THE EFFECT OF CONTRACT MANAGEMENT PRACTICES ON THE PROCUREMENT PERFORMANCE IN PUBLIC PROCURING ENTITIES IN TANZANIA: A CASE OF THE MINISTRY OF FINANCE AND PLANNING

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Masters of Supply Chain Management (MSCM)

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BY

FLORENTINA MASURULI

A Dissertation Submitted in Partial Fulfilment of the Requirements for the Award of Masters Degree in Supply Chain Management of the College of Business Education

June, 2021
DECLARATION

AND

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Signature ___________________  Date ________________

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the College of Business Education; a dissertation titled “The Effect of Contract Management Practices on the Procurement Performance in Public Procuring Entities in Tanzania: A Case of the Ministry of Finance and Planning” in partial fulfilment of the requirements for the award of Masters in Supply Chain Management of the College of Business Education.

Signature: ______________________ Date: _____________________

Supervisor’s Name: Dr. Christopher Nditi
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DEDICATION

This dissertation is dedicated to my husband, Peter Kalugwisha, who has been a constant source of support and encouragement during the whole period of my studies. I am truly thankful for having you in my life. This work is also dedicated to my daughters Giovanna, Gionater and Gianna and my parents Gaspar Masuruli and Felister Mategwe who have always loved me unconditionally and whose good examples have taught me to work hard for the things that I aspire to achieve. Also, great thanks go to my supervisor Dr Christopher Nditi for the research methodologies skills that enabled me to accomplish my research.
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>PEs</td>
<td>Procuring Entities</td>
</tr>
<tr>
<td>PMI</td>
<td>Project Management Institute</td>
</tr>
<tr>
<td>URT</td>
<td>United Republic of Tanzania</td>
</tr>
<tr>
<td>VFM</td>
<td>Value for Money</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
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<td>PPRA</td>
<td>Public Procurement Regulatory Authority</td>
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ABSTRACT

The study aim was to examine the effect of contract management practices on the procurement performance in public procuring entities at the Ministry of Finance and Planning. Specific objectives of the study were to: examine the effect of contract administration on procurement performance, determine the effects of contract risk management on procurement performance, and evaluate the effects of contract dispute resolution on procurement performance at the Ministry of Finance and Planning. The study employed a sample of 81 respondents from the Ministry of Finance and Planning were involved. Methods used in Data collection included an interview, questionnaire and documentary review. Qualitative data were analyzed using content and thematic analysis while quantitative data analysis was done using Statistical Package for Social Sciences (SPSS) in which descriptive statistics, correlation and multiple regression analysis were used. Findings revealed that contract administration, contract risk management and contract dispute resolution were contract management practices applied in the Ministry of Finance and Planning. Findings further indicated that contract administration, contract risk management and dispute resolution were positively and significantly related to procurement performance in public procuring entities at the Ministry of Finance and Planning. Thus, the study concludes that performance in public procuring entities at the Ministry of Finance and Planning was associated with delaying of delivery of service. The study recommends to the Ministry of Finance and Planning to improve contract management practices to boost their procurement performance.
CHAPTER ONE

1.0 Study Overview

This chapter gives an overview of the study's purpose and setting. Background, issue statement, study goals, and research questions are all covered in this chapter.

1.1 Background of the Problem

Public Procurement is increasingly drawing attention among governments and public-funded entities towards the acquisition of goods and services on behalf of governments (Czarnitzki Hünermund & Moshgbar, 2020). Globally, Public procurement contract comprises more than 20 per cent of government expenditure. In most of the developing countries, public procurement is more devastated, for example, the Tanzania government comprise a high proportion of expenditure that amounted to 30.1 per cent of collected revenue during the financial year 2017/2018. It indicates that public procurement is a vital government function that worth to be controlling for the affair of the economy (Dello, & Yoshida, 2017).

Effective and efficient execution in the supply of products and services contracted out is a need for contract management. An organization may achieve VFM (value for money) while providing services to a specified population by using this method (Delmon, 2017). Contract management focuses on the operations that take place following the award of the contract throughout its implementation. Procurement management efficiency relies on the actions carried out at the choice of contract type and contractor selection
stage (World Bank, 2018). Contracted management helps procure since it is concerned with delivering high-quality services while also saving money and allowing suppliers to be more flexible (Cho & Pucick, 2015).

For the public sector to succeed in contracts entered, the framework guidelines for the procurement policy should be in place. This is designed to improve service markets through the effective management of public resources (Waigwa & Njeru, 2016). The specific attempt in the public to manage its procurement activity is to establish efficient contract management.

In Tanzania, the contract management stage was regarded as the separate process to procurement functions performed by non-procurement professionals. This is the decision reached in the procurement laws towards awarding the contract to bidders (Basheka, 2017).

The performance report for the year 2018/19 specifically reviewed the concerns of contract implementation. The reports from 19 Procuring entities (PEs) including the Ministry of Finance and Planning which is equal to 58% of the PEs that presented the internal audit reports indicated assorted weaknesses which include; contract implementation reports were not prepared by the contract supervisors, some of the contracts amended exceeded 15% of contracts amount without getting approvals of the respective budget approving authorities which is contrary to Regulation 61 (4) that directs that each contract amendments above 15% should obtain approval of the respective budget approving authority of PPR 2013 (URT,
2019). It is important to undertake this study on the effect of contract management practices on the procurement performance in public procuring entities in Tanzania

1.2 Statement of the Problem

Contract management is necessary for attaining value for money by ensuring fair procurement participation and adopting a competitive method in the use of the public resource. The allocation of resources for public affairs have to consider the efficient and effective process to assure achievement of value for money during contract management (Schooner, 2017).

Based on effective contracts management which ensured procurement performance in the public sector, the government of Tanzania under the Public Procurement Act (PPA) 2011 requires each procuring entity to adhere to contract terms and conditions by ensuring that the duties and obligations imposed by the contract are fully adhered to (Mchopa, 2015).

Most PEs in Tanzania have a concern in managing contracts towards the award of contracts. According to the PPRA report (2018), it was revealed that 33% of procurement contracts found that 30 PEs including the Ministry of Finance and Planning were delayed in the implementation as per the terms of the contract due to lack of effective communication, inaccurate information and lack of individual capacity to process large information as grounded in the transaction cost theory (Mrope, 2018).
Similarly, in Ministry of Finance and Planning as reported in the PPRA report of the financial year 2019/2020 revealed that due to improper contract management in the financial year 2019/20, contracts amounting to TZS 2.1 billion and 421 million were delayed to be implemented and terminated respectively (URT, 2020).

