



## CONTRACT MANAGEMENT PRACTICES AND PROCUREMENT PERFORMANCE IN METROPOLITAN COUNTY GOVERNMENTS, KENYA

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### ABSTRACT

Kenya's County Governments are grappling with substantial financial losses attributed to inadequate procurement processes, specifically stemming from deficient contract management practices. According to a survey conducted by the Public Procurement Regulatory Authority (PPRA, 2018), 40% of procurement contracts in Kenya experience delays, resulting in inefficiencies and potential financial losses. This study therefore sought to assess the relationship between contract management practices and procurement performance of metropolitan county governments, Kenya. Specifically, the study sought to establish the relationship of contract records management practices and procurement performance in metropolitan county governments, Kenya, to find out the relationship of vendor management practices and procurement performance in metropolitan county governments, Kenya. This study used cross-sectional survey study design. The study targeted Metropolitan Counties which include; Nairobi County, Machakos County, Kiambu County and Kajiado County. The target population was 320 respondents comprising of heads and deputies of procurement, finance, audit, and monitoring departments in ten ministries in each of the four county governments. The overall sample size for this study was determined using a formula by Krejcie and Morgan (1970). Therefore, using the Krejcie and Morgan formula, the sample size for the study was 176 respondents. This study also used questionnaire to collect data relevant to this study. Quantitative data collected was analyzed using descriptive statistical techniques which are frequencies, mean, standard deviation. Inferential statistics which include Pearson correlation and the Regression Analysis Model were used to test the relationship between study variables. The significance of the model was tested at 5% level of significance. Data was analysed using Statistical Package for Social Sciences (SPSS) software. The study results were presented through use of tables and figures. The study findings revealed that contract records management ( $\beta = 0.311$ ,  $p < 0.05$ ), and vendor management ( $\beta = 0.287$ ,  $p < 0.05$ ), significantly impact procurement performance in metropolitan county governments in Kenya. The coefficients indicate that improvements in these practices lead to substantial enhancements in procurement outcomes. The study concludes that robust contract management is crucial for optimizing procurement performance. Based on these findings, it is recommended that county governments invest in electronic records management systems, strengthen vendor relationships, to ensure efficient and effective procurement operations.

**Key Words:** Contract Management Practices, Procurement Performance, Contract Records Management Practices, Vendor Management Practices Metropolitan County Governments

## **Background of the Study**

Contract management plays a crucial role in the procurement process of government organizations, directly influencing overall procurement performance and effectiveness (Kituyi & Makokha, 2020). Successful contract management improves procurement performance of an organization by providing for timely service delivery, achieving value for money, ensuring supplier responsiveness, cooperation and efficiency (Ogembo & Muturi, 2019). Furthermore, county governments, being essential stakeholders in public administration, bear the responsibility of delivering services and executing projects to meet the needs of their citizens. The successful execution of these activities heavily relies on efficient contract management practices, which guarantee compliance, transparency, accountability, and value for money (Achieng et al., 2019).

However, county governments, like many other government entities, encounter challenges in ensuring efficient contract management practices. These challenges encompass delays in contract implementation, cost overruns, poor contract administration, and insufficient monitoring and evaluation mechanisms (Ondieki *et al.*, 2020). Consequently, there is a pressing need to investigate the relationship between contract management practices and procurement performance in county governments, with the aim of identifying areas that require improvement.

In Kenya, County Governments receive annual funds from the central government to fulfill their roles and responsibilities (PPDA, 2015). Nevertheless, improper procurement processes and inadequate contract management practices lead to the loss of taxpayers' money and the provision of substandard services or products (Brown et al., 2018). Effective contract management practices have the potential to yield improved procurement performance, including cost savings, timely delivery of goods and services, and enhanced value for money. Conversely, poor contract management practices can result in contract disputes, operational inefficiencies, and detrimental impacts on service delivery (Ondieki *et al.*, 2020).

Existing research supports the idea that well-implemented contract management practices have a positive influence on procurement performance (Ondieki et al., 2020). Proper contract administration is crucial for successful project delivery and achieving value for money (Achieng et al., 2019). Consequently, an investigation into the relationship between contract management practices and procurement performance in county governments contribute to overall improvements in procurement outcomes and service delivery.

