# INFLUENCE OF CONTRACT MANAGEMENT PRACTICES ON PERFORMANCE OF STATE CORPORATIONS IN KENYA

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## Abstract

**Purpose:** The study helped unearth the influence of contract management practices on performance of state corporations in Kenya.

**Methodology:** 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 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) version 20.0. Data was analyzed through descriptive statistical methods such as means, standard deviation, frequencies and percentage. Inferential analyses was used in relation to correlation analysis and regression analysis to test the relationship between the four explanatory variables and the explained variable.

**Results:** The response rate of the study was 82%. The findings of the study indicated that administration strategy, monitoring and evaluation, stakeholder management and conflict management have a positive relationship with performance of state corporations in Kenya.

**Conclusion:** Based on the study findings, the study concludes that performance of state corporations can be improved by administration strategy, monitoring and evaluation, stakeholder management and conflict management. First, in regard to administration strategy, the regression coefficients of the study show that it has a significant influence on performance of state corporations.

**Policy recommendation:** the study recommended that public institutions should embrace contract management practices 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.

**Keywords:** *administration strategy, monitoring and evaluation, stakeholder management, conflict management*

## 1.0 INTRODUCTION

### 1.1 Background of the Study

Contract management 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, 2012). Contract management 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, 2011).

Contract management improves an organization's operational performance as indicated by various measures, such as, quality, flexibility, speed, efficiency, and supplier relationship (Cho & Pucick, 2015). Contract management may 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, 2013).

### 1.1.1 Global Perspective

Different studies on contract management have been done the world over. In his study on design of a supplier performance measurement and evaluation system in Netherlands, Beijer (2012) found a positive correlation between design and supplier performance. A study done in England by Breedon (2013) insist on the need for proper key performance indicators and having a staffed and competent contract management team in relation to procurement contract management.

### 1.1.2 Regional Perspective

In the African context, in his a study in Tanzania, Mlinga, (2008) found out that ineffectiveness in procurement contract management is due to lack of competent personnel armed with skills and experience to manage contracts. He recommended that there was need to have a contract manager with enough skills and experience in the field that they are supervising. Another study by Marco (2013) revealed that, contract management stage was deemed to be as the separate process to procurement, procurement functions are headed by the non-procurement professional which implied that, most of the decision reached at may not comply with the requirement of procurement laws in awarding contract to bidders.

### 1.1.3 Local Perspective

In a study in Kenya, Waigwa and Njeru (2016) found that procurement policy framework guidelines are important for the success of the contracts in public agencies, however it had lowest effect compare to the other two factors. The study also established that enhanced service markets using tools such as stakeholder management enhance efficient contract management among the public agencies.

## 1.2 Problem Statement

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 (Plavsic, 2014). In Kenya state corporations accounted for 20% of the country's Gross Domestic Product (GDP), provided employment opportunities to about 300,000 people in the formal sector and 3.7 million persons in the informal sectors of the economy (GoK, 2004). However, state corporations in Kenya have been experiencing a myriad of problems including corruption, nepotism and mismanagement (Rotich, 2011).

The Systems Audit for State law Office (SLO), 2015/2016 Report revealed losses of Kshs 18 million through irregular procurements in financial year (FY) 2008/2009. Earlier, in FY 2014/2013, SLO had lost Kshs 8 million due to inefficiencies. This raises questions on the level of prudent contract management practices of SLO's procurement system as a state corporations. The situation is one of loss, fraud, theft and gross mismanagement which are hampering improved and sustained procurement performance and service delivery (PPOA, 2009).

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, 2012). 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, 2014).

Currently, Kenya loses billions of taxpayers' money to improper procurement process, specifically poor contract management practices. 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 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 practices on performance state corporations in Kenya.

## 1.3 Objectives of the Study

1. To examine the influence of administration strategy on performance of state corporations in Kenya.

2. To establish the influence of monitoring and evaluation on performance of state corporations in Kenya.

3. To determine the influence of stakeholder management on performance of state corporations in Kenya.

4. To evaluate the influence of conflict management on performance of state corporations in Kenya.

## 2.0 LITERATURE REVIEW

### 2.1 Empirical Review

### 2.1.1 Administration Strategy and Performance of State Corporations

Silvana (2015) in a study on the contract administration on private public partnership indicates that the aim of contract administration 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 (2013) found that contract administration involves the manner in which procurement function is able to reach the objectives and goals with minimum costs. The study examined contract administration in terms of efficiency, competitiveness of services procured, quality of goods procured, and reduction of conflict of interests within the procurement activities.

