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CONTRACT MANAGEMENT IMPERATIVES AND PERFORMANCE OF STATE CORPORATIONS IN NAIROBI CITY COUNTY, KENYA

[1] Kimani Stephen Mungai, [2] Dr. Achuora John

[1] Master of Science in Procurement and Contract Management, Jomo Kenyatta University of Agriculture and Technology

[2] Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

Kenya loses billions of taxpayers' money to improper procurement process, specifically poor contract administration. This calls for the pressing need to make appropriate policies and decisions to save the situation. The study helped unearth the influence of Contract Management Imperatives on performance of State Corporations in Nairobi City County, Kenya. The study was guided by the following objectives: to examine the influence management strategy, monitoring and evaluation on performance of State Corporations in Nairobi City County, Kenya. This study employed descriptive research design. The study reviewed both theoretical and empirical literature and then proposed the research methodology that addressed the gaps identified in literature as well as to validate the statistical hypotheses. The study preferred this method because it allows an in-depth study of the subject. The target population was all the 187 State Corporations in Nairobi City County, Kenya. Questionnaires were administered to collect qualitative and quantitative data from a sample of 127 heads of procurement, who were selected using simple random sampling, from the four strata. After data collection, quantitative data was coded using Statistical Package for Social Science (SPSS). Data was analyzed through descriptive statistical methods such as means, standard deviation, frequencies and percentage. Inferential analyses were used in relation to correlation analysis and regression analysis to test the relationship between the four explanatory variables and the explained variable. The response rate of the study was 82%. The findings of the study indicated that management strategy, monitoring and evaluation have a positive relationship with performance of State Corporations in Nairobi City County, Kenya. Finally, the study recommended that public institutions should embrace Contract Management Imperatives so as to improve performance and further researches should to be carried out in other public institutions to find out if the same results can be obtained.

Key Words: Contract Management Imperatives, management strategy, monitoring and evaluation, performance, State Corporations

Background of the Study

Contract Management Imperatives is the process of monitoring whether the contract parties are complying and performing as per the agreement. It also involves handling of issues that include errors, payment, specifications, policy specifications, as well as any changes that may result in the course of the contract execution (Camén, Gottfridsson & Rundh, 2018). Contract Management Imperatives entails a process of efficient and systematic management of contract creation, implementation, and analysis in order to maximize financial and operational performance, as well as minimize risks (Stucker, 2017).

Contract Management Imperatives improves an organization's operational performance as indicated by various measures, such as, quality, flexibility, speed, efficiency and supplier relationship (Cho & Pucick, 2020). Contract Management Driversmay be defined as the process that ensures both parties to a contract fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives required from the contract and in particular to provide value for money (Nguyen, 2019).

As a result, developing and managing contracts is a skill required by almost all public sector entities. Rendon (2016) affirm that the quintessence of Contract Management Imperatives evolves proper planning, award, and administration of contracts and the monitoring of providers' performance. Once this is deficient, it increases the risk of endangering value for money (Cropper, 2016).

Another study by Mulwa and Karanja (2020) further established that training and motivation correlated significantly with the success of Contract Management Imperatives meaning that employees need to have the skills and knowledge needed to make the Contract Management Drivers effective. The study concluded that effective management of contracts of whatever size and for whatever purpose is an essential requirement all public sector agencies and for this to happen then the agencies must ensure an effective policy framework.

Therefore, Contract Management Drivers is inevitable in every government organization and should be conducted in line with the regulations. The main objective is to include transparency and accountability, public confidence, enhanced economy and effectiveness, competition and fairness and economic development and improved local industry. However, Contract Management Imperatives is not an end in itself and it is important that all contracting decisions and actions focus on the outcomes that entities are seeking to achieve (Rotich, 2018).

According to Kamau (2016) in the public sector there is huge variety of contracts, with different types of contracts needing different types of contract management. On the other hand, agency Contract Management Imperatives is the process of managing all stages in the lifecycle of enterprise-wide contracts with the goal of minimizing costs and risks, maximizing revenues, streamlining operations, and improving compliance with policies, procedures, regulations and negotiated terms and conditions (Nguyen, 2019).

