EFFECT OF CONTRACT MANAGEMENT ON PROCUREMENT PERFORMANCE IN NGOS IN NAIROBI COUNTY

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ABSTRACT

The financial year 2015/2016 disclosed that procurements amounting to Billions of monies were misappropriated which in turn hindered from achieving value for money in most institutions. NGOs included which led to poor procurement performance in terms of decreased efficiency, low flexibility, long procurement cycle times, increased supplier defect rate and decreased customer satisfaction. Contract management is a subject in the developed world that has been found to be a cure to procurement scandals. The general objective of the study was to establish the effect of contract management on procurement performance in NGO’s in Nairobi County. Specifically the study aimed to determine the effect of relationship management, contract administration, post contract appraisal and contract closure on procurement performance in NGO’S in Nairobi County. A descriptive survey approach was adopted to justify the relationship between the independent and dependent variables. The target population was procurement officers who are employed to work within the 288 NGOs situated in Nairobi County. The study sampled 167 procurement officers who were selected using simple random sampling. The study relied on primary data which was collected using a questionnaire. Data was analyzed qualitatively and quantitatively. Qualitative data was analyzed using content analysis whereas quantitative data was analysed using Descriptive statistics analysis which was done by measuring central tendencies which include frequencies, means, standard deviations and regression. Descriptive statistics was done using the Statistical Package for Social Sciences (SPSS). Inferential statistics which included correlation (r) and regression (R²) through the use of Multiple Linear Regression model was employed to establish the significance of the independent variables on the dependent variable. The findings revealed that contract management was a key aspect in performance of procurement among the NGOs in Nairobi County. Through management of relationship, proper contract administration, post contract appraisal and contract closure, procurement process became successful and this enhanced the firm performance. The regression analysis revealed that relationship management, contract administration, post contract appraisal and contract closure were significantly and positively related to the procurement performance of the NGOs in Nairobi County where their P-values were observed to be less than the standard P-value of 0.05. The study concluded that as much as
the contract management aspect such as contract administration, relationship management, post contract appraisal as well as contract closure were recognized as key aspect in contract and procurement processes among the NGOs, many of them did not effectively use the aspects which lead to continued underperformance of their procurement processes. The study recommends that NGOs and other organizations especially in the public sector should take heed of relationship management, contract administration, post contract appraisal and contract closure in their procurement processes as they are the key players as much as procurement performance is concerned.

INTRODUCTION

Background of the study

Non-governmental organisations (NGOs) procure their goods and services to enhance social-economic development and the well-being in ensuring prosperity of the society. With increased globalization, the level and quality of the procurement process has become critical for all economies than ever before and to ensure this contracts offered to suppliers need to be managed well to ensure effectiveness (World Bank Report, 2016). Thus contract management is all about meeting or exceeding stake holders’ needs and expectations from a project. It invariably involves placing consideration on three major project elements that is quality, time and cost.

Alchian and Demsetz (2012) notes that contract management comprises of those activities related to contract handling including invitation to and evaluation of bids; awarding and implementation of contracts; measurement, and payment calculation. It involves practical monitoring, management and review of terms of contract established through the process of procurement, ensuring delivery is done appropriately (Luthan, 2015). Since contract management is a process, it involves certain activities necessary to accomplish in order to realize its benefits (Murdoch and Hughes, 2015). Common contract management practices include contractor monitoring and acceptance management; managing the contractor relationship; contract administration; dispute resolution; and contract closure.
Non-Governmental Organizations (NGOs) are voluntary and autonomous organizations whose life exists between the citizens on one hand and the state and market on the other (Barasa, 2014). NGOs are sometimes confused with Community Based Organizations (CBOs). CBOs only benefit their own members and hence they are membership organizations. Non-Governmental Organizations in Kenya play important roles in addressing socio-economic issues in the society (Wafuka and Muli, 2012).