### 2.1.2 Monitoring and Evaluation and Performance of State Corporations

Rotich (2014) in a study on the contract monitoring, evaluation and operational performance of state corporations indicate that there are diverse aspects involved in contract monitoring. These factors include the contractor relationship; contract administration and dispute resolution. PRMPM (2008) asserts that organizations need to create and maintain authentic and reliable records and to protect the integrity of records as long as they are required.

This would be done by ensuring that reliable 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, 2008).

### 2.1.3. Stakeholder Management and Performance of State Corporations

Jarvelin and Marie (2011) define a relationship as a "connection". Further, relationship applies when individuals, organizations and groups within and external to an enterprise interact. Apart from the field of industrial sociology, concerned with the study of group interaction within a workplace, environment, the application of the study of business relationships began with the concept of relationships marketing. This relationship describes a long-term marketing strategy

in which emphasis is on building and maintaining long-term relationships with customers rather than 'on a sale at a time

## 2.1.4 Conflict Management and Performance of State Corporations

According to (Angaye, 2013) conflict is a state of human interaction where there is disharmony; it emerges when parties compete over perceived or actual goals, values or interests, therefore, it occurs when parties confront each other with opposing actions and counter-actions and it is an indicator that something is changing, has changed or needs to change. Managing and identifying the causes of the conflict among employees and putting strategies in place to help avoid conflicts can help in achieving good performance, conflict is classified in four levels that is intra-personal, inter-personal, intra-group and inter-group.
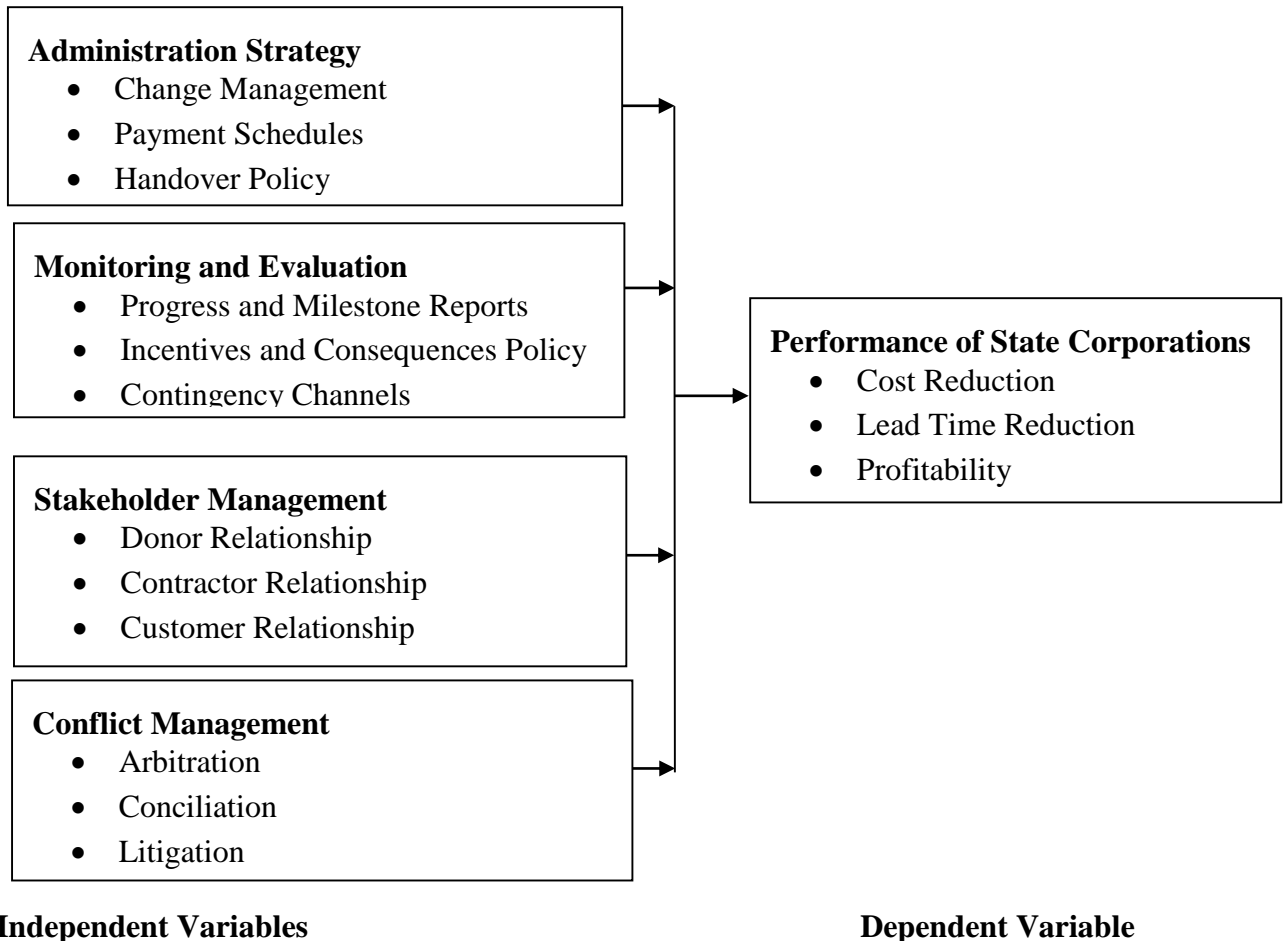
## 2.2 Theoretical review

