compared to twelve (12) in 2010/11 and sixteen (16) in 2009/10. This represents 21%, 23%, and 31% respectively of all commercial oriented Government owned entities (Gajjar & Sullivan,2018).

Empirical review by (Salome, 2018) on contract management practices and performance of housing construction projects in Nairobi City County, Kenya only focused on contract performance and not

supplier contract relationship which is key of delivery. Studies by Kim, & Kim, (2019) on contract management platform based on blockchain the study focused implementation of ICT in contract unlike other critical contract terms. According to studies by Zou and Rajala, (2019). The influences of contract structure, contracting process, and service complexity on supplier performance. According to Zou and Rajala studies (2019) on The influences of contract structure, contracting process, and service complexity on supplier performance the study specifically focused on Contract Performance Review, Relationship Management Framework, Contract Risk Assessment, Vendor contract administration and buyer supplier contract relationship unlike other contract implementation factors. None of the above studies focused on our topic of interest. In the guise of this evidence highlighted herein, the researcher carried out a study on the influence of supplier contract management and performance of state corporations in Kenya.

### Research Objectives

The main objective of the study was to examine the effect of supplier contract management on performance of state corporations in Kenya

Specific objectives:

- To assess the effect of Contract Risk Assessment on Performance of State Corporations in Kenya
- To analyze the effect of Contract Performance Review on Performance of State Corporations in Kenya.

## LITERATURE REVIEW

### Theoretical Framework

#### Theory of Diffusion of Innovations (DOI)

The study was based on Contract Risk Assessment in establishing the influence of Supplier Contract Management on and Performance of State corporations in Kenya. The technology diffusion theory is the common lens through which theorists study the adoption and development of new ideas. The individuals or members of a community define diffusion as the process by which an innovation is

adopted and gains acceptance. Payam (2011) Identifying the danger that crop up over the course of a contract's lifecycle calls for the appropriate sort of experience and expertise with controlling contracts. Reviewing language, particularly with the guarantee as well as chance allocation clauses, help make sure that the articles at the agreement completely expresses the risks posed and both sides are actually pleased with the terms which are outlined to reduce those risks.

The diffusion principle belongs to an intricate selection of sub theories which collectively examine the tasks of adoption. Probably the most prominent account of diffusion analysis by Gajjar&Sullivan (2018) is exactly where the definition of diffusion comprises of 4 components that are identified as; Innovation: an idea, methods or maybe object perceived as brand new by team or people of adopters. Communication channels: ways by innovation moves from one person to the subsequent or perhaps group-to-group. Time: is actually the non spatial interval through which diffusion event takes place. Contract review along with approval is vital for risk managing. Legitimate teams are actually acquainted with the importance to scope the risks and assess whether they go over the organization's risk tolerance. Components like regulatory and business risk factors in addition to danger to third parties must be viewed throughout the threat assessment.

The easier it's for people to see results of an innovation, the greater likely they're adopting (Brian 2018), While the procedure isn't restricted to these perceived attributes, the components are actually very helpful in formulating thoughts for potential adopters in much better understanding what variables make adoption attainable or even desirable. Managing danger for a whole business could be made simpler with better management and just, a contract lifecycle management wedge. To have set terminology for contracts which safeguarded against any threat is consistent and simpler much with technology, and Legal may be engaged at any step in the task necessary through



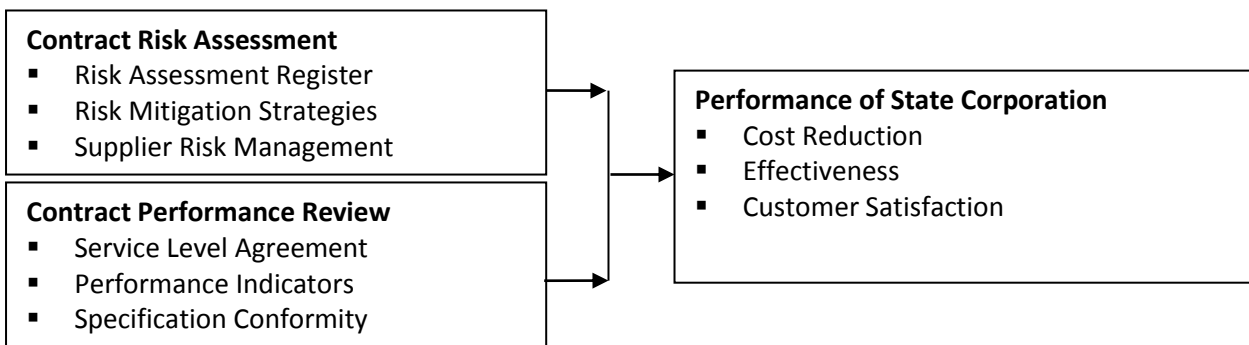
approval workflows and greater visibility over all documents (El Mokadem, 2017).