Statement of the Problem

A World Bank survey (2016), of government and civil representatives in the 60 developing countries confirmed that misappropriation of resources is one of the greatest obstacles to successful contract management. The procurement function of an enterprise is one area that is targeted second most by fraudsters (UNESCO, 2018). In Kenya State Corporations accounted for 20% of the country's Gross Domestic Product (GDP), provided employment opportunities to about 4 million people in both formal and informal sectors of the economy (GoK, 2018). However, State Corporations in Nairobi City County, Kenya have been experiencing a myriad of problems including corruption, nepotism and mismanagement (Rotich, 2017).

The Systems Audit for State law Office (SLO), 2020/2016 Report revealed losses of Kshs 18 million through irregular procurements in financial year (FY) 2020/2017. Earlier, in FY 2018/2019, SLO had lost Kshs 8 million due to inefficiencies. This raises questions on the level of prudent Contract Management Driversof SLO's procurement system as a state corporation. The situation is one of loss, fraud, theft and gross mismanagement which are hampering improved and sustained procurement performance and service delivery (PPOA, 2017).

The Kenyan government acknowledges that over the years there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization of sustainable economic growth (GoK, 2018). The government reiterates in the economic recovery strategy some of the factors that adversely affect the performance of the public sector. These include excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment.

However, these measures have not provided a framework for guiding behavior towards attainment of results or ensured accountability in the use of public resources and efficiency in service delivery. The initiatives for instance lack the performance information system, comprehensive performance evaluation system and performance incentive system (GoK, 2018).

Currently, Kenya loses billions of taxpayers' money to improper procurement process, specifically poor contract administration. This commonly happens in the country's State Corporations due to issues, such as, litigations, contract cancellations and substandard service or product delivery. This calls for the pressing need to make appropriate policies and decisions to save the situation. Therefore, Contract Management Imperatives is a valuable step in public procurement as it ensures that service or products delivery is undertaken as per the contractual terms and conditions. The study will help unearth the effect of Contract Management Imperatives on performance State Corporations in Nairobi City County, Kenya.

Objectives of the Study

i. To examine the influence of management strategy on performance of State Corporations in Nairobi City County, Kenya.
ii. To establish the influence of monitoring and evaluation on performance of State Corporations in Nairobi City County, Kenya.

LITERARTURE REVIEW

Theoretical Review

Stewardship Theory

This theory was developed by Donaldson and Davis (1991) and (1993) respectively. The ideal motive which directs managers to accomplish their job is the desire to perform excellently. This theory is based on the assumption that managers are stewards whose behaviors are aligned to the objectives of the principals. It implies that managers have an intrinsic satisfaction when firm performance improves and organization success is attained.

The implication of the theory is that managers are also motivated by non- financial factors like challenging work, the opportunity to exercise responsibility and authority as well as gaining recognition from peers and their managers. It is critical for the organization to build a structure which allows for symphony between principles agents (Abdula & Valentine, 2017). Contract Management Imperatives functions can enjoy the consistency in leadership style, unity of direction as well as command.

Apart from supporting CEO duality, proponents of stakeholders' theory favor majority of insider directors and argue that they have superior knowledge of procurement functions in an organization thus take a shorter time to make decisions; they are more effective at evaluating the performance of top managers and utilize their expertise to ensure high quality procurement performance at all levels. According to Letting (2018) the inclusion of more executive directors in the boards of companies would lead to more effective and efficient decision which include supplier management. The theory of stewardship augurs well with the management strategy variable in this study.

Contract Compliance Theory

Contract compliance theory is the act of conforming to contract agreements between buyers and sellers. Generally, he purchasing function is held responsible for all reasons of non-compliance. According Aberdeen Group (2016) compliance may be internal or external. Internal compliance can be interpreted as either conforming to the rules in the agreement by purchasing organization such as payment terms and minimum order requirements or in purchasing from agreement only, that is, purchasing by using framework agreements for the entire company (Telgen, 2018).