Different research has been conducted and published on Tanzanian public entity procurement function performance, hence most public entities have poor and inefficient procurement function performance (Kechibi, 2012). According to Mwakyelu (2019), even though contract management is a key concern in the public procurement process, it has gotten relatively little attention from PPA and procurement scholars.

Therefore, in this regard, the study aims to address the effect of contract management practices on the procurement performance in public procuring entities in Tanzania using the Ministry of Finance and Planning as a relevant case.

1.3 Research Objectives

1.3.1 General objective

The general objective of this study was to assess the effect of contract management practices on the procurement performance in public procuring entities at the Ministry of Finance and Planning
1.3.2 Specific Objectives

The specific objectives of this study were;

i. To examine the effect of contract administration on procurement performance at the MOFP;

ii. To determine the effects of contract risk management on procurement performance at the MOFP;

iii. To analyze the effects of contract dispute resolution on the performance of procurement at the MOFP.

1.4 Research Questions

i. What are the effects of contract administration on procurement performance at the MOFP?

ii. What are the effects of contract risk management on procurement performance at the MOFP?

iii. What are the effects of contract dispute resolution on procurement performance at the MOFP?

1.5 Significance of the Study

i. This study will help the policymakers and the government at large to amend or adjust reliable and compelling policies and rules in ensuring the institutions and firms specifically in the public procurement contract management for advanced services based on the demands of the public.
ii. The study provides key insight to the Ministry of Finance and planning management on how contract management is related to procurement performance in public institutions. It later presents recommendations forward to improve services for users (general public).

iii. The study will serve as empirical literature to future researchers interested in researching contract management practices on the procurement performance in public procuring entities. The study will also serve as a body of knowledge for practitioners and students to gather experience in the area of contract management practices.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter intends to review some of the definitions of the concept, theoretical literature and empirical review relating to contract management practices, as well as conceptual framework.

2.2 Definitions of Key Terms

2.2.1 Contract Management

An important part of contract management is making sure that contracts are implemented correctly and efficiently to deliver on their promises. One of the primary goals of contract management is to ensure that the goods and services are timely delivered, at the correct location, and in the correct number, as well as that it is finished per the agreed-upon specifications, standards, and/or quality. Contract management's success, on the other hand, is heavily impacted by activities like procurement planning, contract choice, and contractor selection (World Bank, 2018). Contracts serve as the basis for good working relationships between contracting authorities and contractors, according to Lowe (2013). It also serves as a foundation for accepting the project's deliverables, guaranteeing that the money spent was worthwhile. A positive working relationship between the contracting firm and the contractor is difficult to establish if the contract fails to address significant concerns needed by the agreement, such as word ambiguities. Although this is the
case, the contracting firm may take steps upon granting a contract to improve contractor performance and, as a result, the contract's overall efficacy.

By this, they mean that the contracting company's efforts to build and maintain a favourable working relationship with the contractor are included. There must be mutual trust and understanding between the parties for this to happen. Third, contract administration is a part of this process. Maintaining an updated contract form necessitates contract variation control and management as well as timely payment to the contractor, managing assets, preparing reports, and terminating the contract (Hansson et al, 2014; Piga et al, 2013).

2.2.2 Contract Administration

Contract administration ensures appropriate performance by each party in achieving their agreed-upon contractual duties (Ofori, 2014). After an award, it's important to have a plan to regulate the post-award period, including approvals of modifications, daily activity monitoring (including quality assurance), and defect repair (including testing and commissioning) (Ofori, 2014). Since Contracts do not enforce themselves, contract administration is essential for resolving conflicts quickly (Puil & Weele, 2014), reducing disputes, controlling changes (Islam et al., 2019), maintaining relevant records (Iyer & Jha, 2005), and addressing contradictions or discrepancies among various contract documents (Hamie & Abdul-Malak, 2018; Joyce, 2014). Not only that, but it's critical to keep tabs on and regulate the
implementation of the contract, handle contract difficulties, guarantee project goals are met, and assure project compliance.

Poor Contract administration is revealed in literature by the failures of the Contract administration team to perform and the misunderstanding of their responsibilities and roles, as well as the absence of guidance, systems and procedures (Surajbali, 2016). Another finding is that the contractor is delayed in receiving the site before it is handed over to them (Alzara et al., 2016). Additionally, the Contract administration staff may be unfamiliar with procurement processes, have ambiguous duties and responsibilities, and lack essential training and highly qualified personnel (Surajbali, 2016). Having a contract management team that has the right mix of applicable expertise and credentials is critical for defining roles and responsibilities in the process. Officials in charge should be chosen based on objective criteria to guarantee that they possess the required technical expertise and abilities, such as negotiation, collaboration, and communication skills (Uher & Davenport, 2009).

We often see inadequate communication between firms during contract performance, absence of contract-related activity monitoring, and ambiguous measures of contract performance (Surajbali, 2016).

Delayed responses to contractor enquiries releasing additional information later than planned, approval delays and insufficient oversight are all examples of subpar performance (Surajbali, 2016). Contractors are also
harmed by incorrect payment methods (Surajbali, 2016), payments that have been delayed (Ahmed, 2015), and a lack of funding (Okere, 2012). According to research done so far, ICT is not being used to its full potential (Ahmed, 2015; Okere, 2012; Surajbali, 2016) and inaccurate records (Ahmed, 2015) have been found in the record management field (Ahmed, 2015). A lack of good change management influences the area of change (Alzara et al., 2016). Similarly, a lack of efficient claim procedures has an impact on claim handling (Alzara et al., 2016).

2.2.3 Risk Management

Project risk management, according to the PMI (2004), is a fundamental component of project management. This shows a significant link between the management of risks and the success of a project. Risk Management is indeed challenging in contract management, but its use in all projects is encouraged to minimize unfavourable outcomes (Winch, 2002; Potts, 2008). (Potts, 2008). To avoid unfavourable effects on the project's overall performance, risks should be recognized. Many of the issues that arise in the latter stages of a project are the consequence of poorly handled risks in the beginning (Chapman & Ward, 2003). This demonstrates how critical it is to conduct thorough research, particularly in the beginning stages of a project. For Risk Management practitioners, the process begins with project definition and continues through the planning, execution, control, and closing phases, as described by Raz et al. (2002a). However, according to Lyons and Skitmore (2002), Risk Management is most often employed throughout the
planning and implementation phases. While Elkington and Sallman (2002) discovered that the risk assessment phase is critical, they also found that conceptualization is as crucial in the risk assessment. As a part of a company's risk management, management rules, methods, and procedures are applied to duties such as setting up the company's environment and recognizing potential threats. Risk Management should be continually developed throughout the project to optimize the efficiency of risk management. As a result, risks will be identified and addressed at every stage (Smith et al. 2006). The advantages of RM do not just apply to the project; they also help the individuals who are a part of it. One of the most powerful motivators is having a thorough grasp of the project's possible hazards.