## 2.2.1 Contract Management Theory

Contract management theory can be interpreted as category management, contract administration and conflict management (Knoester, 2015).While category management is about managing the contracting processes initiation, contract management is addressed by Robert (2012) who speaks of conflict management as the management of the engagement administration of all term agreements by which means a contract is closed.

He stressed that this is the contract management process for ensuring that the right information is in the right place at the right time, to support the whole of the contracting process. In project disciplines, this can be achieved by distributing contract information to all primary project stakeholders to determine and assess an optimal supply base (Piga & Treumer, 2013). The contracting process is the third interpretation of contract management and is where contract realization is managed (Johnson, 2013).

This process is connected to both the category management process and the conflict management process. Contracting processes are initiated by category management and are from there supported by the contract administration process. This conflict management process is necessary during the whole contracting process in order to assure quality, efficiency and effectiveness (Angelov, 2015).

### 2.3 Conceptual Framework



**Figure 1: Conceptual Framework**

### 3.0 METHODOLOGY

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 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) version 20.0. Data was analyzed through descriptive statistical methods such as means, standard deviation, frequencies and percentage. Inferential analyses was used in relation to correlation analysis and regression analysis to test the relationship between the four explanatory variables and the explained variable

## 4. 0 RESULTS FINDINGS

### 4.1 Descriptive Statistics

The first objective of the study was to assess the influence of administration strategy on performance of state corporations state corporations in Kenya. The respondents were asked to indicate to what extent administration strategy influenced performance among state corporations in Kenya. Results indicated that majority of the respondents 27% agreed that it was to a very effective, 25% said that it was effective, 29% said it was somehow effective, while ineffective was at 19%.



**Figure: 2: Administration Strategy**

The respondents were also asked to comment on statements regarding administration strategy influence on performance among state corporations in Kenya. The responses were rated on a likert scale and the results presented in Table 4.6 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 administration 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 administration 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 administration strategy was at the heart of the organizations. The findings agree with Kinyanjui (2010) that using administration strategy as contract management practice is a smart move and can reduce expenses significantly.

**Table 1: Administration 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 |

### 4.1.2 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 asked to indicate to what extent monitoring and evaluation influenced performance of state corporations in Kenya. Results indicated that majority of the respondents 25% agreed that it was to a very great extent, 27% said that it was to a great extent, 35% said it was moderate, while little extent and not all were at 5% and 8% respectively.