According to Aberdeen Group (2016) the use of framework agreements for the entire company can assist maintaining high contract compliance and reduction in purchasing costs. This can in turn increase the probability of project success. As far as the projects as concerned, external contract compliance can take up several forms including unavailability of products services or qualified personnel, charging prices different from the contracted prices, or late delivery or delivering products that do not meet the contracted specifications. The theory of contract compliance augurs well with the monitoring and evaluation variable in this study.

Conceptual Framework

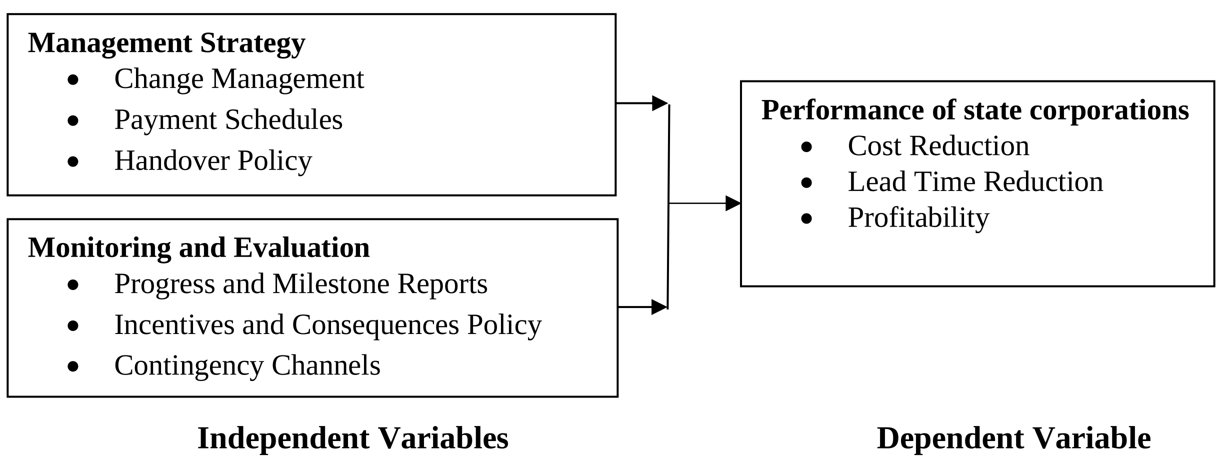

Figure 1: Conceptual Framework

Management Strategy

Contract Management Imperatives involves maintaining an updated form of the contract; controlling and managing contract variations; paying the contractor; managing assets; drafting reports; and terminating the contract (Hansson & Longva, 2018). Contract administration, the formal governance of the contract, is concerned with the mechanics of the relationship between the parties.

The implementation of procedures defining the interface between them, and the smooth operation of routine administrative and clerical functions; and Contract Management Imperatives includes such tasks as contract maintenance and change control, charges and cost monitoring, ordering and payment procedures, management reporting, and so on (OGC, 2018).

The importance of Contract Management Imperatives to the success of the contract, and to the relationship should not be underestimated because clear administrative procedures ensure that all parties to the contract understand who does what, when, and how. Further OGC points that the foundations for Contract Management Imperatives are laid in the stages before contract award where it can be ensured that the terms of the contract include an agreed level of service, pricing mechanisms, provider incentives, contract timetable, means to measure performance, change control procedures, agreed exit strategy and all the other formal mechanisms that enable a contract to function.

As stated by OGC these formal contract aspects form the framework around which a good relationship can grow and if the contract was poorly constructed, it will be much more difficult to make the relationship a success. Contract Management Imperatives includes activities of a buyer during a contract period to ensure that all parties to the contract fulfill their contractual obligation (Bailey, 2018).

Contract life cycle management is the process of systematically and efficiently managing the contract creation, execution and analysis of maximizing operational and financial performance and minimizing risks (Elsey, 2018). A sales contract is a contract between a company and a customer where the company agrees to sell products and/or services. The customer in return is obligated to pay for the product/services bought. A purchasing contract is a contract between a buying company and a supplier who is promises to sell products and/or services within agreed terms and conditions. The buying company in return is obligated to acknowledge the goods/or service and pay for liability created (Willmott, 2018).