### 2.2.4 Dispute Resolution

Dispute resolution is another practice or activity involved in contract management. When choosing and using the best method of resolving disagreements in collaboration with the contractor, Rotich (2014) says this comprises procedures. When it comes to working with the other party, questions, conflicts, misunderstandings, and differences may develop from time to time throughout the contract's operation. A dispute resolution provision is a system that gives a peaceful and fair approach to work through and addresses these issues. In the event of a dispute or misunderstanding, a clause for dispute resolution reduces the likelihood of the parties being forced into a lengthy and expensive court action to address their differences. Before bringing a lawsuit, contracting parties are frequently obligated to try
to resolve their differences out of court. Conflict, disagreement, or claim settlement can be accomplished through a variety of techniques known as dispute resolution.

2.3 Theoretical Literature Review

2.3.1 Transaction Cost Theory

Transaction Cost Theory, created by Williamson (1979), involves two key assumptions about human behaviour (opportunism) and bounded rationality, which were used in this study. In commercial dealings, opportunism refers to providing incomplete or false information to gain an advantage. Bounded rationality, on the other hand, focuses on the individual's incapacity to handle huge amounts of information, which is a major cause of poor performance. The theory may be used in this study because the transaction costs impact government decisions on whether or not to contract, how to manage contracts, and whether contracting is effective. Contract management is a complicated process that frequently results in high transaction costs due to the complexities of contract negotiation, implementation, and monitoring, as well as ensuring that the provisions of the contract are being adhered to.

2.4 Empirical Review

2.4.1 Foreign Studies

Study on Factors Affecting Contract Management in Construction Industry was done by Kanchana et al. If the contract monitoring components are
properly handled, the chances of company success and successful service delivery are greatly increased, according to the findings of the research study. The research focused on characteristics that impact contract management, but it did not make a connection between these aspects and procurement performance. In addition, the research was concentrated on the building business.

Sarkar (2015) did a study on Contract Management Practice based on the acquisition of goods in Bangladesh and discovered that the overall Contract Management practice lacks a commitment to achieving the greatest value for money. Despite that, there was no connection made between contract management and public procurement performance in this study.

### 2.4.2 Local Studies

Using data from a study done by Mchopa (2015), the author discovered that efficient contract management procedures are essential to achieving value for money in Tanzanian contracts for the procurement of products, services and works. Tanzania public procurement, on the other hand, does not identify the methods of contract management used.

The study conducted at MIC-Tanzania on the procurement contract management's role in improving the efficiency of project management by Amour (2014), the findings revealed that contractors must comply with contract terms and conditions, have technical competency, and be monitored under contract to ensure project management is carried out as agreed.
Conclusions drawn by the author include the following: inadequate contractor management staff, disputes resulting from late deliveries by suppliers, poor quality of work/services, vague specifications, technical incapability of suppliers, and a lack of focus on making the contract readily available to other stakeholders. Lack of effective technical review and KPI monitoring was also cited. After the project was completed, a supplier delivery performance report was prepared, and a case firm should develop an automated contract management system. These were some of the recommendations made by the research. This research was done in Tanzania by the private sector, not the government.

2.5 Research Gap

Although practitioners, educators, and researchers have given it a lot of thought, the effect of contract management practices on an organization’s performance has not been fully addressed. Most of the empirical studies such as Amour (2014); Kanchana et al. (2018) concentrated on the effectiveness of procurement contract management (PCM) in Ministries and private companies and factors affecting Contract Management in Construction Industry. The lack of interest, as well as the legality associated with contracts, has resulted in an insufficient study in this field. This study aims to address the effect of contract management practices on the procurement performance in public procuring entities in Tanzania using the Ministry of Finance and Planning as a relevant case.
2.6 Conceptual Framework

For this research, the framework includes procurement performance and contract management techniques as the dependent and independent variables. Three variables are representing the independent variable, including the management of contracts and the settlement of disputes. The conceptual framework demonstrates how procurement performance in public purchasing bodies is affected by contract management procedures. The timing of service delivery is controlled by procurement's key performance indicator. Figure 1 summarizes the connection between independent and dependent variables.
Contract Administration
- Controls and manages contract changes
- Timely contractor payment
- Adherence to contract terms
- Updated records of contract implementation
- Professional consideration

Contract risk management
- Risk identification
- Risk assessment
- Risk mitigation

Contract Dispute Resolution
- Procedures for resolving disputes
- Parties cooperation in resolving disputes
- Professional ethics in resolving disputes

Procurement performance
- Timely service delivery

Independent Variables

Dependent variables

Figure 1: Conceptual Frame work

Source: Researcher’s conceptualization, 2021
CHAPTER THREE

3.0  RESEARCH METHODOLOGY

3.1  Introduction

This chapter discusses the research design, study region, study population, sample size, sampling processes, data gathering techniques and tools, and data processing approach.

3.2  Research Design

The research design is directly connected to the approach that handled the numerous study components in the logical flow. This is notably acknowledged as a guide to the research process, such as data gathering, measurement, and analysis. Because of the following reasons, this study adopted a case study approach. It simply organizes the study in time and context, then searches for deeper individual cases to meet the research challenge. Because it focuses on a specific example, it is less expensive than other research designs. This research looked at the impact of contract management methods on the Ministry of Finance and Planning's procurement performance.

3.3  Study Area

The study was conducted at the Ministry of Finance and Planning in the Dodoma region. This Ministry spends a lot of funds in the procurement of various goods, works and services and in the PPRA audit report for 2018/2019 Ministry of Finance and Planning was reported as one of the
organizations having weaknesses in the area of contract management (URT, 2019). It has improper contract management as indicated in the financial year 2019/20 in which contracts amounting to TZS 2.1 Billion and 421 Million was delayed to be implemented, hence terminated respectively (URT, 2020).