**Goal Setting Theory**

The study was based on Contract Performance Review in establishing the influence of Supplier Contract Management and Performance of State corporations s in Kenya this theory began with the early work on levels of aspiration developed by Kurt Lewin but has since been primarily developed by Dr. Edwin Locke, who began goal setting research in the 1960s. The study discovered an inductive connection between setting goals and enhanced creation efficiency. Which involves development of certain performance criteria for tracking as well as evaluating the suppliers as well as vendors on monthly, quarterly, and/or yearly foundation? Considerations include scale of the business, selection of certifications, quality management methods, complaint past, and monetary stability. An objective is the goal of an action or maybe process that a particular person purposely dreams to attain or even obtain (Hinsz & Heimerdinger, 2008). Setting goals involved the calculated practice

of establishing levels of performance in order to get attractive results.

Latham & Locke, (2007) ,stated "the goal setting principle was depending on the premise very much human activity is purposeful, because it's directed by calculated goals (Mandal, 2020).The choice to establish an objective results from dissatisfaction with existing performance levels. Setting an objective must include establishing a framework which directs actions as well as actions which boost the unsatisfactory overall performance. Kim and Kim, (2019),states that Taylor's best beneficial history was the idea of breaking an intricate undertaking down into a selection of sub tasks and optimizing performance as businesses increasingly concentrate on the core competencies of theirs and outsource a much better percent of work, the success of theirs gets more and more determined by the overall performance of strategic suppliers. Ultimately, the goal of SPM is improving the overall performance of all parties active in the contract(Gajjar & Sullivan,2018).



**Independent variables**

**Dependent variable**

**Figure 1: Conceptual Framework Model**

**Empirical Literature**

Based on the experiments carried by Mburu, (2017) on risk management strategy and supply chain performance among manufacturing companies identifying the chances that could develop over the course of a contract's lifecycle calls for the appropriate sort of experience and expertise with controlling contracts. reviewing particularly with

the guarantee as well as chance allocation clauses, can help make sure that the articles at the agreement completely expresses the risks posed and both sides are actually pleased with the terms which are outlined to reduce those risks.Contract review along with approval is actually vital for risk managing. Legitimate teams are actually acquainted with the importance to scope the risks and assess whether they go over the organization's chance

tolerance (Salome, 2018). Components like regulatory and business risk factors in addition to danger to third parties must be viewed throughout the potential risk assessment. Managing danger for a whole business could be made simpler with better management and just, a contract lifecycle management wedge. To have set terminology for contracts which safeguarded against any threat is consistent and simpler much with technology, and Legal may be engaged at any step in the process essential via approval workflows as well as higher visibility of all of documents.

The study found out the threat transfer clauses are believed to be when drafting agreements, as it's likewise essential to look back again and deal with the original underlying cause of contract danger: lack of transparency as well as difficulty collaborating. Enhancing collaboration is like bringing contracts back again to their core purpose: relationships (Ndirangu & Gachuri, 2018). Contracts aren't only documents with text to be filed out and forgotten, but living, crucial agreements in life and business. Engaging with potential partners and stakeholders in a means that keeps this in mind and increases transparency can help stay away from chances which come with lack of misunderstanding and interaction of contract terms.

Studies by Zou & Rajala, (2019) on the influences of contract structure, contracting process, and service complexity on supplier performance found that situations come about because an organization simply does not have the resources to closely track its vendor contracts. Moreover, most organizations hold the department managers responsible the maintenance for their respective department's contracts. This often leads to delegating the task to a less senior employee who is not as well versed with the contract terms as their managers.