Monitoring and Evaluation

Technical Contract Management Imperatives starts with contractor monitoring and evaluation management. This is vital in enabling the contracting organization to ascertain that the contractor is undertaking his duties and fulfilling his obligations in compliance with the contract. This also allows the contracting organization to pinpoint any issues or problems in advance that could arise and offer timely solutions (Elsey, 2018).

Particularly, the outline of contractor monitoring and acceptance management includes: monitoring, controlling, and evaluating the contractor's performance; evaluating the quantity and quality of services, works, or products delivered; and identifying and handling risks (Cropper, 2020).

The eight key levers that constitute the economic frame of the project's business deal, and notes that in order achieve a success, for any parties, it is essential to understand these business Imperatives which specify the basic content of the deal, and give assurances for both sides (Branconi & Loch, 2019).

He further claims that these eight Imperatives which are, technical specifications, price, schedule, payment terms, warranties, performance guarantees, limitations of liability, and securities cover 80% of the most critical aspects of the project, and anything severely wrong on any of these items, would severely impact the project success, thus these levers, above all, must be well defined in the contract and managers with business responsibility must think through them.

Performance of State Corporations

The attributes of performance which will be taken into consideration in this study are: cost reduction, lead time reduction and profitability. Seven key success factors which influence performance, namely; a clear strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts (Rotich, 2017). This should be based on total cost, quality, and enhancement of competitiveness of suppliers using best practices.

Contract Management Imperatives adoption and its effective use has an impact on performance (Rajkumar, 2016). Decisions to buy instead of make to improve quality, lower inventories, integrate supplier and buyer systems, and create co-operative relations underline need for good performance. Recent trends are to fewer suppliers; long-term contracts, contract administration, and continuing improvement in quality, price, and service require closer co-ordination and communication between key procurement partners (Kumar & Markeset, 2017).

Basing on financial performance and neglecting non-financial performance cannot improve the operations because only partial performance is considered. Realization of goals is influenced by internal and external forces (Chan & Ngai, 2016). Interactions between various elements; professionalism, staffing levels and budget resources, procurement organizational structure, regulations, rules, and guidance, and internal control policies, all need attention and influence performance (Awino *et al.,* 2018).

Moon (2020) distinguished features of a responsive organization. Major transformations are; from functions to process, profit to performance, products to customers, inventory to information, and transactions to relationships. Critical measures of performance need to be continuously monitored (Mentzer, 2016). The idea of 'key performance indicators' framework suggests that whereas there are many measures of performance to be deployed in an organization, only a small number of critical dimensions contribute more than proportionately to success or failure (Noor, Guyo & Amuhaya, 2018).

Njoroge (2016) maintained that there is a link between contract administration, efficiency, effectiveness and performance. Performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity (Pearson & Grandon, 2020). Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements (Wakoli, 2018).

Empirical Review

Management Strategy and Performance of State Corporations

Silvana (2020) in a study on the Contract Management driver on private public partnership indicates that the aim of Contract Management Imperatives is the optimization of the efficiency, effectiveness and economy of service in contractual relationship, balancing costs against risks and actively manages the relationship between procurement parties. Langat (2019) found that Contract Management Imperatives involves the manner in which procurement function is able to reach the objectives and goals with minimum costs. The study examined Contract Management Imperatives in terms of efficiency, competitiveness of services procured, quality of goods procured, and reduction of conflict of interests within the procurement activities.

Masaba (2016) found that Contract Management Imperatives can be measured using two metrics; effectiveness and efficiency. Effectiveness in Contract Management Imperatives involves achievement of procurement values such as transparency, accountability and value for money. The efficiency aspects of Contract Management Imperatives involve aspects such as adequate consideration of the user needs, efficiency in utilization of public resources and risk management. Kamotho (2018) used metrics such as costs management, inventory levels, time taken to complete procurement process, delivery of best-value contracted goods and service, stronger vendor-buyer relationship, and assured supply to measure the effectiveness of procurement contract management.

Masiko (2019) study on Contract Management Driversnoted that performance involves the execution of the procurement activities against set standards. These standards include accuracy, completeness, cost, speed, flexibility, quality of supplies, and supplier profile among many others. According Aberdeen Group (2016) compliance may be internal or external. Internal compliance can be interpreted as either conforming to the rules in the agreement by purchasing organization such as payment terms and minimum order requirements or in purchasing from agreement only, that is, purchasing by using framework agreements for the entire company.