3.4 The population of the Study

The population of this study was 102 members’ deals with contract managements; these are procurement management unit, Tender Board, Legal Department, project managers, heads of user departments and Accounts and Finance unit from the Ministry of Finance and Planning responsible for the supervision of various contracts entered at the Ministry (Ministry of Finance and Planning Records, 2020).

3.5 Sampling Procedure and Sample Size

3.5.1 Sample Size

The sample size for this study was determined by the formulae given by Krejcie and Dell (2002) as presented below

\[
N = \frac{N}{1 + N (e)^2}
\]

Whereby:

\(n = \) Sample size

\(N = \) Total Population

\(e = \) Precision error which equals to 5%
Therefore, the sample size comprised 81 respondents. To determine the sample size of the respondents in each department, a proportional sample size was applied (See Table 1)

**Table 1 : Proportional Sample Size Determination**

<table>
<thead>
<tr>
<th>Departments/unit</th>
<th>Population</th>
<th>Proportionate Sample</th>
<th>Sample size per Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Management Unit</td>
<td>17</td>
<td>17/102 × 81</td>
<td>13</td>
</tr>
<tr>
<td>Legal unit</td>
<td>12</td>
<td>12/102 × 81</td>
<td>10</td>
</tr>
<tr>
<td>Tender board</td>
<td>7</td>
<td>7/102 × 81</td>
<td>6</td>
</tr>
<tr>
<td>Project manager</td>
<td>15</td>
<td>15/102 × 81</td>
<td>12</td>
</tr>
<tr>
<td>User department</td>
<td>21</td>
<td>21/102 × 81</td>
<td>17</td>
</tr>
<tr>
<td>Accounts and Finance</td>
<td>30</td>
<td>30/102 x 81</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td></td>
<td><strong>81</strong></td>
</tr>
</tbody>
</table>
3.5.2 Sampling Procedures

3.5.2.1 Purposive Sampling

This study adopted a purposive sampling procedure to select relevant respondents. Since contract management practices on the procurement performance in public procuring entities is a technical issue, purposive sampling helped in selecting procurement officers, representatives of the financial information management system, representatives from administration and human resource management, a representative from government budget division and a representative from information and Communication Technology, with technical knowledge and experience on tender documents quality, contractors’ selection process, contract management plan and the level of performance in Ministry of Finance and Planning. The respondents here were selected purposively to meet the need for this study.

3.5.2.2 Stratified Sampling

A stratified proportional sampling technique was used in selecting supplies officers from each department/unit. In this sampling technique, respondents were divided into strata such as departments or units and in each department, the supplies officer were selected.
3.6 Data Collection Methods and Instruments

3.6.1 Questionnaires

In this study, structured questionnaires were used to collect primary data from supplies officers, legal officers and contract supervisors. Both open-ended and closed-ended questionnaires were used in gathering data from the respondents based on the study major themes. This facilitated the collection of data on contract administration, risk management and dispute resolution. Questionnaires were distributed to collect data from respondents (Appendix I).

3.6.2 Documentary Review

The documentation of the Organization, such as those connected to the contract management process, is based in this manner. The contract files and registries with the accessible project records were among the papers analyzed.

3.6.3 Interview

The structured interview was utilized to acquire qualitative data from key informants such as representatives from the financial information management system, administration and human resource management, the government budget division, and information and communication technology. The interview guide was utilized as a data collection instrument. Data were captured in notebooks and on mobile phones during the interview.
3.6.4 Data Analysis Technique

The research gathered both qualitative and quantitative information. The qualitative data were analyzed using a content and theme analysis. To obtain valuable information, data were summarized and transcribed into themes during analysis. To obtain a well-narrated statement, the created subject was compared to relevant theories and literature.

Inferential and descriptive statistics were used to examine quantitative data. Frequency, percentage, mean, and standard deviations were computed using descriptive statistical methods. To assess the association between the three independent variables and the dependent variable, inferential statistics methods such as correlation analysis and multiple linear regression analysis were utilized. Contract management was handled as an independent variable, while procurement performance was regarded as a dependent variable in the model.

Multiple Linear Regression Equation

\[ Y = Bo + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \]  \hspace{1cm} (1)

\( B_0 = \) constant coefficient

\( Y = \) Contract management

\( X_1 = \) Administration

\( X_2 = \) Risk management
X₃ = Dispute resolution

ε = Error term

3.6.5 Validity and Reliability

To ensure validity, the research findings were triangulated using various data collection and analysis techniques. Also, the questions were pre tested to measure whether the questions covered in the questionnaire provided the answers that cover the specific objectives of the study.

Table 2: Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.858</td>
<td>.858</td>
<td>17</td>
</tr>
</tbody>
</table>

3.7 Ethical Considerations

This study takes ethical factors into account. First, approval was sought and granted from the appropriate authorities inside the organization. Second, the researcher acquired respondents’ permission for interviews and questionnaires throughout the research. Third, the identities of the respondents are not disclosed or displayed at any point throughout or after
the study report, ensuring complete anonymity. Fourth, to avoid plagiarism, all literature and other resources utilized in the study are properly referenced as references.
CHAPTER FOUR

4.0 FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents and discusses the findings of the study. The chapter consists of four sections. Section one presents a description of respondents characteristics. Section two examines the effect of contract administration on procurement performance. Section three presents the effects of contract risk management on procurement performance and the last section focuses on the effects of contract dispute resolution on procurement performance.

4.2 Characteristics of Respondents

This section describes the characteristics of responders. The survey collected information on the gender of respondents, their age group, education level, and the number of years they had worked in the individual firms. The data were used to assess the respondents' capacity to reply to questions on the influence of contract management techniques on procurement performance in public purchasing entities at the Ministry of Finance and Planning.
4.2.1 Gender of respondents

The gender of the respondents are as shown in Table 3

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>54</td>
<td>66.7</td>
</tr>
<tr>
<td>Female</td>
<td>27</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Field data, (2021)

Based on the statistics shown in Table 3, the majority of respondents (66.7%) were male, while 33.3% were female. This demonstrated that both male and female respondents took part in this survey.