Based on Odero and Ayub (2017) on the effect of procurement practices on procurement performance of public sugar manufacturing firms in Western Kenya. The analysis started that reference has been made to the need to determine the supplier's overall performance all through the

period of the agreement. Just as important, and another downstream task, would be the measurement of the purchasing organization's performance effectiveness and efficiency. Effectiveness is actually worried about the capability to complete a certain objective or goal, and productivity is actually concerned with the ability to optimize efficiency with probably the least length of effort, resources or money. Put simply, effectiveness suggests carrying out the proper thing whereas effectiveness means doing things right (Ndirangu & Gachuri, 2018). The study established that The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change.

Kinai and Were, (2017) study concluded that the stages of contract management are intended to ensure that the parties work together to achieve the objectives of the contract. Contract management is based on the idea that the contract is an agreement, a partnership with rights and obligations that must be met by both sides to achieve the goal. Contract management is aimed not at finding fault, but rather at identifying problems and finding solutions together with all contracting parties involved.

## **METHODOLOGY**

The study adopted descriptive research design. The study targeted the employees working in State Corporations in Kenya in Kenya. The research covered (219) parastatals where respondents from; procurement officers, legal officers and finance officers making a total target population of 657 officers was selected .

The researcher adopted stratified random sampling technique since the population is homogenous. Sample size was determined by computing 30% of each stratum or sub groups. Information therefore

was collected from employees of the 65 state corporations.

To collect primary data, questionnaires was used. A pilot study enabled the researcher to access the clarity of the instrument and its ease of use. The study adopted one way analysis of variance (ANOVA) as a technique for data analysis as well as correlation analysis to test the relationships between the variables. A cross tabulation and

correlation analysis was also be carried out to present the background information against the study variables and establish the strength of the relationship between variables respectively. A critical (P) value of 0.05 was used to determine whether the overall model is significant or not. Multiple regression models was used in the analysis to determine variance in the dependent variable that is explained by the independent variable (Bell & O'Hare, 2020).

## FINDINGS

### Descriptive Statistics of Study Variables

**Table 1: Contract Risk Assessment**

Statement	SD (%)	D(%)	N(%)	A(%)	SA(%)	Total (%)
Improving accuracy and decreasing errors through automatic contract generation, use of intuitive artificial intelligence, and elimination of repetitive task	9.2	30.4	23.9	30.4	6	100
Improving visibility and predictability into issues or roadblocks	7.1	23.4	21.7	42.9	4.9	100
Getting contract renewals executed on time through increased reliability	6	15.2	25	42.4	11.4	100
Protecting contracts and processes via software storage, eliminating risk of lost contracts because of theft or destruction of physical assets like hard drives and paper and ink	4.9	28.8	31.5	29.3	5.4	100
The ability to operationalize contract commitments through performance and compliance tracking	20.1	38	19	19.6	3.3	100
Follow the rules, standards and guidelines in her field, commonly called the "rules of art" or "good practices	13	21.2	23.9	38.6	3.3	100
Undertaking necessary actions to prevent risks like early termination of revenue contracts and compliance failure	3.8	22.3	28.3	40.8	4.9	100
Identifying commercial contractual risk management issues using multi-domain team	1.1	8.7	28.8	49.5	12	100
Applying risk mitigation by avoidance, elimination, transfer, or bearing the risk (if appropriate)	2.2	7.1	21.2	58.2	11.4	100
Employees are given opportunities for training and development in their areas of specialization.	5	15.8	27.2	47.8	8.7	100
Risk is assigned to the party best able to manage it. Emerging risks are shared and a common management plan is agreed	3.8	16.8	38	33.2	8.2	100
<b>Average</b>	<b>6.3</b>	<b>18.8</b>	<b>26.5</b>	<b>40.5</b>	<b>7.9</b>	<b>100</b>

SD – Strongly Disagree, D-Disagree, N-Neutral, A-Agree, SA-Strongly Agreed



The study sought to establish if there improving accuracy and decreasing errors through automatic contract generation, use of intuitive artificial intelligence, and elimination of repetitive task. The study found out that 9.2 % of the respondents strongly disagreed. A further 30.4% of the respondents disagreed, 23.9% of the respondents were neutral, 30.4% of the respondents agreed while 6% of the respondents strongly agreed. The findings, therefore, indicate that majority of the respondents (30.4%) both disagreed and agreed respectively that there is existence of performance rating/appraisal. Overall, 39.6% of the respondents generally disagreed that there is existence of improving accuracy and decreasing errors through automatic contract generation, use of intuitive artificial intelligence, and elimination of repetitive task. On the other hand, 36.4% of the respondents generally agreed that there is existence of improving accuracy and decreasing errors through automatic contract generation, use of intuitive artificial intelligence, and elimination of repetitive task.