According to Aberdeen Group (2016), the use of framework agreements for the entire company can assist maintaining high contract compliance and reduction in purchasing costs. This can in turn increase the probability of project success. As far as the projects as concerned, external contract compliance can take up several forms including unavailability of products services or qualified personnel, charging prices different from the contracted prices, or late delivery or delivering products that do not meet the contracted specifications.

Monitoring and Evaluation and Performance of State Corporations

Rotich (2018) in a study on the contract monitoring, evaluation and operational performance of State Corporationsindicate that there are diverse aspects involved in contract monitoring. These factors include the contractor relationship; Contract Management Driversand dispute resolution. PRMPM (2020) asserts that organizations need to create and maintain authentic and reliable records and to protect the integrity of records as long as they are required.

This would be done by ensuring that reliable contract monitoring and evaluation records are created, preserved, accessed and maintained in a safe and secure environment, the integrity of records is safeguarded, comply with legal and regulatory environment and provide an appropriate storage environment and media. Contract monitoring and evaluation document and records storage may not feel like the most exciting work for your company, but it's one of the most important things in your business that needs to be maintained and managed. Companies can use record storage solutions and records management companies to free up space in their office, optimize workflows, and securely store critical and inactive files (Chandra, 2020).

Davis, Love and Baccarini (2020) found that inadequate understanding of contract monitoring and evaluation documents lead to serious contractual problems and the output of the projects was affected in term of quality, cost and time. The panels also agreed that the level of understanding of contract monitoring document has to be improved for best output of the contract practice with regard to cost, quality and time. Complexity of contract monitoring and evaluation documents was also found to have an influence on the ability of contracting party to understand the contract documents. This is particularly true when contract documents have a lot of legal jargons and phrases sometimes may have irrelevant materials associated to it (Davis *et al.,* 2020).

The PPRA (2018) when assessing the adequacy of procurement contract monitoring and evaluation for the financial year 2016/11 found out that average level of compliance for contract monitoring was 44% for ministries, departments and agencies which is below the average acceptable score of 80%. Generally, the weaknesses included improper preparation of contracts, lack of important documents such as conditions of contract in some contracts, liquidated damages were not applied for delayed contracts, completed works were not tested to ascertain whether they have attained the specifications as provided in the contract documents and extension of time were issued without justifiable analysis.

RESEARCH METHODOLOGY

The study used descriptive research design. Target population refers to the portion of entire population in which the researcher is interested, has access to or is more likely to get the required data (Patron, 2018). The target population was the heads of procurement in the 187 State Corporations spread over different locations in Kenya. The unit of analysis was the individual State Corporations while the unit of observation which defines the independent elements in a population was the heads of procurement within each of the selected State Corporations in Nairobi City County, Kenya.

The study used stratified random sampling technique where the subjects were selected in such a way that the existing subgroups in the population are more or less reproduced in the sample (Kothari, 2018). This stratified random sampling technique guaranteed each stratum to be represented in the sample and was more accurate in reflecting the characteristics of the population. A sample is a portion or part of the population of interest. Mugenda and Mugenda (2018), states that an ideal sample should be large enough so that the validity and reliability of the data is achieved. That is if the same study is conducted with different sample size same data will be collected.

Where n is the sample size, N is the population (187) and beta denotes the error, set at 0.05

$$\mathbf{N/ \{1+N (\beta^2)\} = n}$$

$$187/ \{1+187(0.05^2)\} = 127$$

The equation gives a sample size of 127 State Corporations in Nairobi City County, Kenya. Therefore, the study sought to gather information from 127 State Corporations located across the country, where the heads of procurement were the respondents. This sample is deemed good representation of the populations since the sample size is greater than 10% of the target population. Mugenda and Mugenda (2018) argue that for a sample to be a good representative of the population it should be at least 10% of the target population.