4.2.2 Age of respondents

The study sought to establish the age of the respondents as shown in Table 4

<table>
<thead>
<tr>
<th>Age bracket</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-25</td>
<td>4</td>
<td>4.9</td>
</tr>
<tr>
<td>26-30</td>
<td>19</td>
<td>23.5</td>
</tr>
<tr>
<td>31-35</td>
<td>28</td>
<td>34.6</td>
</tr>
<tr>
<td>36-40</td>
<td>22</td>
<td>27.2</td>
</tr>
<tr>
<td>41 and above</td>
<td>8</td>
<td>9.9</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Field data, (2021)
The research findings presented in Table 3 show that 34.6% of the respondents fall under the age bracket of 31-35 years, 27.2% under 36-40 years; 23.5% fall under 26-30 years; 9.9% fall above 41 years and 4.9% fall under 20-25 years. This indicates that the majority of the respondents are between the ages of 31 and 35 years. The findings imply that the active age brackets had been a significant component in determining the effect of contract management on the procurement performance as far as the Ministry of Finance and Planning is concerned.

4.2.3 Education level of respondents

The study sought to establish the education level of the respondents as shown in Table 5

Table 5: Distribution of respondents by education level

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor Degree</td>
<td>74</td>
<td>91.4</td>
</tr>
<tr>
<td>Masters</td>
<td>7</td>
<td>8.6</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Field data, (2021)

Findings in Table 5, indicate that majority (91.4%) of the respondents had attained a bachelor degree, followed by (8.6%) who had attained a Master’s Degree. This implied that the Ministry of Finance and Planning employed highly educated people with high expertise. This also helped the researcher to
quickly collect data since the respondents are literate for easy understanding in the interpretation of questionnaires.

4.2.4 Working experience

The study sought to establish the working experience of the respondents as shown in Table 6

Table 6: Distribution of respondents by working experience

<table>
<thead>
<tr>
<th>Working experience (Years)</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>32</td>
<td>39.5</td>
</tr>
<tr>
<td>6-10</td>
<td>47</td>
<td>58.0</td>
</tr>
<tr>
<td>11-15</td>
<td>2</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Sources: Field data, (2021)

Results presented in Table 6, showed that a large proportion (58%) of the respondents had worked with the Ministry of Finance and Planning for 6-10 years, those were followed by 39.5% who had been in service for 1-5 years whereas the slight minority (2.5%) of the respondents had worked with the organization for more than 10 years. This implied that most employees were experienced and well conversant with the operations of the organization thus providing relevant information to the study.
4.3 The Effect of Contract Administration on Procurement Performance

4.3.1 Model Summary

The regression analysis carried out the coefficient R, the value of R is .871\(^a\) which shows that there is a strong relationship between variables studied.

Table 7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.871(^a)</td>
<td>.759</td>
<td>.743</td>
<td>.07910</td>
</tr>
</tbody>
</table>

Table 7 showed the adjusted coefficient of determination R\(^2\) is .759 which depicted the existence of variation of 75.9% in the procurement performance due to Contract Administration practise by ensuring that Contract changes are controlled and managed by the organization, the organization guarantees that the contractor is paid on time, the organization has assured that the contract terms and provisions are followed, the organization keeps up-to-date records of contract implementation, contract supervisors with relevant qualifications, knowledge, and skills are appointed by the organization. This shows the explanatory power or the goodness of fit of the research model where most of the variance is indicated leaving only a small percentage unexplained. In Table 6 about 75.9% of the variance in procurement performance is explained. This evidence was enough in supporting a relationship between variables.
4.3.2 **Analysis of Variance**

The analysis of variance, to show the effect of Contract Administration on Procurement Performance.

**Table 8: Analysis of Variance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.481</td>
<td>5</td>
<td>.296</td>
<td>47.345</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>.469</td>
<td>75</td>
<td>.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.951</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Findings in Table 8 showed the significant level is .000a. This implies that the regression model is significant in predicting the effect of Contract Administration on Procurement Performance. By using the relevant F-test, the tabulated value for F (5,5% and 75) is less than 47.345, meaning that the model was statistically significant in predicting the effect of contract Administration on Procurement Performance.

4.3.3 **The Effect of Contract Administration on Procurement Performance**

The study used multiple linear regression analysis to obtain the Procurement Performance and three Contract Administration such as Contract changes are controlled and managed by the organization, the organization guarantees that the contractor is paid on time, the organization has assured that the contract
terms and provisions are followed, the organization keeps up-to-date records of contract implementation, contract supervisors with relevant qualifications, knowledge, and skills are appointed by the organization.

Table 9: Effect of Contract Administration on Procurement Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.204</td>
<td>.058</td>
<td></td>
<td>3.489</td>
</tr>
<tr>
<td>Contract changes are controlled and managed by the organization</td>
<td>-.046</td>
<td>.024</td>
<td>-.140</td>
<td>-1.894</td>
</tr>
<tr>
<td>The organization guarantees that the contractor is paid on time</td>
<td>.498</td>
<td>.058</td>
<td>.606</td>
<td>8.616</td>
</tr>
<tr>
<td>The organization has assured that the contract terms and provisions are followed</td>
<td>.244</td>
<td>.056</td>
<td>.341</td>
<td>4.364</td>
</tr>
<tr>
<td>The organization keeps up-to-date records of contract implementation</td>
<td>.033</td>
<td>.021</td>
<td>.105</td>
<td>1.569</td>
</tr>
<tr>
<td>Contract supervisors with relevant qualifications, knowledge, and skills are appointed by the organization</td>
<td>.052</td>
<td>.036</td>
<td>.118</td>
<td>1.415</td>
</tr>
</tbody>
</table>
\[ Y = a + bX, \]

\[ Y = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]  \hspace{1cm} \text{(1)}

\( B_0 \) = constant coefficient

\( Y \) is = Contract Administration

\( X_1 \) = Contract changes are controlled and managed by the organization

\( X_2 \) = The organization guarantees that the contractor is paid on time

\( X_3 \) = The organization has assured that the contract terms and provisions are followed

\( X_4 \) = The organization keeps up-to-date records of contract implementation

\( X_5 \) = Contract supervisors with relevant qualifications, knowledge, and skills are appointed by the organization

\( \varepsilon \) = Error term

From the equation, taking the organization guarantees that the contractor is paid on time and the organization has assured that the contract terms and provisions are followed constantly at zero and they are significant at .000 and .000 respectively, this shows that paying contractors in time and adherence to contract terms can positively predict procurement performance.

The above results indicate that the majority of the respondents agreed on contract administration has an impact on procurement performance. The findings agree with Kinyanjui et al., (2015) that using a contract administration strategy as a contract management practice is a smart step that
can reduce expenses significantly. Similarly, The study findings relate to Rotich (2014) who argue that appropriate contract administration comprises keeping an up-to-date form of the contract; controlling and managing contract variations; paying the contractor on time; generating reports regularly, and properly managing assets.