## **Statement of the Problem**

Kenya's County Governments are grappling with substantial financial losses attributed to inadequate procurement processes, specifically stemming from deficient contract management practices. According to a survey conducted by the Public Procurement Regulatory Authority (PPRA, 2018), 40% of procurement contracts in Kenya experience delays, resulting in inefficiencies and potential financial losses. Additionally, the Auditor General's Report on the Financial Statements of County Governments for the Year 2019/2020 (Office of the Auditor General, 2020) identifies instances of contract mismanagement, including non-compliance with procurement regulations and failure to enforce contract terms. According to the Public Procurement and Disposal Act (2015), the government of Kenya is mandated to disclose all procurement information to the public in a timely manner, however, a study by the Ethics and Anti-Corruption Commission (EACC) (2019) found that only about 50% of county governments, Kenya comply with this requirement. This lack of transparency in the procurement process makes it difficult for citizens to hold their leaders accountable, and can result in the misallocation of public resources.

Furthermore, a survey among government officials concluded that procurement fraud is prevalent, particularly on the county level (EACC, 2017). According to the Ethics and Anti-

Corruption Commission (2017), Kenya loses an estimated Kshs 608.0 bn to corruption yearly, which is 7.8% of Kenya's GDP. The World Bank has estimated that roughly \$1.5 trillion in public contract awards are influenced by corruption, and that the volume of bribes exchanging hands for public sector procurement alone, estimate to about US\$ 200 billion per year (EACC, 2017). Another study by the Institute of Economic Affairs (IEA) (2019) found that the county governments, Kenya face a number of challenges in procurement, including lack of clear procurement policies and regulations (29%), inadequate capacity and skills among procurement staff (24%), and weak oversight and accountability mechanisms (23%). The study also found that the procurement process is often characterized by a lack of transparency and competition (15%), leading to increased risks of corruption and mismanagement. This has resulted in an increased risk of corruption and mismanagement in the procurement process

While previous research studies have explored the impact of contract management practices on procurement performance, they did not specifically address the influence of contract management practices on procurement performance in the context of metropolitan county governments. Smith et al. (2019) focused on contract design, monitoring, and enforcement in the public sector but did not delve into metropolitan county government settings. Similarly, Brown and Jones (2018) examined contract management practices in construction projects but did not specifically consider the county government procurement context. Thus, there was a research gap regarding the influence of contract management practices on procurement performance within the metropolitan county governments, Kenya.

### **Objectives of study**

The main focus of this study was to assess the relationship between contract management practices and procurement performance of metropolitan county governments, Kenya.

The study was guided by the following specific objectives;

- i. To establish the relationship between contract records management practices and procurement performance in metropolitan county governments, Kenya.
- ii. To find out the relationship between vendor management practices and procurement performance in metropolitan county governments, Kenya.

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **Stakeholders Theory**

Stakeholder theory originated by Freeman (1984) is defined as "any group or individual who can affect or affected by the achievement of the organization's objectives". Unlike agency theory in which the managers are working and serving for the shareholders, stakeholder theorists suggest that managers in organizations have a network of relationships to serve that include the suppliers, employees and business partners. According to Mohd Khairul, Syuhaida and Abd (2018) 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 (Ingle & Mahesh, 2016).

Stakeholder theory suggest that managing organizational relationships is a firm's very important assets without which it cannot gain access to others resources, acquire the supplies it needs, solve customer problems and generate revenue (Phillips, 2018). Similarly, stakeholder theory argues that every legitimate person or groups participating in the activities of a firm do so to obtain benefits and that the priority of the interest of all legitimate stakeholders is not self-evident.

The stakeholder argues about the importance of firm paying special attention to the various stakeholder groups that are deemed to have a stake in the operations of an organization. The representation of all stakeholders groups on boards is therefore necessary for effective supply chain performance (Kolani & Miroga, 2019). The model depicts the stakeholders in a typical large corporation. The stakes of each are reciprocal, since each can affect the other in terms of harms and benefits as well as rights and duties (Mohammed, 2018). Owners have financial stake in the organizations and expect returns. Stakeholders Theory was used to establish the relationship of contract records management practices and procurement performance in metropolitan county governments, Kenya.

### **Social Exchange Theory**

Social exchange theory was developed by George Homans (1958). The theory explains how individuals/ groups and parties evaluate relationships as well as interactions based on the costs they expect to incur and the benefits they intend to receive. The theory holds that individuals/ groups and parties basically engage in social interactions to minimize their costs and maximize their benefits (Awan, 2018). The theory sustains that relationships are equivalent to economic transactions whereby people are willing to engage in give-and-take exchanges to attain their goals. Before individuals/ parties enter into these exchanges, they assess the costs and benefits of the exchange. If the benefits are more than the costs involved, then people will be willing to enter into the exchange (Claub, 2019). However, if the costs exceed the benefits, then people will not be willing to enter into the relationship. This theory is widely used in psychology to study interpersonal relationships like friendships, romantic relationships, and business relationships (Chanchai *et al.*, 2017). The significance of adopting a social exchange perspective is based on the rationale that vendor management practices have a strong influence on enterprise performance (Srinivasan *et al.*, 2018) and social exchange theory explains the negotiated exchanges between supply chain partners for executing efficient and effective supply chain management processes (Wu *et al.*, 2017).