Statement of the Problem

Procurement management in Kenya has increasingly become prominent in the print and electronic media underlining how public entities and NGO’S handle the entire process. Although every NGO in Kenya put in place a contract management procedures still there had been shortfall in making sure the NGOs fulfil their contractual obligations timely, safely and at acceptable level of quality (Njeri and Kimani, 2015). The emphasis remains for the NGO’s particularly operators to keep on reviewing the procedures by identifying the challenges and put forward suggestions for improving the procedures (Barasa, 2014).

A study done by Omondí (2013) argues that most of the NGO’S in Nairobi County are faced with the problem of high closure, high turnover and loss of economic resources. In the recent past NGOs have been marred by accountability issues through scandals involving how they manage their resources.

Studies addressing contracting in general are varied Wafuka and Muli (2012); Wasike (2014) argues that successful and efficient contract management practices are those that meet the needs of the company’s stakeholders in procurement performance, achieve optimum conditions and value in regard to the allocation of scarce tax payers resources (best value for money), ensure rational and efficient of funds available, stimulate valuable competition and manage the risk and potential liabilities to the buyer thus improving service delivery.
Another study was done by Oluka (2013) on contract management practice and operational performance of nongovernmental organizations in Kenya. Kibogo and Mwangangi (2014) did a study on factors affecting public procurement in Kenya. This shows that little research has been done on the effect of contract management on procurement performance; Also NGO projects needs proper management on procurement performance. This study therefore sought to fill the above knowledge gaps and examine the effect of contract management on procurement performance in NGOs in Nairobi County.

**Research Objectives**

i. To determine the effect of relationship management on procurement performance in NGOs in Nairobi County

ii. To establish the effect of contract administration on procurement performance in NGOs in Nairobi County

iii. To find out the effect of post contract appraisal on procurement performance in NGOs in Nairobi County

iv. To determine the effect of contract closure on procurement performance in NGOs in Nairobi County

**LITERATURE REVIEW**

**Theoretical Review**

**Stakeholders theory**

The Stakeholder theory suggests that managers in organizations have a network of relationships to serve that include the suppliers, employees and business partners. This theory is used to explain relationship management on contract management. The stakeholder theory argues about the importance of a firm paying special attention to the various stakeholder
groups that are deemed to have a stake in the operations of an organization. Each stakeholder is given an important say in making important decisions. Business and executives who manage them, should create value for customers, suppliers, communities and financiers (Luyimbazi, 2014). The representation of all stakeholder groups on board is therefore necessary for effective procurement performance.

**Theory of Constraints**

The TOC provides an integrated problem solving methodology that addresses not only the construction of solutions but also the need for communication and collaboration that successful implementation of supply chain functions requires (Ireroakpo, 2012). They have been used to create powerful generic starting point solutions for various supply chain inefficiencies including: long supplier lead-times, incoming quality problems, late or unreliable raw materials or purchased part deliveries, raw material shortages and poor quality. In this connection then chances are if a constraint is identified at contract administration and monitoring then a solution will be found that will make the contract successful.

**Principal Agent Theory**

According to the PAT, agency relationship when they cooperate and engage in an association wherein one party delegates decisions or work to another to act on its behalf (Clark, 2014). The assumptions underlying agency theory are that: potential goal conflicts exist between principals and agents; each party acts on its own self-interests; information asymmetry frequently exists between principals and agents; agents are more risk averse than the principals and efficiency is the effectiveness criterion (Hansson, 2014). Compliance with procurement rules and regulations that govern contract management may be as a result principal-agent problem (Trickey, 2012).
Contract Theory

The contract theory focuses on the representation of the behavior of a decision maker under certain numerical utility structures thus applying them through optimized algorithm to identify optimal decisions (Ntayi, et al., 2011). The crucial but typically implicit assumption in contract theory is that the incentive contract is costless enforceable and that the contractor can be held accountable for delivery of any contracted services, typically through the courts.