The primary data was obtained by means of a self-administered questionnaire by the respondent. The Statistical Package for Social Sciences (SPSS) version 22 was used to perform the analysis of quantitative data. Pearson correlation coefficient was used to determine the magnitude and the direction of the relationships between the variables (Kothari, 2020). A multiple regression model was developed to present the relationship.

DATA ANALYSIS AND PRESENTATION

A total of 127 questionnares were distributed to heads of procurement. Out of the population covered, 104 were responsive respresenting a response rate of 82%. This was above the 50% which is considered adequate in descriptive statistics according to (Kothari, 2018).

Descriptive Statistics

Management Strategy

The first objective of the study was to assess the influence of management strategy on performance of State Corporationsin Kenya. The respondents were also asked to comment on statements regarding management strategy influence on performance among State Corporations in Kenya. The responses were rated on a likert scale and the results presented in Table 1 below. It was rated on a 5 point likert scale ranging from; 1 = strongly disagree to 5 = strongly agree. The scores of ‘strongly disagree’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘neutral’ has been taken to represent a statement agreed upon, equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.

The respondents were asked to indicate their responses on influence of management strategy on performance of State Corporations in Kenya. The results revealed that majority of the respondent with a mean of (4.13) agreed with the statement that change management plays a significant role in cost reduction. The measure of dispersion around the mean of the statements was 0.94 indicating the responses were varied. The result revealed that majority of the respondent as indicated by a mean of (4.27) agreed with the statement payment schedules plays a significant role in cost reduction. The standard deviation for was 0.968 showing a variation. The result revealed that majority of the respondent (4.55) agreed with the statement that handover policy play a significant role in cost reduction. The results were varied as shown by a standard deviation of 0.5.

The average response for the statements on change management plays a great role in reducing lead time was (4.22). The results were varied as shown by a standard deviation of 0.955. The average response for the statements on payment schedules plays a great role in reducing lead time was (4.4). The results were varied as shown by a standard deviation of 0.704. The result revealed that majority of the respondent with a mean of (4.46) agreed with the statement that handover policy plays a great role in reducing lead time. The measure of dispersion around the mean of the statements was 0.787 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (4.44) agreed with the statement change management plays a great role in improving profitability. The standard deviation for was 0.786 showing a variation. The result revealed that majority of the respondent (4.21) agreed with the statement that payment schedules plays a great role in improving profitability. The results were varied as shown by a standard deviation of 0.942. The average response for the statements on handover policy plays a great role in improving profitability was (4.01). The results were varied as shown by a standard deviation of 0.81.

The average mean of all the statements was 4.01 indicating that majority of the respondents agreed on management strategy having an influence on performance of State Corporations in Kenya. However, the variations in the responses were varied as shown by a standard deviation of 0.81. These findings imply that management strategy was at the heart of the organizations. The findings agree with Kinyanjui (2016) that using management strategy as Contract Management Imperatives practice is a smart move and can reduce expenses significantly.

Table 1: Management Strategy

Statements	Mean	Std. Deviation
Change management plays a great role in cost reduction	4.10	0.94
Payment schedules plays a great role in cost reduction	4.27	0.968
Handover policy plays a great role in cost reduction	4.55	0.500
Change management plays a great role in reducing lead time	4.22	0.955
Payment schedules plays a great role in reducing lead time	4.41	0.704
Handover policy plays a great role in reducing lead time	4.46	0.787
Change management plays a great role in improving profitability	4.44	0.786
Payment schedules plays a great role in improving profitability	4.21	0.942
Handover policy plays a great role in improving profitability	4.11	1.096
Average	**4.01**	**0.81**

Monitoring and Evaluation

The second objective of the study was to establish the influence of monitoring and evaluation on performance of State Corporations in Kenya. The respondents were also asked to comment on statements regarding monitoring and evaluation on performance of State Corporationsin Kenya. The results revealed that majority of the respondent with a mean of (3.58) agreed with the statement that progress and milestone reports plays a significant role in cost reduction. The measure of dispersion around the mean of the statements was 1.0 indicating the responses were varied. The result revealed that majority of the respondent as indicated by a mean of (3.63) agreed with the statement incentives and consequences plays a significant role in cost reduction. The standard deviation for was 0.9 showing a variation. The result revealed that majority of the respondent (3.6) agreed with the statement that contingency channels plays a significant role in cost reduction. The results were varied as shown by a standard deviation of 0.7.