Finding supported by one Key Informants who add the following information about the steps taken in contract administration;

“...The contract administration in our organization involves contract supervisor appointment, control and manage changes associated with the contract and defection....”(In-depth interview, respondents from PMU department, 18th May 2021).

4.4 The Effect of Contract Risk Management on Procurement Performance

4.4.1 Model Summary

The regression analysis carried out the coefficient R, the value of R is .843\(^a\) which show there is a strong relationship between variables studied.

Table 10: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.843(^a)</td>
<td>.710</td>
<td>.699</td>
<td>.08571</td>
</tr>
</tbody>
</table>
Table 10 shows the adjusted coefficient of determination $R^2$ is .710 which depicted the existence of variation of 71% in the procurement performance due to Risk Management. This shows the explanatory power or the goodness of fit of the research model where most of the variance is indicated leaving only a small percentage unexplained. In Table 9 about 71% of the variance in procurement performance is explained. This evidence was enough in supporting a relationship between variables.

4.4.2 Analysis of Variance

The analysis of variance shows the effect of Risk management on Procurement Performance.

Table 11: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regressio</td>
<td>1.385</td>
<td>3</td>
<td>.462</td>
<td>62.851</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>.566</td>
<td>77</td>
<td>.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.951</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Findings in Table 11 showed the significant level is .000a. This implies that the regression model is significant in predicting the effect of Organization. Risk management on Procurement Performance. By using the relevant F-test, the tabulated value for F (3, 3% and 77) is less than 62.851, meaning
that the model was statistically significant in predicting the effect of Contract Risk Management on Procurement Performance.

4.4.3 The Effect of Contract Risk Management on Procurement Performance

The study used multiple linear regression analysis to obtain the Procurement Performance and three contract risk management practices such as organization identify risk before awarding of the contract, organization assess risks associated with contract management process and organization has risk mitigation strategies in contract management.

Table 12: Effect of Contract Risk Management on Procurement Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.272</td>
<td>.057</td>
<td>4.795</td>
</tr>
<tr>
<td></td>
<td>Organization</td>
<td>-.010</td>
<td>.022</td>
<td>-.029</td>
</tr>
<tr>
<td></td>
<td>identify risk before award of contract</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organization assess risks associated with contract management process</td>
<td>.581</td>
<td>.058</td>
<td>.707</td>
</tr>
<tr>
<td></td>
<td>Organization has risk mitigation strategies in contract management</td>
<td>.152</td>
<td>.041</td>
<td>.256</td>
</tr>
</tbody>
</table>
\[ Y = a + bX, \]

\[ Y = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]  

…………………

(1)

\[ B_0 = \text{constant coefficient} \]

\[ Y \text{ is} = \text{Contract Risk Management} \]

\[ X_1 = \text{Organization identify risk before award of contract} \]

\[ X_2 = \text{Organization assess risks associated with contract management process} \]

\[ X_3 = \text{Organization has risk mitigation strategies in contract management} \]

\[ \varepsilon = \text{Error term} \]

From the equation taking an assessment of risks associated with the contract management process and risk mitigation strategies concerning contract management in an organization are significant at .000 and .000 respectively, this shows that can positively predict procurement performance.

These findings imply that the ministry of finance and planning has mitigation strategies towards contract management. These findings noted that the organization practices risk management before the award of contract. These findings imply that the risk management practice was implemented during contract management at the Ministry of Finance and Planning.

The findings were supported by one of the Key Informants who added that;

“...Contract risk management such as risk identification and mitigation are considered before and during contract implementation....”(In-depth interview, respondents from PMU department, 20th May 2021).
The findings support Gitahi and Tumuti's (2019) assertion that the goal of contract risk management is to reduce the possibility for loss via effective and efficient contract risk management and control. Contract procedures and controls that are more efficient and effective offer a key approach for organizations to improve their company.

4.5 The Effects of Contract Dispute Resolution on Procurement Performance

4.5.1 Model Summary

The regression analysis carried out the coefficient R, the value of R is $0.515^a$ which shows there is a strong relationship between variables studied.

Table 13: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0.515^a$</td>
<td>0.265</td>
<td>0.236</td>
<td>0.19052</td>
</tr>
</tbody>
</table>

Table 13 shows the adjusted coefficient of determination $R^2$ is 0.265 which depicted the existence of variation of 26.5% in the procurement performance due to the Appropriate methods for resolving any potential disputes being followed, Both parties work together to resolve any potential disputes, Professional ethics are followed to resolve the possible differences when they arise by both parties. This shows the explanatory power or the goodness of fit of the research model where most of the variance is indicated leaving only a small percentage unexplained. In Table 2, about 26.5% of the variance in
procurement performance is explained. This evidence was enough in supporting a relationship between variables.

4.5.2 Analysis of Variance

The analysis of variance shows the Effect of Contract Dispute Resolution on Procurement Performance.

**Table 14: Analysis of Variance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.008</td>
<td>3</td>
<td>.336</td>
<td>9.253</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>2.795</td>
<td>77</td>
<td>.036</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.802</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Findings in Table 14 showed the significant level is .000a. This implies that the regression model is significant in predicting the effect of Contract Dispute Resolution on Procurement Performance. By using the relevant F-test, the tabulated value for F (3,3% and 77) is less than 9.253, meaning that the model was statistically significant in predicting the effect of Contract Dispute Resolution on Procurement Performance.

4.5.3 Effects of Contract Dispute Resolution on Procurement Performance

The study used multiple linear regression analysis so that to obtain the Procurement Performance and three contract dispute resolution which are Appropriate methods for resolving any potential disputes are followed, Both
parties work together to resolve any potential disputes, Professional ethics are followed to resolve the possible differences when they arise by both parties on Procurement Performance.