Conceptual Framework

**Independent variables**

- **Relationship management**
  - Retained customers
  - Customer complaints
  - Customer referrals

- **Contract Administration**
  - Contract Planning
  - Contract Controlling
  - Contract monitoring

- **Post contract appraisal**
  - Audits
  - Reports
  - Supplier performance

- **Contract Closure**
  - Dispute resolution
  - Contract certification
  - Contract termination

**Dependent variable**

- **Procurement Performance**
  - Procurement cycle times
  - Customer satisfaction
  - Supplier defect rate

Empirical Review

There are various studies conducted both globally and in Kenya relating to contract management practice and operational performance. Unfortunately, most of the studies regard procurement and performance in different sectors of economy, while none of them specifically concerns contract management and operational performance NGOs in Kenya.
Outside Kenya, Smith (2015) also conducted a study on benchmarking UK public procurement performance and discovered a positive correlation between benchmarking and procurement performance in the country.

Similarly, a study by Snider and Rendon (2013) dwells on the performance measurement in construction industry in the UK. Moreover, Meyer and Allen (2014) conducted a study on the benchmarking and its importance on procurement performance in Australia. Okwonka (2012) also studied effects of benchmarking procurement functions and performance in Germany, while Oluka (2013) sought to establish the effect of e-procurement on procurement and performance and identified a positive link between the variables.

In Kenya, Omondi (2013) conducted a study on e-procurement and organizational performance in commercial parastatals in Kenya. He discovered that the practice enhances organizational performance. Another study by Oluka (2013) on procurement performance in public universities in the country revealed that corruption, non-transparent procurement practices and inadequate technological infrastructure negatively affects public procurement performance in the institutions.

Further, Pasquire and Collins (2014) highlights some of the factors that contribute to inefficiency in public procurement in Kenya’s public procurement. Corruption, delayed payments, poor planning, statutory amendments, insufficient use ICT, low public participation, and improper payment procedures negatively affects public procurement in the country. However, it fails to relate them with operational performance of state corporations in Kenya.

Basheka, Oluka and Karyeija (2013) studied the effect of outsourcing logistics services on performance in large manufacturing companies in Kenya. They established that the practice enhanced both organizational and operational performance of the firms in Kenya. Alchian
and Demsetz (2012) also sought to establish the effects of performance contracting on banking industry’s operational performance. The study reveals a positive relationship between the two variables.

**Research Gaps**

Luyimbazi (2014) argues that despite the fact that contracts are made in good spirit, many contracts are not supervised. Heinrich (2011); Dunn and Jones (2010) assert, contract management may also suffer from inadequate skilled resources Ocharo (2013), reveal that contract managers often face this challenge due to unclear project scope, and unrealistic timeline and budgets. Barasa (2014) further outlines critical success factors for both project and contract management as being qualified workforce, clear processes, relationships, resources, leadership and policies all of which have an direct impact on an organization’s project management and contract management processes as well as resulting outcomes. Scott (2001) points out; organizations that achieve success in contract management ensure that they formulate a ‘win-win’ situation for both the contracting authority and contractor.

Studies relating to contract management have been done but a few deals with impact on procurement performance. Smith (2015) reveals that poor contract management causes substantial loss of savings. The above mentioned studies focused on private and public organizations and some were conducted in different business environment outside Kenya; hence inappropriate to apply their findings and conclusions on the Kenyan context. It was for this reason that the study proposed to explore the effect of contract management on procurement performance in NGOs within Nairobi County. In addition, PPOA recommends more studies on sound contract administration practices in order to boost the performance of the procurement system in Kenya. Nonetheless, the type of performance measured in the previous studies is unclear.
METHODOLOGY

Research Design

A descriptive survey approach was adopted to justify the relationship between the independent and dependent variables. This design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts and describes the data.

Population of the Study

The population was divided into sets, population or strata and which are mutually exclusive. The target population was the procurement officers who are employed to work within the 288 NGOs situated in Nairobi County (NGO Coordination Board 2017).

Sampling

To get a representative sample, Coopper and Schidler’s formula was adopted (Coopper and Schidlers, 2008). A 95% confidence level and P = 0.05 was chosen in view of social science nature of the study

\[
n = \frac{N}{1 + N(e)^2} = \frac{288}{1 + 288(0.05)^2} = 167
\]

Therefore, 167 procurement officers were sampled using simple random sampling. The choice for this sampling technique was preferred as it gave each item in the population an equal probability of being selected.
Data Collection

The study relied on primary data which was collected using a questionnaire. The questionnaire consisted of both open ended and closed ended questions covering the effect of contract management on procurement performance.