The average response for the statements on progress and milestone reports plays a great role in reducing lead time was (3.45). The results were varied as shown by a standard deviation of 1.2. The average responses for the statements on incentives and consequences policy plays a great role in reducing lead time was (3.5). The results were varied as shown by a standard deviation of 1.0. The results revealed that majority of the respondent with a mean of (3.61) agreed with the statement that contingency channels play a great role in reducing lead time. The measure of dispersion around the mean of the statements was 0.6 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (4.17) agreed with the statement progress and milestone reports plays a great role in improving profitability. The standard deviation for was 0.8 showing a variation. The result revealed that majority of the respondent (3.63) agreed with the statement that incentives and consequences policy plays a great role in improving profitability. The results were varied as shown by a standard deviation of 0.8. The average response for the statements on contingency channels play a great role in improving profitability plays a significant role in attaining timely deliveries was (3.66). The results were varied as shown by a standard deviation of 1.

The average mean of all the statements was 3.77 indicating that majority of the respondents agreed on monitoring and evaluation having an influence on performance of State Corporations in Kenya. However, the variations in the responses were varied as shown by a standard deviation of 1.134. These findings agree with Kirungu (2018) that through monitoring and evaluation, organizations can improve competitive positioning.

Table 2: Monitoring and Evaluation

Statements	**Mean**	**Std. Deviation**
Progress and milestone reports plays a great role in cost reduction	3.58	1.0
Incentives and consequences policy plays a great role in cost reduction	3.63	0.9
Contingency channels play a great role in cost reduction	3.6	0.7
Progress and milestone reports plays a great role in reducing lead time	3.45	1.2
Incentives and consequences policy plays a great role in reducing lead time	3.5	1.0
Contingency channels play a great role in reducing lead time	3.61	0.6
Progress and milestone reports plays a great role in improving profitability	4.17	0.8
Incentives and consequences policy plays a great role in improving profitability	3.63	0.8
Contingency channels play a great role in improving profitability	3.66	1.0
Average	**3.77**	**1.134**

Correlation Analysis

Correlation analysis was used to determine both the significance and degree of association of the variables and also predict the level of variation in the dependent variable caused by the independent variables. The correlation summary shown in Table 3 indicates that the associations between each of the independent variables and the dependent variable were all significant at the 95% confidence level. The correlation analysis to determine the relationship between Contract Management Imperatives and performance of State Corporations in Kenya, Pearson correlation coefficient computed and tested at 5% significance level.

The results indicate that there is a positive relationship (r=.509) between management strategy and performance of State Corporations in Kenya. In addition, the researcher found the relationship to be statistically significant at 5% level (p=0.000, <0.05). The results also indicate that there is a positive relationship (r=.398) between monitoring and evaluation and performance of State Corporations in Kenya. In addition, the researcher found the relationship to be statistically significant at 5% level (p=0.000, <0.05).

Table 3: Summary of Pearson's Correlations

Correlations		Management Strategy	Monitoring & Evaluation	Performance of State Corporations
Management Strategy	Pearson Correlation	1		
	Sig. (2-Tailed)			
Monitoring and Evaluation	Pearson Correlation	.263**	1	
	Sig. (2-Tailed)	0.007		
Performance of State Corporations	Pearson Correlation	.509**	.398**	1
	Sig. (2-Tailed)	0	0	

** Correlation is Significant at the 0.05 Level (2-Tailed).

Regression Analysis

In this study multivariate regression analysis was used to determine the significance of the relationship between the dependent variable and all the independent variables pooled together. Regression analysis was conducted to find the proportion in the dependent variable (performance of State Corporations in Kenya) which can be predicted from the independent variables (management strategy, monitoring and evaluation,).

Table 4 presents the regression coefficient of independent variables against dependent variable. The results of regression analysis revealed there is a significant positive relationship between dependent variable and the independent variable. R square value of 0.647 means that 64.7% of the corresponding variation in performance of State Corporations in Nairobi City County, Kenyan can be explained or predicted by (management strategy, monitoring and evaluation) which indicated that the model fitted the study data. The results of regression analysis revealed that there was a significant positive relationship between dependent variable and independent variable at (β = 0.647), p=0.000 <0.05).