## Monitoring and Evaluation
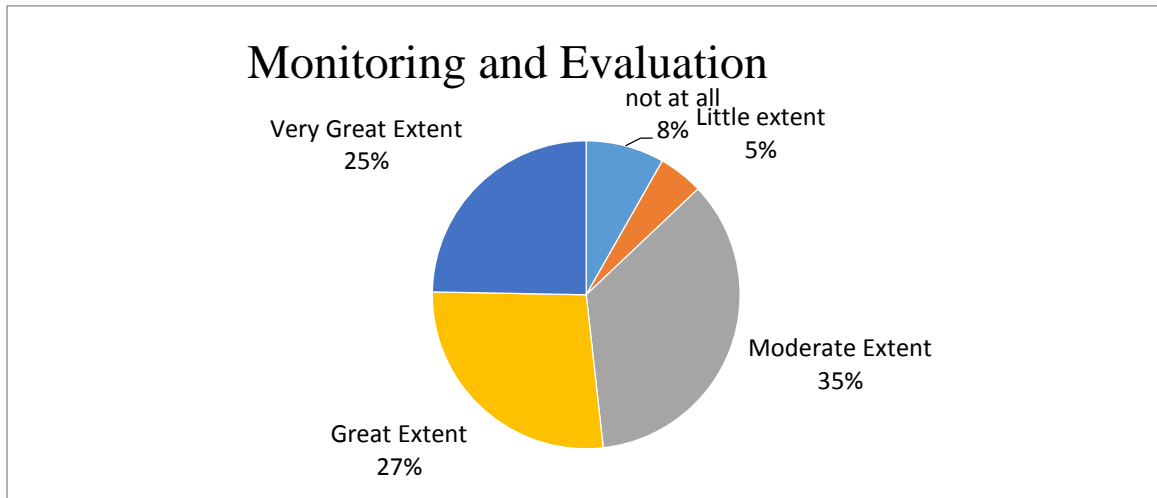
**Figure 3: Monitoring and Evaluation**

The respondents were also asked to comment on statements regarding monitoring and evaluation on performance of state corporations in 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 (2012) that through monitoring and evaluation, organizations can improve competitive positioning.
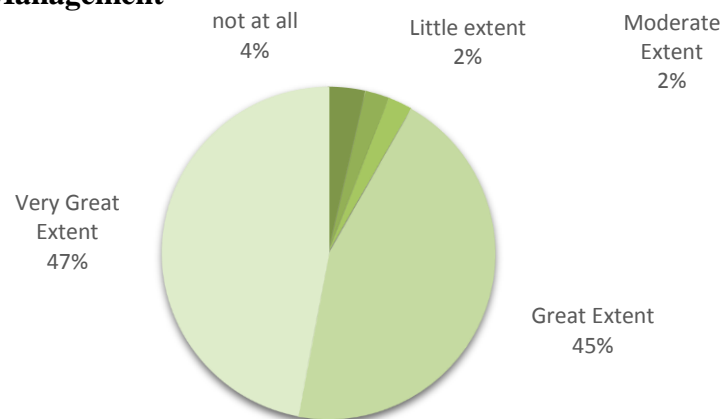
**Table 2: Monitoring and Evaluation**

| 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 |

### 4.1.3 Stakeholder Management

There was also need to establish influence of stakeholder management on performance of state corporations in Kenya as the third objective. Results indicated that majority of the respondents 47% agreed that it was to a very great extent, 45% said that it was to a great extent, 2% said it was moderate; little extent was 2% and not all at 4%.



**Figure 4: Stakeholder Management**

The respondents were asked to indicate their levels of agreement on statements regarding stakeholder management. The results revealed that majority of the respondents with a mean of (3.8) agreed with the statement that donor relationship play a significant role in cost reduction. The measure of dispersion around the mean of the statements was 0.9 indicating the responses were varied. The result revealed that majority of the respondent as indicated by a mean of (4.9) agreed with the statement contractor relationship play a significant role in cost reduction. The standard deviation for was 0.9 showing a variation.

The result revealed that majority of the respondent (3.4) agreed with the statement that customer relationship plays a significant role in cost reduction. The results were varied as shown by a standard deviation of 1.3.