Data Analysis

Qualitative data was analyzed using content analysis whereas quantitative data was analysed using Descriptive statistics analysis which was done by measuring central tendencies which include frequencies, means, standard deviations and regression. Descriptive statistics were done using the Statistical Package for Social Sciences (SPSS). Inferential statistics which included correlation (r) and regression (R^2) through the use of Multiple Linear Regression model was employed to establish the significance of the independent variables on the dependent variable. The findings were presented using frequency tables and charts.

The following multiple regression model was applied

\[ Y = \beta + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \]

FINDINGS

Relationship Management

Relationship management is one of the major aspects that studies have proved to enhance performance and effectiveness of procurement processes in organizations across the globe. The way that a purchaser relates with the supplier plays a key role in determining how effective the business between the two parties can be successful. The first objective of the study was to find out the influence of relationship management (Oluka, 2013). It is on this merit that relationship management formed the first objective of the study which was to find
out the influence of relationship management on the performance of procurement among NGOs in Nairobi County. The findings are hereby presented based on the measures of the variable which were; retained customers, customer complaints and customer referrals.

**Agreement with Statement on Relationship Management Procurement Performance**

The findings as shown in table 4.2 revealed that on the first statement that coming up with strategies to retain customers and maintains the relationship thus enhancing customer satisfaction, the respondents agreed with statement by a mean of 2.94 and a standard deviation of 1.07, on the second statement that taking keen customer complaints ensures their opinions are well catered for thus improving the quality, majority of the respondents agreed with this as shown by a mean of 3.18 and a standard deviation of 0.90. The last statement was that through relationship management aspects, the organizations had enhanced the effective procurement processes and in this the respondents agreed as shown by a mean of 3.05 and a standard deviation of 1.04. The findings concur with those by Farnington (2013) who established that the relationship between the customer and the company play a major role in enhancing the performance of the processes of the firm in that they enjoy the support from the satisfied customers as well as have ample time to heed to any call by the customers.

**Level of Agreement (Relationship Management)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coming up with strategies to retain customers maintains the relationship</td>
<td>2.94</td>
<td>1.07</td>
</tr>
<tr>
<td>thus enhancing customer satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taking keen customer complaints ensures their opinions are well</td>
<td>3.18</td>
<td>0.90</td>
</tr>
<tr>
<td>catered for thus improving the quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization has benefited from customer relationships which has</td>
<td>3.25</td>
<td>0.89</td>
</tr>
<tr>
<td>enhanced referrals thus promoting performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Through relationship management aspects, my organization has enhanced the effective procurement processes.

**Contract Administration**

Administrating a contract involves taking all actions that ensure the mandate of the contract is well met. The effectiveness of contract administration determines how successful the procurement process is going to be. The second objective of the study was therefore to establish the influence of contract administration on the performance of procurement processes among NGOs in Nairobi County. The findings are hereby presented based on the responses by the respondents on specific measures of the variable which included; contract planning, contract controlling and contract monitoring.

**Agreement with Statements on Contract Administration and Procurement Performance**

The respondents’ level of agreement with specific statements on the relationship between contract administration and performance of procurement in the NGOs were sought. The findings as presented in table 4.3 reveal that on the first statement that adopting clear and fair tendering processes enhances the effectiveness and performance of the procurement in the organization, majority of the respondents agreed and this is evidenced by a mean of 2.79 and a standard deviation of 1.04. The second statement was that there is effective engagement on control of contracts in the organization which enhances better execution of the contracts and in this majority of the respondents disagreed as evidenced by a mean of 3.13 and a standard deviation of 1.09. The other statement was that there are clear contract monitoring procedures to ensure continued performance of the procurement processes in the organization and in this majority of the respondents agreed and its evidenced by a mean of 2.98 and a standard deviation of 1.09. The last statement was that through well focused contract administration
aspects, the organizations have enhanced the effective procurement processes where majority of the respondents disagreed as shown by a mean of 3.14 and a standard deviation of 1.22. The findings imply that as much as the respondents agree with the significance of contract administration in the performance of procurement in their respective organizations, the aspects is not well undertaken in that the NGOs still have low performance in procurement processes as the literature indicated. Moreover, Luthan (2015) extrapolates that contract administration is the most vulnerable aspect in the field of procurement that when not keenly monitored, can steer down the success of the entire process.