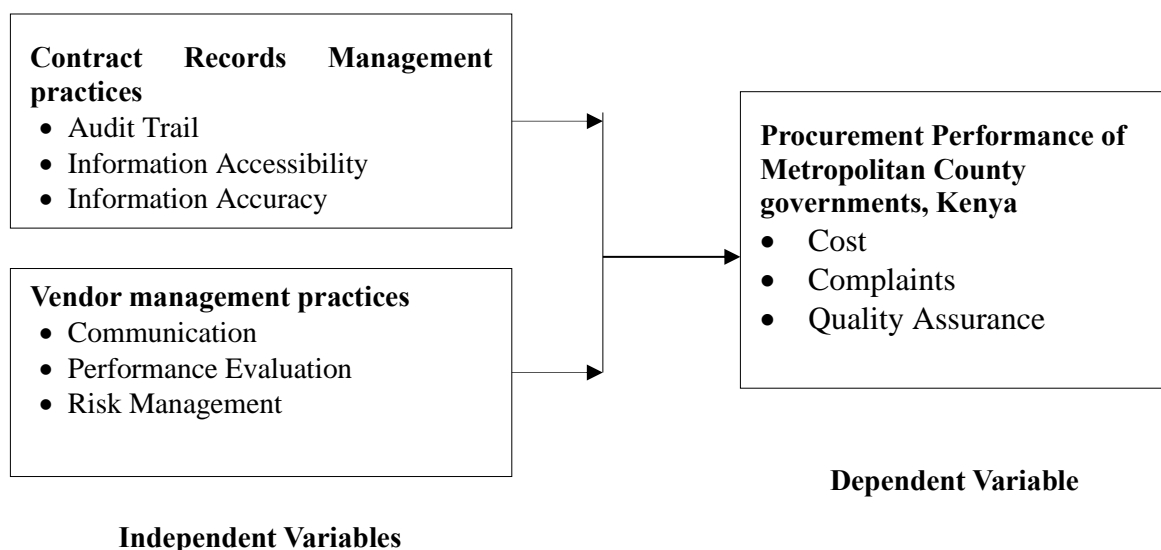
Social exchange theory (SET) argues that individuals or groups agree to form contact with others for the expectation of a reward (Yang *et al.*, 2018). SET assumes that attitudes and behaviors can be assessed by the rewards of interaction minus the cost of that interaction. In a world that is fast evolving businesses are constantly paying high attention to innovative ways for survival. Supply chain has not rugged behind in this agenda with the aim to develop newer products through innovative business practices and technologies spread across the chain. Buyer supplier dyad is a critical element in a supply chain and so from a vendor management practices context, innovation is crucial as it brings benefits for the all the parties involved either in the short run or in the long run (Afuah, 2017). Some of the benefits that have been enlisted from literature include ((Chanchai *et al.*, 2015), Revilla, Sáenz, &Knoppen, 2018). While others Li *et al.*, 2021), Inemeka & Matthyssensa, 2019) knowledge acquisition from users or customers whether direct consumers or B2B culminating into novel or improved products, understanding of new trends, better performing products, cost reductions as mistakes are reduced, minimizing risks involved in innovations as BSRs are embraced and repeat business among many other values. These benefits are realized because of the differences in core competencies of the involved parties (Revilla, Sáenz, & Knoppen, 2018). This study used Social Exchange Theory to establish the relationship between vendor management practices and procurement performance in metropolitan county governments, Kenya.

### **Conceptual Framework**

Conceptual framework refers to a diagrammatic set of interrelated ideas on a particular phenomenon and it's characterized by cause and effect relationships which helps interpret more and hence making it easily understandable. This makes it more straightforward and also easily predictable (Svinicki, 2019). It is a diagram that explains the relationship between dependent and independent variables. In this study, the independent variables were contract records

management practices, and vendor management practices while the dependent variable was procurement performance in metropolitan county governments, Kenya

**Figure 2. 1: Conceptual Framework**



### **Contract Records Management Practices**

Effective contract records management involves the establishment and maintenance of a robust audit trail. An audit trail is a chronological record of activities related to a contract, including modifications, approvals, and other key events. This trail provides transparency and accountability, allowing organizations to track changes made to a contract over time. This is particularly important in situations where legal or regulatory compliance is a concern. An audit trail helps in demonstrating the integrity of the contract management process and is valuable in the event of disputes or audits. Regularly reviewing and documenting changes ensures a comprehensive and reliable audit trail, enhancing overall contract governance (Giancotti, Nardone & Rubba, 2018).