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805[a]	.647	.633	.166295

a) Predictors: (Constant), Management Strategy, Monitoring and Evaluation
b) Dependent Variable: Performance of State Corporations

Table 5: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.027	4	1.257	44.892	.000[b]
	Residual	2.738	99	0.028		
	Total	7.765	103			

a) Predictors: (Constant), Management Strategy, Monitoring and Evaluation
b) Dependent Variable: Performance of State Corporations

The significance value is 0.000 which is less than 0.05 thus the model is statistically significance in predicting how management strategy, monitoring and evaluation influence performance of State Corporations in Kenya. The F critical at 5% level of significance was 23.5. Since F calculated which can be noted from the ANOVA table above is 44.892 which is greater than the F critical (value= 23.5), this shows that the overall model was significant. The study therefore establishes that; management strategy, monitoring and evaluation were all important Contract Management Imperatives aspects influencing performance of State Corporations in Nairobi City County, Kenya. These results agree with Rotich (2017) results which indicated a positive and significant influence of prudent Contract Management Imperatives on performance of State Corporations in Nairobi City County, Kenya.

Table 6: Coefficients of Determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.353	0.202		11.69	0.000
Management Strategy	0.183	0.037	0.392	4.948	0.000
Monitoring & Evaluation	0.158	0.045	0.232	3.546	0.001

a) Predictors: (Constant), Management Strategy, Monitoring and Evaluation,
b) Dependent Variable: Performance of State Corporations

The regression equation will be;

$$\mathbf{Y=2.353+ 0.183X_1 + 0.158X_2}$$

The regression equation above has established that taking all factors into account (management strategy, monitoring and evaluation) constant at zero, performance of State Corporations in Nairobi City County, Kenya will be an index of 2.353. The findings presented also shows that taking all other independent variables at zero, a unit increase in management strategy will lead to a 0.183 increase in performance of State Corporations in Nairobi City County, Kenya. The P-value was 0.000 which is less 0.05 and thus the relationship was significant. The study also found that a unit increase in monitoring and evaluation will lead to a 0.158 increase in performance State Corporations in Nairobi City County, Kenya. The P-value was 0.001 and thus the relationship was significant.

Conclusion of the Study

In regard to management strategy, the regression coefficients of the study show that it has a significant influence on performance of State Corporations in Nairobi City County, Kenya. This implies that increasing levels of management strategy by a unit would increase the levels of performance of State Corporations in Nairobi City County, Kenya. This shows that management strategy has a positive influence on performance of State Corporations in Nairobi City County, Kenya.

Second in regard to monitoring and evaluation, the regression coefficients of the study show that it has a significant influence on performance of State Corporations in Nairobi City County, Kenya. This implies that increasing levels of monitoring and evaluation by a unit would increase the levels of performance of State Corporations in Nairobi City County, Kenya. This shows that monitoring and evaluation has a positive influence on performance of State Corporations in Nairobi City County, Kenya.

Recommendations of the Study

To ensure that State Corporations have better performance they should focus more on using their optimal management strategy so as to manage change management and to ensure that there is consistency of payment schedules. In the same regard, they should have clear handover policy to enable them to have better transition.

With regard to the second objective, it would be constructive for State Corporations to invest more in monitoring and evaluating to reduce the amount of time spent by staff doing repeat work and ensure professionals spend time on core activities that give them competitive advantage.

Areas for Further Research

The study is a milestone for further research in the field of performance of State Corporations in Africa and particularly in Kenya. The findings demonstrated the important Contract Management Imperatives to the performance of State Corporations to include; management strategy, monitoring and evaluation. The current study obtained an R^2 of 64.7% and should therefore be expanded further in future in order to include other Contract Management Imperatives that may as well have a positive significance to performance of State Corporations in Nairobi City County, Kenya. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other institutions and public sector organizations in Kenya and other countries in order to establish whether the explored Contract Management Imperatives herein can be generalized to affect performance in other public institutions.

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