Level of Agreement with Statements on Contract Administration

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopting clear and fair tendering processes enhances the effectiveness 2.79 1.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and performance of the procurement in our organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is effective engagement on control of contracts in our organization which enhances better execution of the contracts 3.13 1.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are clear contract monitoring procedures to ensure continued performance of the procurement processes in the organization 2.98 1.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through well focused contract administration aspects, my organization has enhanced the effective procurement processes. 3.14 1.22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Post Contract Appraisal

The relationship between the contracting authority and the contractor is very essential as far as performance of the procurement process is concerned and there the aspect cannot be overlooked. This relationship is mainly enhanced by the post contract appraisal which seeks to establish the extent to which the contract terms and conditions were met as well as the level of satisfaction both parties are (Clarke, 2014). Contract appraisal therefore formed the third objective of this study. The study sought to establish the influence of contract appraisal on the performance of procurement among NGOs in Nairobi County, Kenya. The findings
are herewith presented based on the specific measures of the variable which included; audits, reports and supplier performance.

**Level of Agreement with Statement on Post Contract Appraisal and Procurement Performance**

The respondents’ views on their level of agreement with specific statements on post contract appraisal and procurement performance were sought. The findings shown in table 4.4 reveal that on the first statement that frequent audits on the contracts enabled tracking of shortcomings on the contracts thus acting on them early, the respondents disagreed with the statement as shown by a mean on 3.01 and a standard deviation of 0.98. On the statement; Intensive Reports on the contract proceedings enables rating of the suppliers and choosing those to prolong relationship with, majority of the respondents agreed with the statement as evidenced by a mean of 1.03 and a standard deviation of 0.21. The third statement was that there were clear follow-up of supplies performance to ensure they met the set quality and timeliness goals and in this the many of the respondents disagreed as evidenced by a mean of 3.10 and a standard deviation of 1.07. The last statement was that post project appraisals create significant role in enhancing procurement performance in our organization and in this many of the respondents agreed as shown by the mean of 2.12 and a standard deviation of 0.87. According to Lynch (2014), many suppliers will expect to continue doing businesses with the contracting party for a long time and thus will look forward to the establishment of a prolonged relationship. However, for this relationship to last there should be appraisals which should be frequently done as a way of monitoring any possible defaults which can be acted upon once they’re realized (Mathonsi & Thwala, 2012).

**Level of Agreement with Statements on Post Contract Appraisal**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
</table>

Frequent audits on the contracts has enabled tracking of shortcomings on the contracts thus acting on them early

Intensive Reports on the contract proceedings enables rating of the suppliers and choosing those to prolong relationship with

There is clear follow-up of supplier performance to ensure they meet the set quality and timeliness goals

Post project appraisals create significant role in enhancing procurement performance in our organization.

**Contract Closure**

The fourth and last objective of the study was to establish the influence of contract closure on the performance of procurement among NGOs in Nairobi County. Contract closure entails the process of analysing on the ability of the contractor to meet the set contractual obligations at the end of the specified time. In this regard, this stage marks the benchmarking aspect of the contractor and whether the two parties are going to conduct business in future or not. The findings are herein presented based on the specific measures of the variable which included; dispute resolution, contract certification and contract termination. These are the main activities that surround the contract closure stage and when not keenly adhered to, they might end up ruining the relationship between the two parties (contractor and the contracting party) (Teelken & Smeenk, 2013).