**Table 15: The Effects of Contract Dispute Resolution on Procurement Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.478</td>
<td>.113</td>
<td>.578</td>
<td>4.240</td>
</tr>
<tr>
<td></td>
<td>.136</td>
<td>.047</td>
<td>.286</td>
<td>2.886</td>
</tr>
<tr>
<td></td>
<td>.291</td>
<td>.096</td>
<td>.323</td>
<td>3.034</td>
</tr>
<tr>
<td></td>
<td>.077</td>
<td>.069</td>
<td>.116</td>
<td>1.107</td>
</tr>
</tbody>
</table>

\[ Y = a + bX, \]

\[ Y = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \] ..........................(1)

\[ B_0 = \text{constant coefficient} \]

\[ Y \] is = **Contract Dispute Resolution**
\( X_1 = \) Appropriate methods for resolving any potential disputes are followed

\( X_2 = \) Both parties work together to resolve any potential disputes

\( X_3 = \) Professional ethics are followed to resolve the possible differences when they arise by both parties

\( \varepsilon = \) Error term

From the equation, taking the organization ensures that In case of a dispute, the Appropriate methods for resolving any potential disputes are followed and Both parties work together to resolve any potential disputes are significant at .000 and .003 respectively, this shows that Appropriate methods for resolving any potential disputes are followed and Both parties work together to resolve any potential disputes that can positively predict procurement performance.

Furthermore, during the interview one Key Informant provides the procedure that the organization has taken during contract dispute resolution:

“...In our organization, contract disputes are resolved by negotiation, arbitration and litigation ....” (In-depth interview, respondents from user departments, 20\textsuperscript{th} May 2021).

These findings support Camén, Gottfridsson, and Rundh (2012)'s assertion that successful conflict resolution comprises using suitable methods to address disagreements, enabling each side to openly voice their concerns, and achieving a win-win outcome for all parties. The findings further support
Muge's (2013) assertion that an organization that supports conflict resolution benefits considerably in its operations.

### 4.6 Procurement Performance

The study aimed at establishing the extent to which contract management practices affect procurement performance at the Ministry of Finance and Planning. The questionnaire required the respondents to rate their procurement performance based on the performance.

#### Table 16: Procurement performance (n=81)

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delay of Service</td>
<td>71</td>
<td>87.7</td>
</tr>
<tr>
<td>Timely service delivery</td>
<td>10</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Sources: Field data, (2021)

The finding in Table 16 indicated that most of the respondents rated procurement performance in terms of service delivery as delaying which accounted for (87%) and about (12.3%) suggested timely service delivery.

As a result, the findings support Nysten Haarala, Lee, and Lehto's (2010) conclusion that Organizational operational performance is improved by good contract management as measured by effectiveness, procurement cycle time, flexibility, speed, supplier relationship, supplier defect rate, and efficiency.

However, the findings agree with findings obtained during the interview session where one respondent stated that:
“...Most of the contracts are delayed to be completed in time as stipulated in the respective contract ....” (In-depth interview, respondents from user departments, 20th May 2021).

Another respondent gives the reason for delaying of contract:

“...Most of the contracts are completed as per terms though there are delays in implementation due to contract variations....” (In-depth interview, respondents from user departments, 4th June 2021).


To determine the relationship between contract management practices and procurement performance in terms of timely service delivery, correlation analysis was used to determine the significance and degree of association of the variables, as well as to predict the level of variation in the dependent variable caused by the independent variables. The correlation summary in Table 15 shows the relationships between the independent factors and the dependent variable. The Pearson correlation coefficient was estimated and assessed at a 1% significance level to examine the association between contract management procedures and procurement performance in terms of timely service delivery in public purchasing organizations at the Ministry of Finance and Planning.

Contract administration and procurement performance have a favourable link (r=0.922), according to the findings. Furthermore, the researcher discovered that the link was statistically significant at the 1% level (p=0.000, 0.01). The findings also
show a favourable link \((r=0.611)\) between contract risk management and procurement performance. Furthermore, the researcher discovered that the link was statistically significant at the 1\% level \((p=0.000, 0.01)\).

The findings show that contract dispute resolution and procurement performance in terms of timely service delivery have a positive association \((r=0.851)\). Furthermore, the researcher discovered that the link was statistically significant at the 1\% level \((p=0.000, 0.01)\). These findings suggest that any improvement in contract management procedures (contract administration, contract risk management, and contract dispute resolution) within the Ministry of Finance and Planning would result in improved procurement performance in terms of service delivery.
Table 17: Correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>Contract administration</th>
<th>Contract risk management</th>
<th>Contract dispute resolution</th>
<th>Procurement Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>0.611**</td>
<td>0.872**</td>
<td>0.922**</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>81</td>
<td>81</td>
<td>81</td>
<td>81</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Sources: Field data, (2021)
CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main objective of the study was to examine the effect of contract management practices on the procurement performance in public procuring entities at the Ministry of Finance and Planning. This chapter presents a summary of the findings, conclusion, recommendations and suggestions for further research.

5.2 Summary of the Findings

5.2.1 Findings on contract administration

The study's initial goal was to determine the impact of contract administration on procurement performance at the Ministry of Finance and Planning. The majority of respondents strongly agreed that contract changes are controlled and managed by the organization, that the organization delays payment to contractors, that the organization ensures that contract terms are followed, that the organization keeps updated records of contract implementation, and that the organization appoints contract supervisors with relevant qualifications, knowledge, and experience. Furthermore, correlation and regression analyses demonstrated that contract administration and
procurement performance at the Ministry of Finance and Planning had a positive and substantial link.

5.2.2 Findings on contract risk management

The study's second objective was to investigate the impact of contract risk management on procurement performance at the Ministry of Finance and Planning. Organizations manage risk before contract award, analyze risks connected with the contract process, and have risk mitigation methods in contract management, according to the findings. Furthermore, studies from correlation and regression demonstrated that contract risk management and procurement performance at the Ministry of Finance and Planning had a positive and substantial association.

5.2.3 Findings on contract dispute resolution

The third objective of the study was to look into the effects of dispute settlement on procurement performance at the Ministry of Finance and Planning. The findings found that respondents disagreed that in the event of a disagreement, proper processes are followed to overcome potential differences, that both parties cooperate to settle potential disputes, and that professional ethics are followed to resolve potential differences when they emerge. Furthermore, the results of the correlation and regression analyses demonstrated that there was a positive and substantial association between contract dispute resolution and procurement effectiveness at the Ministry of Finance and Planning.
5.3 **Conclusion of the Study**

Contract administration is found to have a considerable effect on procurement performance, according to the study's findings. This indicated that contract administration was a critical component of contract management practice in terms of procurement results. As a result, boosting contract administration levels would improve procurement performance at the Ministry of Finance and Planning.

Contract risk management was found to have a great contribution to procurement performance, according to the study. This suggested that contract risk management was a significant factor in determining procurement performance in contract management practice. As a result, increasing contract risk management levels in the Ministry of Finance and Planning would improve procurement performance.