Ensuring easy and secure access to contract information is a key practice in contract records management. Accessibility is crucial for various stakeholders, including legal teams, executives, and relevant staff members. Implementing a centralized and secure contract repository enables authorized personnel to retrieve contract details efficiently. Access controls should be established to restrict access to sensitive information, safeguarding against unauthorized changes or disclosures. Utilizing technology solutions, such as contract management systems, can enhance information accessibility by providing a user-friendly interface, search functionalities, and customizable access levels. This promotes collaboration, reduces the risk of errors, and facilitates a more efficient contract management process (Hanlin, 2018).

Maintaining the accuracy of contract records is essential for reliable decision-making and risk management. This involves regularly updating contract details, such as key dates, parties involved, and any modifications. Implementing validation processes during data entry helps prevent errors and inconsistencies (Trevor *et al*, 2016). Regular audits of contract records can identify and rectify inaccuracies promptly. Automation tools can also contribute to accuracy by minimizing manual data entry errors. Accuracy is particularly critical in scenarios involving compliance with legal and regulatory requirements, as well as during contract performance and renewals. A commitment to information accuracy ensures that contract records serve as reliable sources of truth, supporting strategic decision-making and organizational compliance (Alabano *et al.*, 2018).

## **Vendor Management Practices**

Establishing a strong vendor management practice is built on a foundation of commitment from both parties involved. This commitment goes beyond the terms outlined in a contract and involves a shared dedication to the success of the partnership (Alegbeleye, Dada & Chinyere, 2020). Buyers and suppliers must demonstrate a commitment to the long-term goals and mutual benefits of the relationship. This can include investing in joint initiatives, collaborating on innovation, and fostering a sense of shared purpose. Clear communication of expectations and a commitment to meeting agreed-upon obligations contribute to the stability and sustainability of the vendor management practices (Otobo, 2019).

Trust is a fundamental element in any successful vendor management practices. Building and maintaining trust requires transparency, integrity, and consistency in interactions. Both parties should be able to rely on each other to fulfill commitments, meet quality standards, and adhere to ethical business practices. Trust is developed over time through open communication, honesty, and a track record of delivering on promises. Suppliers need to trust that buyers will provide timely payments and fair treatment, while buyers need to trust that suppliers will deliver quality products or services as agreed. A trusting relationship fosters collaboration, risk-sharing, and a sense of confidence that both parties are working towards shared objectives (Otobo, 2019).

Responsiveness is a key practice in fostering a dynamic and adaptable vendor management practice. Both buyers and suppliers should be responsive to each other's needs, changes in the market, and evolving business conditions. Timely communication and quick adaptation to unforeseen challenges contribute to a resilient relationship. Suppliers who can respond effectively to changes in demand or shifts in specifications demonstrate agility, while buyers who communicate changes in requirements promptly contribute to a more collaborative environment. Responsiveness enhances the overall flexibility and efficiency of the supply chain, allowing both parties to navigate uncertainties and capitalize on opportunities more effectively (Alegbeleye, Dada & Chinyere, 2020).

## **Procurement Performance of Metropolitan County governments, Kenya**

Procurement Performance is defined as the assessment of how procurement activities achieve the desired outcomes in terms of cost-effectiveness, quality of procured goods and services, and stakeholder satisfaction. It involves evaluating whether procurement goals are met, resources are utilized efficiently, and whether the process supports the organization's broader strategic objectives. Effective procurement performance can significantly impact public sector operations, influencing the quality of services delivered to the public and the financial health of the government (Msimangira & Tesha, 2020).

Cost is a vital component of procurement performance, focusing on managing and minimizing the expenses associated with acquiring goods and services. Cost management in procurement is essential because it directly affects the budgetary allocations and financial sustainability of county governments. Effective cost control ensures that procurement is carried out within the allocated budget while obtaining maximum value for money. Studies have shown that high procurement costs can strain government finances, underscoring the need for stringent cost management practices in public procurement (Gonzalez et al., 2021).

Complaints are an important indicator of procurement performance, as they often signal dissatisfaction among stakeholders, including vendors, suppliers, or the general public. High levels of complaints can indicate issues such as procedural irregularities, non-compliance with procurement guidelines, or perceptions of unfairness and bias in the procurement process. Reducing complaints is crucial as it helps to build trust in the procurement system and ensures transparency and accountability. Addressing complaints effectively contributes to the smooth

functioning of procurement operations and enhances the credibility of government procurement systems (Mburu & Ngugi, 2021).