**Level of Agreement with Statements on Contract Closure and Procurement Performance**

The respondents’ views on their levels of agreement with the statements on contract closure and performance of procurement were sought the findings are as shown in table 4.5 where on the first statement on encouragement of better dispute resolution methods with the contractors at the end of the contracts thus enhancing the relationship, many of the respondents agreed
with this as evidenced by a mean of 2.69 and a standard deviation of 1.25. On the statement that the contractors who meet the obligations successfully were certified at the end of the contracts to retain the relationship for continued cooperation, majority of the respondents disagreed and this is evidenced by the mean of 3.02 and a standard deviation of 1.24. On the statement that proper procedures were followed when terminating the contracts as a way of ensuring a favourable end for better future relationship, many of the respondents disagreed as evidenced by a mean of 3.00 and a standard deviation of 1.22. On the last statement that proper contract closure plays a key role in promoting procurement performance in our organization, majority of the respondents agreed with this as evidenced by a mean of 2.93 and a standard deviation of 1.30. The findings compare with those by Njeri and Kimani (2015) who found that the closure of the contracts determined the relationship between the private and public partnership in that when the closure is done successfully, the relationship is likely to prolong unlike when it is poorly done.

**Agreement with Statements on Contract Closure**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We encourage better dispute resolution methods with our contractors at the end of the contracts thus enhancing the relationship</td>
<td>2.69</td>
<td>1.25</td>
</tr>
<tr>
<td>The contractors who meet the obligations successfully are certified at the end of the contracts to retain the relationship for continued cooperation</td>
<td>3.02</td>
<td>1.24</td>
</tr>
<tr>
<td>Proper procedures are followed when terminating the contracts as a way of ensuring a favourable end for better future relationship</td>
<td>3.00</td>
<td>1.22</td>
</tr>
<tr>
<td>Proper contract closure plays a key role in promoting procurement performance in our organization</td>
<td>2.93</td>
<td>1.30</td>
</tr>
</tbody>
</table>
Inferential Analysis of the Study Model

Analysis of the regression model was conducted in a bid to establish the relationship between the four independent variables (relationship management, contract administration, post contract appraisal and contract closure) on the performance of procurement among NGOs in Nairobi County (dependent variable). This was done using the ANOVA test as well as the regression coefficients.

The overall model summary results are as shown in table 4.6. The results revealed that the R value for model was 0.812 and the R-Square value was 0.659. The findings imply that there is a strong relationship between the independent variables (relationship management, contract administration, post contract appraisal and contract closure) and performance of procurement among NGOs in Nairobi County. This concurs with the argument by Pasquire and Collins (2014) that contract management plays a major role in promoting procurement performance through enhancing the efficiency and effectiveness of contract execution thus availing the required purchases in time and in the right quantity and quality.

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>.812a</td>
<td>.659</td>
<td>.631</td>
<td>.76357</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Relationship management, contract administration, post contract appraisal and contract closure
b. Dependent Variable: Procurement Performance

Table 4.7 shows the ANOVA results for the study model. The results depicted that the variables were significantly related to the procurement performance and this is evidenced by the P-value of 0.000 which is below the standard p-value of 0.05. This therefore supports the conclusion that contract management significantly and positively influences the performance of procurement among NGOs in Nairobi County.
ANOVA Results

<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>330.280</td>
<td>4</td>
<td>82.570</td>
<td>97.378</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>14.070</td>
<td>129</td>
<td>.109</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>384.350</td>
<td>133</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Procurement Performance

b. Predictors: (Constant), Relationship management, contract administration, post contract appraisal and contract closure

The results for the regression coefficients were as shown on Table 4.21 below. From the regression model:

Model: \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \)

\[ Y = 3.115 + 0.325X_1 + 0.571X_2 + 0.419X_3 + 0.621X_4 \]

The above equation indicates that procurement performance among NGOs was enormously influenced by relationship management, contract administration, post contract appraisal and contract closure.

The regression coefficient for Relationship management is 0.325. This implies that a unit change in relationship management can influence up to 32.5% increase in Procurement Performance among NGOs. This suggests that relationship management has a proven role in boosting the procurement performance among NGOs in Nairobi County.