On whether there is improving visibility and predictability into issues or roadblocks, the study established that 7.1% of the respondents strongly disagreed. A further 23.4% of the respondents disagreed, 21.7% of the respondents were neutral,

42.9% of the respondents agreed while 4.9% of the respondents strongly agreed. Overall, 47.8% of the respondents generally agreed that there is improving visibility and predictability into issues or roadblocks.

The study sought to establish if there is contract renewals executed on time through increased reliability. The study found out that 6% of the respondents strongly disagreed. A further 15.2% disagreed, 2.5% of the respondents were neutral, 42.4% of the respondents agreed while 11.4% of the respondents strongly agreed. Overall 53.8% of the respondents generally agreed that contract renewals executed on time through increased reliability.

On whether there is protecting contracts and processes through software storage, eliminating risk of lost contracts because of theft or destruction of physical assets like hard drives and paper and ink, the study established that 4.9% of the respondents strongly disagreed. A further 28.8% of the respondents disagreed, 31.5% of the respondents were neutral, 29.3% of the respondents agreed while 5.4% of the respondents strongly agreed. In an ideal situation, organizations are supposed to come up with ways of protecting contracts and storing them.

### Contract Performance Review

**Table 2: Respondents opinion on Contract Performance Review**

Statement	S D(%)	D(%)	N(%)	A(%)	S A (%)	Total (%)
A specialist contract management entity is actually contracted by the Borrower to deal with contract implementation	20.1	27.2	24.5	25	3.3	100
Create scorecards to evaluate dealer performance	16.3	32.6	37	13	1.1	100
Communicating clear expectation of results and sharing info at the correct levels	14.1	26.6	42.4	13.6	3.3	100
Key Performance Indicators (a description and kpis) of the criteria or perhaps measurement process, if relevant;	11.4	28.8	39.7	17.9	2.2	100

Much better command of the contract's implementation and operational risks, leading to enhanced contract outcomes	15.2	27.7	33.7	21.7	1.6	100
Crucial contract deliverables (identified and correctly described, as well as updated accounting for change orders while in the execution of the agreement); Reporting requirements (types of reports, times, contents etc.) And lines of reporting;	22.3	33.2	25	15.8	3.8	100
Thoroughly evaluate as well as understand contract's needs, which includes functional/ performance/technical Requirements;	37	42.9	15.2	1.6	3.3	100
Implementing action that is proper to mitigate and / or control a delay and capturing the decision/s.	26.1	30.4	35.9	6	1.6	100
<b>Average</b>	<b>20.3</b>	<b>31.2</b>	<b>31.7</b>	<b>14.3</b>	<b>2.5</b>	<b>100</b>

SD – Strongly Disagree, D-Disagree, N-Neutral, A-Agree, SA-Strongly Agreed

The study sought to establish the existence of a specialist contract management entity is actually contracted by the Borrower to deal with contract implementation. The study found that 20.1% of the respondents strongly disagreed. A further 27.2% of the respondents disagreed, 24.5% of the respondents were neutral, 25% of the respondents agreed while 3.3% of the respondents strongly agreed. Overall, 47.3% of the respondents generally disagreed that there is existence of a specialist contract management entity is actually contracted by the Borrower to deal with contract implementation while 28.3% of the respondents generally agreed. It is important that existence of a specialist contract management entity is actually contracted by the Borrower to deal with contract implementation are important and key in performance.