Quality Assurance measures how well the procured goods and services meet the required standards and specifications. Ensuring quality in procurement is crucial, particularly in public sector settings where the failure to meet quality standards can lead to inefficiencies, increased operational costs, and potentially negative impacts on public service delivery. Quality assurance involves continuous monitoring and evaluation of procured items, ensuring that they align with contractual requirements. The presence of robust quality assurance mechanisms helps mitigate risks and enhances the overall effectiveness of procurement practices (Kipkemboi et al., 2022).

Literature highlights the significance of these factors in shaping procurement performance in the public sector. Msimangira and Tesha (2020) discuss how effective procurement can lead to significant improvements in government performance, including better financial management and service delivery. Gonzalez et al. (2021) emphasize the role of strategic procurement in achieving cost savings and minimizing procurement-related risks, advocating for continuous monitoring of costs, complaints, and quality as essential measures of performance.

Therefore, procurement performance is a critical area of focus for metropolitan county governments in Kenya. Effective management of cost, addressing complaints, and ensuring quality assurance are pivotal in enhancing procurement outcomes. By continuously assessing these aspects, county governments can improve their procurement practices, resulting in more efficient and transparent public service delivery.

## **Empirical Review**

### **Contract Records Management Practices and Procurement Performance**

Otobo (2019) researched on the influence of contract records management practices, work environment and administrative effectiveness in Lagos State Judiciary, Nigeria. The study adopted a survey research design. The population of the study consisted of 328 administrative staff of Lagos State Judiciary, Nigeria. Total enumeration was used. Cronbach's Alpha reliability coefficients for the constructs ranged from 0.93 to 0.94. A response rate of 100% was achieved. Data were analyzed using descriptive and inferential (multiple and linear regression) statistics. Findings showed that records management practices and work environment jointly influenced administrative effectiveness. The study concluded that records management practices and work environment contribute to administrative effectiveness.

Alegbeleye, Dada and Chinyere (2020) conducted a study on the influence of contract records Management Practices on Organizational Effectiveness of University Registries in South-West, Nigeria. The study therefore investigated the influence of records management practices on organizational effectiveness of University registries in South -West Nigeria. Survey research design was adopted for this study and questionnaire was the instrument used to collect data. Using Yamane formula, a sample size of 340 registry staff was selected out of a total population of two thousand two hundred and eighty-two (2,282) registry staff in Universities in South – West Nigeria. Three hundred and forty (340) copies of the questionnaire were distributed out of which three hundred and four (304) copies were completed and returned for analysis. Data collected were analysed using frequency counts and simple percentages while simple regression analysis technique was employed to test the hypotheses. Results of the hypotheses tested showed that records management practices have a p- value of 2 0.000 and R of 0.763.

According to Northwest Territories (2018), records are documents created or received by institutions or individuals in the course of administrative and executive transactions. While all records convey information, not all sources of information are necessarily records. For example, a published book or an externally provided database (on- or offline) will not be a

record, although information selected from it and reused in a new context may itself become a record. World Bank (2019) said records are vital, corporate asset and are required, to provide evidence of actions and decisions to support accountability and transparency, to comply with legal and regulatory obligations, including employment, contract and financial law, to support decision making, to protect the interests of staff, students and other stakeholders. Records management involves controlling records throughout their lifecycle. All information created, sent and received in the course of a job is potentially a record. Records provide evidence of a unit's business activities and function (International Records Management Trust IRMT 2009). Whether it is a University record depends on the information it contains and the context of its creation. Records can be in paper, digital or other formats. Such as emails, reports, databases, samples and objects, letters, minutes, photographs, social media sites, faxes, spreadsheets, maps and plans, information in business systems, text messages, policy and briefing papers and research data. Records are dynamic never static. As stated by Shepherd (2016), the times of a record's arrival or creation and its disposition (if only to persistent storage) are the limits of its life cycle. The concept of creation-to-destruction is analogous to biological birth-to-death. Life cycle is a helpful way to look at records' progressive stages.