The average response for the statements on donor relationship plays a great role in reducing lead time was (3.6). The results were varied as shown by a standard deviation of 1.2. The average response for the statements on contractor relationship plays a great role in reducing lead time was (4.1). The results were varied as shown by a standard deviation 0.8. The results revealed that majority of the respondent with a mean of (4.1) agreed with customer relationship play a great role in reducing lead time. The measure of dispersion around the mean of the statements was 0.9 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (4) agreed with the statement donor relationship plays a great role in improving profitability. The standard deviation for was 1 showing a variation. The result revealed that majority of the respondent (4.2) agreed with the statement that contractor relationship 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 customer relationship play a great role in improving profitability was (3.9). The results were varied as shown by a standard deviation of 0.9.

Average mean of all the statements was 3.8 indicating that majority of the respondents agreed on stakeholder management 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 0.9. The results are in tandem with Lin and Lee (2011) who opine that an organization benefits greatly when stakeholder management is embraced in their procurement department.

**Table 3: Stakeholder Management**

| Statements | Mean | Std. Deviation |
|---|---|---|
| 1. Donor relationship plays a great role in cost reduction | 3.8 | 0.9 |
| 2. Contractor relationship plays a great role in cost reduction | 4.9 | 0.9 |
| 3. Customer relationship play a great role in cost reduction | 3.4 | 1.3 |
| 4. Donor relationship plays a great role in reducing lead time | 3.6 | 1.2 |
| 5. Contractor relationship plays a great role in reducing lead time | 4.1 | 0.8 |
| 6. Customer relationship play a great role in reducing lead time | 4.1 | 0.9 |
| 7. Donor relationship plays a great role in improving profitability | 4.0 | 1.0 |
| 8. Contractor relationship plays a great role in improving profitability | 4.2 | 0.8 |
| 9. Customer relationship play a great role in improving profitability | 3.9 | 0.9 |
| Average | 3.8 | 0.9 |

### 4.1.4 Conflict Management

There was also need to establish the influence of conflict management on performance of state corporations in Kenya. Results also showed that 3% of respondents indicated to very great extent, great extent was at 12%, moderate extent was 37%, while little extent was at 27% and not at all was at 21%.
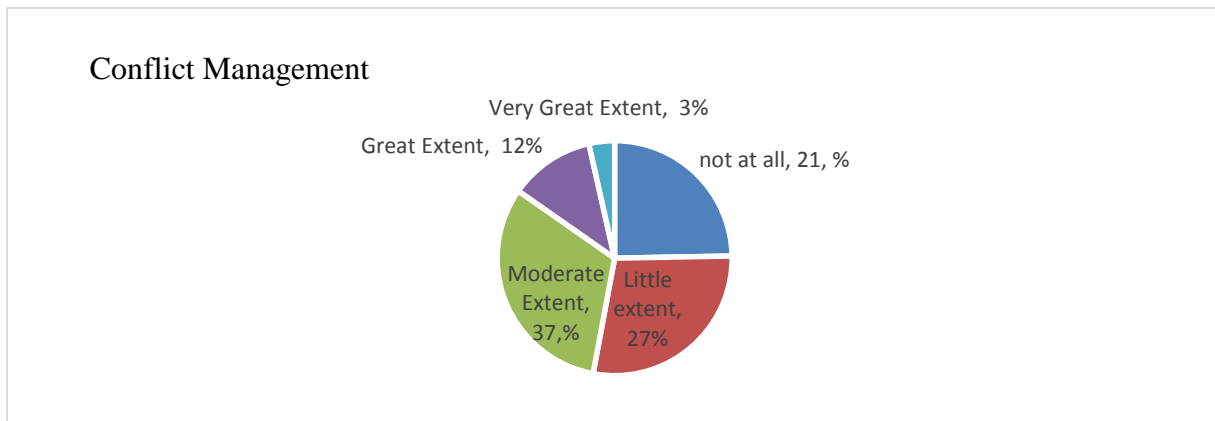


**Figure 4: Conflict Management**

The respondents were asked to indicate their views on conflict management. The results revealed that majority of the respondent with a mean of (4.5) agreed with the statement that arbitration plays a significant role in cost reduction. The measure of dispersion around the mean of the statements was 0.5. The result revealed that majority of the respondent as indicated by a mean of (3.9) agreed with the statement conciliation plays a significant role in cost reduction the standard deviation for was 0.8 showing a variation. The result revealed that majority of the respondent (3.2) agreed with the statement that litigation plays a significant role in cost reduction. The results were varied as shown by a standard deviation of 1.4

The average response for the statements on arbitration plays a great role in reducing lead time was (4.5). The results were varied as shown by a standard deviation of 0.5. The average response for the statements on conciliation plays a great role in reducing lead time was (4.4). The results were varied as shown by a standard deviation 0.6.The results revealed that majority of the respondent with a mean of (4.4) agreed with the statement litigation play a great role in reducing lead time. The measure of dispersion around the mean of the statements was 0.9 indicating the responses were varied.