The study also sought to establish if scorecards are created to evaluate dealer performance. The study found that 16.3% of the respondents strongly disagreed that budgets are usually compared with actual for control purposes. A further 32.6% of the respondents disagreed, 37% of the respondents were neutral, 13% of the respondents agreed while, 1.1% of the respondents strongly agreed. Overall, 48.9% of the respondents disagreed that scorecards

are created to evaluate dealer performance while 14.1% of the respondents generally agreed. A significant number of respondents (37%) were not sure whether or not scorecards are created to evaluate dealer performance. The study further sought to establish if communicating clear expectation of results and sharing info at the correct levels. The study found that 14.1% of the respondents strongly disagreed. A further 26.6% of the respondents disagreed, 42.4% of the respondents were neutral, 13.6% of the respondents agreed while 3.3% of the respondents strongly agreed. Overall 40.7% of the respondents generally disagreed while 16.9% of the respondents generally agreed. Another significant number of respondents (42.4%) of the respondents were not sure whether or not if there is communicating clear expectation of results and sharing info at the correct levels.

#### **Inferential Statistics**

#### **Correlation Analysis**

The results of correlation analysis indicated that there was a strong positive and significant relationship between Contract Risk Assessment and performance of State corporations in Kenya. With a Pearson correlation coefficient  $r=0.485$ , p-value

<0.01 which was significant at 0.01 level of significance. This implies that increased Contract Risk Assessment results in increase of performance of State corporations in Kenya.

There was strong positive and significant relationship between Contract Performance Review

and performance of State corporations in Kenya. With a Pearson correlation coefficient  $r=0.891$ ,  $p$ -value  $<0.05$  which was significant at 0.05 level of significance. This indicates that improved Contract Performance Review results in improved performance of State corporations in Kenya.

**Table 3: Correlation Matrix**

		PSC	CRA	CPR
PSC	Pearson Correlation	1		
	Sig. (2-tailed)	0		
CRA	Pearson Correlation	.485**	1	
	Sig. (2-tailed)	0		
CPR	Pearson Correlation	.891**	0.143	1
	Sig. (2-tailed)	0	0.123	

### Multiple Linear Regression for all variables

**Table 4: ANOVA Table**

Model		Sum of Squares	df	Mean Square	F	Sig.	R- Squared
1	Regression	15.276	2	7.638	11.183	.004	0.039
	Residual	149.577	219	0.683			
	Total	164.853	221				

The ANOVA test is used to determine whether the model is important in predicting the Performance of State Corporations in Kenya. At 0.05 level of significance the ANOVA test indicated that in this

model the independent variables were predictors of and Performance of State Corporations PSC as indicated by significance value=0.004 which is less than 0.05 level of significance ( $p=0.004 < 0.05$ ).

**Table 5: Model coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.239	0.886		3.657	0
Contract Risk Assessment	0.911	0.36	0.463	2.534	0.013
Contract Performance Review	0.826	0.365	0.433	2.265	0.025

From the findings, at 5% level of significance, Contract Risk Assessment CRA was a significant predictor of Performance of State Corporations PSC where ( $p=0.013 < 0.05$ ). A unit increase in Contract Risk Assessment CRA will result to 0.911 increase in Performance of State Corporations in Kenya. Contract Performance Review CPR was a significant predictor of Performance of State Corporations PSC

where ( $p=0.025 < 0.05$ ). A unit increase in Contract Performance Review CPR will result to 0.826 increase in Performance of State Corporations in Kenya.

### CONCLUSION AND RECOMMENDATIONS

In the examination of the effect of Contract Risk Assessment, the study concluded that the use of Contract Risk Assessment have a significant influence

on Supplier Contract Management on Performance of State Corporations in Kenya. The study also concluded that a unit increase in the use of Contract Risk Assessment on its own results in an increase in Performance of State Corporations in Kenya.

In the assessment of the influence of Contract Performance Review, the study concluded that the use of Contract Performance Review has a significant influence on Performance of State Corporations in Kenya. The study also concluded that a unit increase in the Contract Performance Review on its own results in an increase in Performance of State Corporations in Kenya.

In the context of use of Contract Performance Review, the study recommends that more emphasis

be put on collection of information and monitoring supply contracts using computers for ease of access to information and for transparency purposes.

Within the context of Contract Risk Assessment, the research recommends that risk mitigating measures to be put in place to arrest procurement contracting at an early stage.

#### **Areas for Further Research**

The researcher suggests further research to be conducted to investigate other factors which influenced Performance of State Corporations for example, environmental factors like infrastructure, facilities and location. Other scholars could also evaluate external factors that influence Performance of State Corporations in the devolved government units.

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