Popoola (2018) posited that records constitute an essential instrument of administration without which operational processes and functions cannot be executed in organizations. To him, records are barometers for measuring the performance of an organization. In addition, records are the by-products of managerial and administrative activities, and they mirror the overall quality of the organization's business performance. If records are barometers for measuring the performance of any organization, according to Popoola and Oluwole (2017), it then means that without records, no organization can function. According to Sanderson & Ward (2019), the importance of records management is increasingly being recognized in organizations. It is therefore the responsibility of records managers to ensure that they gain the attention of decision-makers in their organizations. Gaining recognition is all about convincing management of the role of records management as enabling unit in an organization

### **Vendor Management Practices and Procurement Performance**

In their study, Mushi, Mwiseje, and Changalima (2021) focused on the influence of vendor management practices on organizational performance within the grapes processing industries in Dodoma Region, Tanzania. The research adopted a cross-sectional design, and data were collected from 100 participants through a questionnaire. The analysis employed multiple regression to assess the relationships between information sharing, knowledge sharing, supplier base reduction, joint problem-solving, and organizational performance. The findings of the study revealed positive and significant associations between information sharing, knowledge sharing, and joint problem-solving with organizational performance. However, while supplier base reduction exhibited a positive correlation, it was not statistically significant in relation to organizational performance. Consequently, the study concludes that vendor management practices play a determining role in the organizational performance of the surveyed wine manufacturers in the Dodoma region.

Mutio (2018) undertook a study examining the influence of vendor management practices on the organizational performance of pharmaceutical manufacturing firms in Kenya. The research design employed a cross-sectional survey involving 30 pharmaceutical manufacturing companies in Kenya. Given the relatively small target population, a survey was deemed appropriate. Data collection utilized a questionnaire administered through a "drop and pick" method. For the analysis, percentages and frequencies were employed to address objectives one and three, while correlation and regression analysis were applied to explore the relationship between vendor management practices and organizational performance within pharmaceutical manufacturing firms in Kenya. The study's findings were presented in tables, demonstrating a significant relationship between vendor management practices and organizational



performance. This relationship was elucidated by the five independent variables: trust, communication, cooperation, commitment, and mutual goals. Notably, a lack of mutual goals emerged as a major challenge identified by the respondents. It is important to note that the study focused exclusively on pharmaceutical manufacturing companies in Kenya.

In a study conducted by Kamau (2019), the investigation centered on buyer-supplier relations and their impact on organizational performance within large manufacturing organizations in Nairobi, Kenya. The study identified five crucial variables contributing to successful vendor management practices: trust, communication, commitment, cooperation, and mutual goals. Notably, the study concluded that a majority of large manufacturing companies in Kenya had actively embraced vendor management practices for over a decade. These relationships were found to significantly contribute to enhancing the overall performance of these organizations. It's important to note that the study specifically focused on large manufacturing firms located in Nairobi, Kenya, and did not encompass organizations across the entire country.

Hassan, Habib, and Khalid (2018) conducted a study examining the impact of vendor management practices on the performance of buying firms within the chemical sector of Pakistan. The study specifically concentrated on companies listed in the Karachi Stock Exchange (KSE) 100 index within the chemical sector. The conclusion drawn from their findings suggests that, through actions such as ensuring timely payment to suppliers, sharing information, and fostering amicable relationships with suppliers, buyers have the potential to significantly enhance their profits. However, it is important to note that the data gathered in this study lacked representation as only six out of the total thirty companies listed in the KSE 100 chemical sector of Pakistan responded to the questionnaires.

Walter and Odhiambo (2021) undertook a study investigating the impact of vendor management practices on the performance of foreign-based development agencies in Kenya. The research collected data from 111 respondents, representing 37 foreign-based development agencies operating in the country. Participants included senior managers, accountants, and procurement officers. Structured questionnaires were employed for data collection, and the analysis was conducted using SPSS version 26. The results, based on statistical coefficients, indicated a significant influence of vendor management practices on performance at a 5% significance level. The study's conclusion emphasizes the positive impact of vendor management practices on the performance of entities engaged in such relationships. This research contributes valuable insights to the existing literature on vendor management practices and firm performance, particularly in the context of foreign-based development agencies in Kenya.

## **RESEARCH METHODOLOGY**

This study used cross-sectional survey study design. This study targeted Metropolitan Counties in Kenya. According to Kimani (2019) the metropolitan counties in Kenya, including Nairobi County, Machakos County, Kiambu County, and Kajiado County, are recognized for their urban development, infrastructure, and economic importance. According to the county public service board of respective County Governments, each of the four county governments have ten common ministries. Therefore, the unit of analysis encompassed these ten ministries across the four Metropolitan Counties, while the unit of observation involved the heads and deputies of the procurement, finance, audit, and monitoring departments within these ministries. Therefore, the target population for this study consisted of two respondents identified from each of four departments within the ten ministries in each of the four county governments ( $2 \times 4 \times 10 \times 4$ ), totaling to three hundred and twenty individuals. The overall sample size for this study was determined using a formula by Krejcie and Morgan (1970). Therefore, the sample size for the study was 175 respondents. However, to allow equal number across departments, the study selected a sample of 176 respondents. This study used stratified random sampling. In our study,

the population was grouped into four strata, that is; procurement, finance, audit, and monitoring departments.