The result revealed that majority of the respondent as indicated by a mean of (4.3) agreed with the statement Arbitration plays a great role in improving profitability. The standard deviation for was 0.7 showing a variation.          The result revealed that majority of the respondent (4.5) agreed with the statement that Conciliation plays a great role in improving profitability. The results were varied as shown by a standard deviation of 1.0. The average response for the statements on Litigation play a great role in improving profitability was (4.1). The results were varied as shown by a standard deviation of 1.0.

Average mean of all the statements was 4.2 indicating that majority of the respondents agreed on conflict management 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 0.8. The results agree with Muge (2013) that an organization that embraces conflict management benefits greatly in its operations.

**Table 4: Conflict Management**

| Statements | Mean | Std. Deviation |
|---|---|---|
| Arbitration plays a great role in cost reduction | 4.5 | 0.5 |
| Conciliation plays a great role in cost reduction | 3.9 | 0.8 |
| Litigation play a great role in cost reduction | 3.2 | 1.4 |
| Arbitration plays a great role in reducing lead time | 4.5 | 0.5 |
| Conciliation plays a great role in reducing lead time | 4.4 | 0.6 |
| Litigation play a great role in reducing lead time | 4.4 | 0.9 |
| Arbitration plays a great role in improving profitability | 4.3 | 0.7 |
| Conciliation plays a great role in improving profitability | 4.2 | 1.0 |
| Litigation play a great role in improving profitability | 4.1 | 1.0 |
| Average | 4.2 | 0.8 |

## 4.2 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 5 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 practices 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 administration 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).

The results indicate that there is a positive relationship (r=.678) between stakeholder management 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 indicate that there is a positive relationship (r=.685) between conflict management 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). Hence, it is evident that all the independent variables could explain the changes in performance of state corporations in Kenya, on the basis of the correlation analysis.

**Table 5: Summary of Pearson's Correlations**

| Correlations | | Administration Strategy | Monitoring and Evaluation | Stakeholder Management | Conflict Management | Performance of State Corporations |
|---|---|---|---|---|---|---|
| Administration Strategy | Pearson Correlation | 1 | | | | |
| | Sig. (2-Tailed) | | | | | |
| Monitoring and Evaluation | Pearson Correlation | .263** | 1 | | | |
| | Sig. (2-Tailed) | 0.007 | | | | |
| Stakeholder Management | Pearson Correlation | .350** | .346** | 1 | | |
| | Sig. (2-Tailed) | 0 | 0 | | | |
| Conflict Management | Pearson Correlation | .363** | .516** | .543** | 1 | |
| | Sig. (2-Tailed) | 0 | 0 | 0 | | |
| Performance of State Corporations | Pearson Correlation | .509** | .398** | .678** | .685** | 1 |
| | Sig. (2-Tailed) | 0 | 0 | 0 | 0 | |

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

### 4.3 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 (administration strategy, monitoring and evaluation, stakeholder management and conflict management).

Table 6 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 Kenya can be explained or predicted by (administration strategy, monitoring and evaluation, stakeholder management and conflict management) 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 ($\beta$ = 0.647), p=0.000 <0.05).

**Table 6: Model Summary**

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

a) Predictors: (Constant), Administration Strategy, Monitoring and Evaluation, Stakeholder Management and Conflict Management

b) Dependent Variable: Performance of State Corporations

**Table 7: 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), Administration Strategy, Monitoring and Evaluation, Stakeholder Management and Conflict Management

b) Dependent Variable: Performance of State Corporations

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how administration strategy, monitoring and evaluation, stakeholder management and conflict management 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; administration strategy, monitoring and evaluation, stakeholder management and conflict management were all important contract management practices influencing performance of state corporations. These results agree with Rotich (2011) results which indicated a positive and significant influence of prudent contract management on performance of procurement among state corporations.