Furthermore, contract dispute resolution was found to have a significant impact on procurement performance, according to the study. This suggested that contract dispute resolution was a key characteristic in contract management practice when it came to impacting procurement performance. As a result, the Ministry of Finance and Planning's procurement performance would improve if contract disputes were resolved more quickly. As a result, the ministry of finance and planning has linked contract management to service delivery delays.
5.4 **Recommendations of the Study**

Based on the research findings, the following is recommended to improve contract management practices in public entities;

i. Based on findings, public organizations must improve contract administration by ensuring that contractors are timely paid, the appointment of contract supervisors with relevant qualifications, skills and knowledge, contract terms are adhered to and changes regarding the contract are done in line with the prescribed guidelines. Also, public sectors are advised to establish and maintain positive relationships with contractors and suppliers to preserve contract management and confidence between the contractor, suppliers, and public entities. There is a need to improve frequent contact with the contractor as well as the prompt handling of any contract issues.

ii. Moreover, the report suggests that the Ministry of Finance and Planning put in place adequate mechanisms to guarantee that possible contract management risks are identified and managed in advance to improve procurement performance.

iii. Furthermore, the research, also advised that the Ministry of Finance and Planning guarantees that all parties are allowed to express their concerns. Both the Ministry of Finance and Planning and the contractor should benefit from the deal. In the event of a disagreement, the proper processes for resolving any potential disputes should be followed.
5.5 Areas for Further Research

Based on the findings from this study, the recommended area for further research includes;

The findings in this study are based on the information collected on one public entity i.e Ministry of Finance and Planning. Other public entities in Tanzania have not been covered in this study. Therefore, this study provides opportunities to potential researchers and scholars to explore more in the contract management practices to get a full picture of contract management in the uncovered areas.
REFERENCES


Amour, M. K. (2014). *The role of procurement contract management In the effectiveness of project management for The telecommunication companies: A case of Tigo Tanzania* (Master dissertation, Mzumbe University).


Public Procurement Act No. 7 of 2011 as amended 2016;


Surajbal R. (2016). *Determining contract management challenges relating to supply chain management in the Eastern Cape Department of Education*


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APPENDICES

APPENDIX 1: QUESTIONNAIRE TO RESPONDENTS

INTRODUCTION

Dear Respondent,

You are kindly requested to participate in this study by providing answers to the questions asked. This study is for the award of Masters in Supply Chain Management at College of Business Education. This study intends to find out, “Effect of Contract Management Practices on the Procurement Performance in Public Procuring Entities at Ministry of Finance and Planning”. The information will be confidentially handled, not to be disclosed, published or shared with any other institution except for academic purposes. I wish to express in advance my sincere appreciation for the assistance which you will provide in the completion of this research.

Thanks.

<table>
<thead>
<tr>
<th>QUESTIONNAIRE NUMBER</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>POSITION OF RESPONDENTS</td>
<td></td>
</tr>
<tr>
<td>DEPARTMENTS</td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
</tr>
</tbody>
</table>
SECTION A: DEMOGRAPHIC PROFILE OF RESPONDENTS

1. Gender of respondents? Please tick the appropriate.
   
<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
</table>

2. What is your age group?
   
   i. 20-25
   ii. 26-30
   iii. 31-35
   iv. 36-40
   v. 41 and above

3. Level of education of the respondent. Please tick the appropriate.
   
   1= Certificate [ ]     2=Diploma [ ]     3=Bachelor Degree [ ]
   4=Masters [ ]         5= Phd [ ]

4. Work experience (Years).....................................
SECTION B: Effect of Contract Administration on Procurement Performance at the Ministry of Finance and Planning

B1: Please use the point scale below to indicate your level of agreement by ticking each one of the given statements of effect of contract administration on procurement performance at the Ministry of Finance and Planning.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
</tbody>
</table>

**Contract Administration**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract changes are controlled and managed by the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization guarantees that the contractor is paid on time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has assured that the contract terms and provisions are followed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization keeps up-to-date records of contract implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract supervisors with relevant qualifications, knowledge, and skills are appointed by the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B2: Please, on your views how the contract administration affects procurement performance at the Ministry of Finance and Planning?

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

SECTION C: Effects of Contract Risk Management on Procurement Performance

C1: Please use the point scale below to indicate your level of agreement by ticking each one of the given statements of effects of contract risk management on procurement performance at the Ministry of Finance and Planning

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
</tbody>
</table>

Contract Risk Management

Organizations identify risks before awarding the contract

Organizations assess risks associated with the contract management process

The organization has risk mitigation strategies in contract management
C2: Please, on your views how the contract risk management affects procurement performance at the Ministry of Finance and Planning?

SECTION D: Effects of Contract Dispute Resolution on Procurement Performance

D1: Please use the point scale below to indicate your level of agreement by ticking each one of the given statements of effects of contract dispute resolution on procurement performance at the Ministry of Finance and Planning.

<table>
<thead>
<tr>
<th>Contract Dispute Resolution</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriate methods for resolving any potential disputes are followed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both parties work together to resolve any potential disputes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional ethics are followed to resolve the possible differences when they arise by both parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree
D2: Please, on your views how does the contract dispute resolution affect procurement performance at the Ministry of Finance and Planning?

SECTION E: Procurement performance

E1: To what extent do contract management practices affect procurement performance at the Ministry of Finance and Planning?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low</td>
<td>Low</td>
<td>Average</td>
<td>High</td>
<td>Very High</td>
</tr>
</tbody>
</table>

Responses

| How do you rate the organization’s performance during contract implementation |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
E2: In your opinion what should be done to improve contract management practices on the procurement performance at the Ministry of Finance and Planning?
APPENDIX II: Interview Guide Questions

1. Please briefly describe your organization's procurement procedures.

2. Please briefly describe your organization's contract management cycle (procedures or steps)
   a) Contract administration
   b) Contract risk management
   c) Contract dispute resolution

3. The number of contracts in the financial year of 2015 and 2020.

4. Number procurements completed as per the contract agreement or as per the contract terms (effectiveness)

5. Number of contracts that had disputes in the financial year of 2015 and 2020.
   a) If there are disputes, please specify the cause

6. Number of contracts that defaulted in this period
   a) If there are defaults, please specify the reasons

7. Any other information/data/comment on Contract Management and/or Procurement Performance of your organization that are not covered by the questions above, please specify here.