The regression coefficient for contract administration was 0.571. This indicates that a unit change in contract administration can lead up to 57.1% increase in the performance of procurement among NGOs in Nairobi County. The same case applies to the other variables and this provided a clear prove that contract management is an important aspect in determining the performance of procurement.
Regression Coefficients

<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>3.115</td>
<td>0.295</td>
<td>10.569</td>
<td>0.000</td>
</tr>
<tr>
<td>Relationship Management</td>
<td>0.325</td>
<td>0.071</td>
<td>0.018</td>
<td>0.346</td>
</tr>
<tr>
<td>Contract Administration</td>
<td>0.571</td>
<td>0.069</td>
<td>0.226</td>
<td>4.467</td>
</tr>
<tr>
<td>Post contract appraisal</td>
<td>0.419</td>
<td>0.062</td>
<td>0.002</td>
<td>6.758</td>
</tr>
<tr>
<td>Contract closure</td>
<td>0.621</td>
<td>0.095</td>
<td>0.132</td>
<td>6.537</td>
</tr>
</tbody>
</table>

SUMMARY AND CONCLUSIONS

Based on the findings, the study concluded that relationship management is not effectively done by the NGOs in Nairobi where many of them were found not to make customer follow-ups thus ending up retaining very few customers. On the other hand, the study concluded that customer complaints were not effectively handled which again could affect the relationship between the customers and the suppliers thus affecting the overall procurement performance. The study concluded that the management of the NGOs did not act accordingly to enhance relationship between the firms and the customers and this was revealed by the number of referrals made by the existing customers.

The study concluded that contract administration is a key aspect in promoting procurement performance among the NGOs. However, the study concluded that the aspect is not fully utilized the NGOs in making their procurement process successful. This is evidenced by the notable ineffective contract planning and poor contract controlling among the Organizations. Non-Government organizations are expected to be efficient in monitoring their contracts since their processes similar to other organizations should be transparent and effectively
flowing. This however is not the case among the NGOs in Nairobi County as revealed by the study findings.

Post contract appraisal is hereby concluded to be a necessity contract management aspect in promoting performance of procurement among the NGOs in Nairobi County. The study concluded that audits of the contracts are efficiently done but however most of the firms did it rarely which again gives the contracts a room for huge shortcomings thus affecting the final delivery of the contract as projected. The study concluded that contract reports were not adequately prepared by the NGOs as it should be based on the fact that most of the organizations did the reports only at the end of the projects. Monitoring the performance of the supplier was also not adequately done with most of the organizations hardly rating the suppliers while others not even rating the suppliers at all. This therefore means that lack of proper contract appraisal designs could be a major cause of underperformance of the procurement processes among the NGOs.

On contract closure, the study concluded that proper follow-up of the contract closure metrics enabled better procurement performance since it strengthened the relationship between the contract and the contracting party thus sustaining the quality and efficient of operations. The study concluded that proper dispute resolutions between the two parties played a part in promoting the relationship and also in making them understand each other. Terminating the contract in the right manner is also a good measure to enhance the relationship but however the study concluded that many of the NGOs did not follow the right procedures to terminate their contracts which again could ruin their relationship with contractors.

**RECOMMENDATIONS**

The study recommends that the procurement managers and other decision makers in the NGOs should embrace relationship management through focusing on retaining customers,
proper handling of customer complaints and encouraging referrals. This would enable them to find better ways to have clear relationship with the contractors as well so as to enhance procurement performance.

The study recommends that the NGOs through the management and more so the procurement managers should embrace contract administration as a key factor in enhancing their relationship with the contractors. They should manage the contracts through effective planning and controlling of the contracts and ensuring that they effectively monitor the flow of the contracts from the first phase to the last phase.

Post Contract appraisal is an important aspect that should not be overlooked. The study therefore recommends that the procurement managers should keenly audit the contracts as frequent as possible so as to keep track of any changes that may be required and other risks that may be eyeing the contract before its closure. They should as well prepare results not only at the end of the contract but also in other phases of the contract. This not only makes the work easier for them but also increases the accuracy of the final report.

The study recommends that both the contracting party and the contractors should focusing on a successful contract closure where there are no follow-outs between the parties out of the normal disputes during the contract. On closure of the contract therefore, the two parties should find effective ways to resolve their disputes and if possible have a prolonged relationship which enhances them understand each other thus minimizing the disputes.
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