**Table 8: Coefficients of Determination**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.353 | 0.202 | | 11.69 | 0.000 |
| | Administration Strategy | 0.183 | 0.037 | 0.392 | 4.948 | 0.000 |
| | Monitoring & Evaluation | 0.158 | 0.045 | 0.232 | 3.546 | 0.001 |
| | Stakeholder Management | 0.121 | 0.023 | 0.383 | 5.272 | 0.000 |
| | Conflict Management | 0.001 | 0.036 | 0.001 | 0.027 | 0.040 |

a) Predictors: (Constant), Administration Strategy, Monitoring and Evaluation, Stakeholder Management and Conflict Management

b) Dependent Variable: Performance of State Corporations

The research used a multiple regression model

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mathcal{E}$

The regression equation will be;

$Y = 2.353 + 0.183 X_1 + 0.158 X_2 + 0.121 X_{3} + 0.001 X_4$

The regression equation above has established that taking all factors into account (administration strategy, monitoring and evaluation, stakeholder management and conflict management) constant at zero, performance of state corporations in 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 administration strategy will lead to a 0.183 increase in performance of state corporations. 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. The P-value was 0.001 and thus the relationship was significant. In addition, the study found that a unit increase in stakeholder management will lead to a 0.121 increase in performance of state corporations. The P-value was 0.000 and thus the relationship was significant.

Lastly, the study found that conflict management will lead to a 0.001 increase in performance of state corporations. The P-value was 0.04 and hence the relationship was significant since the p-value was lower than 0.05. The findings of the study show that, administration strategy contributed most to the performance of state corporations.

## 5. 0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Summary of Findings

### 5.1.1 Administration Strategy

The study sought to assess influence of administration strategy on performance of state corporations in Kenya as the first objective of the study. A majority of respondents were found to highly agree that state corporations had embraced administration strategy with regard to their procurement activities. Handover policy and change management were common in the state corporations. Correlation and regression results revealed that this was an important variable that could perhaps be explained by the observation from the findings that administration strategy was an important factor in influencing performance of state corporations.

### 5.1.2 Monitoring and Evaluation

The influence of monitoring and evaluation on performance of state corporations in Kenya was the second objective of the study. A majority of respondents were found to highly agree that the state corporations had embraced monitoring and evaluation with regard to their procurement activities. Progress reports and contingency channels were were common in the state corporations. Correlation and regression results revealed that this was an important variable that could perhaps be explained by the observation from the findings that monitoring and evaluation was an important factor in influencing performance of state corporations.

### 5.1.3 Stakeholder Management

The study endeared to assess influence of stakeholder management on performance of state corporations in Kenya as the third objective of the study. A majority of respondents were found to highly agree that the state corporations had embraced stakeholder management with regard to their procurement activities. Customer relationship and donor relationship were common in the state corporations. Correlation and regression results revealed that this was an important variable that could perhaps be explained by the observation from the findings that stakeholder management was an important factor in influencing performance of state corporations.

### 5.1.4 Conflict Management

The study sought to assess influence of conflict management on performance of state corporations in Kenya as the last objective of the study. A majority of respondents were found to highly agree that the state corporations had embraced conflict management with regard to their procurement activities. Conciliation and arbitration were common in the state corporations. Correlation and regression results revealed that this was an important variable that could perhaps be explained by the observation from the findings that conflict management was an important factor in influencing performance of state corporations

### 5.2 Conclusion of the Study

Based on the study findings, the study concludes that performance of state corporations can be improved by administration strategy, monitoring and evaluation, stakeholder management and conflict management

## 5.3 Recommendations of the Study

The study recommends that procurement staff in the state corporations should ensure that they strictly follow procurement procedures to ensure that goods supplied are of the right quality, in the right quantity, at the right time, to the right place from the right source. This will aim at satisfaction of customers in terms of cost, quality, and timeliness of the delivered product or service, minimizing administrative operating costs.

## 5.4 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 practices to the performance of state corporations to include; administration strategy, monitoring and evaluation, stakeholder management and conflict management. The current study obtained an R2 of 64.7% and should therefore be expanded further in future in order to include other contract management practices that may as well have a positive significance to performance of state corporations. 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 practices herein can be generalized to affect performance in other public institutions.

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