This study used primary data collected using a semi- structured questionnaire. The self-administered questionnaire approach was adopted. This study gathered both quantitative and qualitative data. Qualitative data analyzed by use of content analysis. Quantitative data was coded then analyzed using Statistical Package for Social Sciences (SPSS) computer software version 28. Descriptive statistics were used to analyze the data in frequency distributions and percentages which was presented in tables and figures. The study also adopted multiple regression analysis to test the relationships between the variables.

## RESEARCH FINDINGS AND DISCUSSIONS

The study targeted 176 respondents after excluding the pilot study sample. Out of the 158 distributed questionnaires, 126 were returned, yielding a response rate of 79.7%. This response rate is considered excellent according Mugenda and Mugenda (2023).

### Descriptive Analysis

This section presents the findings from the Likert scale questions where respondents indicated their level of agreement with various statements regarding contract management practices and procurement performance of metropolitan county governments, Kenya. A 5-point Likert scale was used. A mean value of 1-1.4 was strongly disagree, 1.5-2.4 disagree, 2.5-3.4 neutral, 3.5-4.4 agree and 4.5-5 strongly agree. On the other hand, a standard deviation greater than 1.5, suggests that the responses were more diverse, with a wider range of scores across the participants.

### Contract Records Management Practices

The first objective of the study was to establish the relationship between contract records management practices and procurement performance in metropolitan county governments, Kenya. The descriptive statistics for the contract records management practices were as presented in Table 1.

**Table 1: Descriptive Analysis for Contract Records Management Practices**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
In our organization, contract records are systematically created and documented using standardized templates to ensure consistency and clarity in language.	3.962	0.658
The use of a centralized electronic document management system (DMS) is integral to storing, organizing, and retrieving contract records efficiently.	4.042	0.623
Access controls and security measures, such as role-based permissions, encryption, and authentication, are implemented to safeguard confidential contract information.	3.983	0.642
Contracts undergo thorough reviews, and clear and precise language is utilized to minimize ambiguity, reducing the risk of misunderstandings and disputes.	3.967	0.671
Regular metadata indexing and tagging are applied to contract records, enhancing searchability based on keywords, parties involved, and other relevant criteria.	4.001	0.637
Retention policies are established, outlining clear guidelines for the retention and disposal of contract records based on legal, regulatory, and business requirements.	3.945	0.673
<b>Aggregate Mean</b>	<b>3.990</b>	<b>0.664</b>

The findings show that the respondents agreed that in their organization, contract records are systematically created and documented using standardized templates to ensure consistency and clarity in language (M= 3.962, SD= 0.658); that the use of a centralized electronic document management system (DMS) is integral to storing, organizing, and retrieving contract records efficiently (M= 4.042, SD= 0.623); and that access controls and security measures, such as role-based permissions, encryption, and authentication, are implemented to safeguard confidential contract information (M= 3.983, SD= 0.642). They were also in agreement that contracts undergo thorough reviews, and clear and precise language is utilized to minimize ambiguity, reducing the risk of misunderstandings and disputes (M= 3.967, SD= 0.671); that regular metadata indexing and tagging are applied to contract records, enhancing searchability based on keywords, parties involved, and other relevant criteria (M= 4.001, SD= 0.637); and that retention policies are established, outlining clear guidelines for the retention and disposal of contract records based on legal, regulatory, and business requirements (M= 3.945, SD= 0.673).

The findings reveal that respondents generally agreed that contract records management practices significantly influence procurement performance in metropolitan county governments in Kenya, as reflected by an aggregate mean of 3.990 (SD = 0.664). This is consistent with the study by Otopo (2019), which demonstrated that effective records management practices are crucial for administrative efficiency, highlighting how proper documentation and management of records can lead to improved organizational outcomes. Similarly, Alegbeleye, Dada, and Chinyere (2020) found a strong positive relationship between records management practices and organizational effectiveness within university registries, reinforcing the idea that meticulous records management is essential for ensuring transparency, compliance, and efficiency in procurement processes. These studies collectively affirm the importance of robust contract records management in enhancing procurement performance, supporting the perspectives of the respondents in this study.

Regarding contract records management, respondents identified several challenges, including inadequate storage facilities and the lack of a centralized electronic document management system. One respondent expressed concern over the current state of record-keeping, stating, *"Our records are often scattered, making it difficult to retrieve important documents when needed."* The respondents also pointed out the risk of data loss due to poor record-keeping practices. To overcome these challenges, respondents recommended investing in a robust electronic document management system (EDMS) that would allow for systematic storage and easy retrieval of records. *"An EDMS would greatly improve our ability to manage contracts and ensure all documents are secure and accessible,"* noted a respondent.

### **Vendor Management Practices**

The second objective of the study was to find out the relationship between vendor management practices and procurement performance in metropolitan county governments, Kenya. The descriptive statistics for vendor management practices are presented in Table 2.

**Table 2: Descriptive Analysis for Vendor Management Practices**

<b>Statements</b>	<b>Mean</b>	<b>Standard Deviation</b>
Our organization values open and transparent communication with suppliers, fostering a collaborative and trusting relationship throughout the procurement process.	4.056	0.612
Collaborative planning initiatives, including joint forecasting, are regularly employed to align production schedules and anticipate demand, ensuring a more efficient supply chain.	3.987	0.689
Key performance indicators (KPIs) are established and regularly monitored to assess supplier performance, with a focus on continuous improvement and mutual benefit.	4.035	0.638
The organization actively engages in risk management during procurement, evaluating financial implications and developing contingency plans to address unforeseen challenges.	3.924	0.724
Long-term relationships with suppliers are prioritized, supported by supplier development programs and initiatives aimed at enhancing capabilities and fostering innovation.	4.003	0.651
Negotiation processes are conducted strategically, aiming to allocate risks effectively between parties involved in contracts and achieve mutually beneficial agreements.	3.951	0.703
<b>Aggregate Mean</b>	<b>3.996</b>	<b>0.671</b>

The findings show that the respondents agreed that their organization values open and transparent communication with suppliers, fostering a collaborative and trusting relationship throughout the procurement process (M= 4.056, SD= 0.612); that collaborative planning initiatives, including joint forecasting, are regularly employed to align production schedules and anticipate demand, ensuring a more efficient supply chain (M= 3.987, SD= 0.689); and that key performance indicators (KPIs) are established and regularly monitored to assess supplier performance, with a focus on continuous improvement and mutual benefit (M= 4.035, SD= 0.638). They were also in agreement that the organization actively engages in risk management during procurement, evaluating financial implications and developing contingency plans to address unforeseen challenges (M= 3.924, SD= 0.724); that long-term relationships with suppliers are prioritized, supported by supplier development programs and initiatives aimed at enhancing capabilities and fostering innovation (M= 4.003, SD= 0.651); and that negotiation processes are conducted strategically, aiming to allocate risks effectively between parties involved in contracts and achieve mutually beneficial agreements (M= 3.951, SD= 0.703).

The findings, supported by an aggregate mean of 3.996 (SD = 0.671), demonstrate that respondents agreed on the significant impact of vendor management practices on procurement performance in metropolitan county governments in Kenya. This is consistent with the study by Mushi, Mwiseje, and Chagalima (2021), which found that effective vendor management practices, such as information sharing, knowledge sharing, and joint problem-solving, positively influence organizational performance, particularly within the context of the grapes processing industry in Tanzania. Similarly, Mutio (2018) emphasized the importance of key vendor management elements—such as trust, communication, cooperation, and commitment—in enhancing the performance of pharmaceutical manufacturing firms in Kenya. These studies underline the critical role that well-implemented vendor management practices play in driving procurement success, aligning with the views expressed by the respondents in this study.

When asked about the challenges related to vendor management, respondents frequently mentioned issues such as inconsistent communication with suppliers and difficulties in

maintaining long-term relationships. One respondent shared, "Communication breakdowns often lead to misunderstandings with vendors, which can delay procurement processes." Another challenge highlighted was the lack of trust and cooperation between vendors and the government, which sometimes resulted in suboptimal procurement outcomes. To improve vendor management, respondents suggested implementing regular communication channels, setting clear expectations, and fostering trust through transparent dealings. "Building trust with our vendors is key to ensuring that procurement processes run smoothly and effectively," commented a respondent.

**Procurement Performance**

The main focus of this study was to assess the relationship between contract management practices and procurement performance of metropolitan county governments, Kenya. The descriptive statistics for procurement performance were as shown in Table 3.

**Table 3: Descriptive analysis for Procurement Performance**

Statements	Mean	Standard Deviation
Metropolitan county governments effectively communicate with suppliers during the procurement process, ensuring clarity and understanding of requirements.	4.056	0.612
Collaborative planning initiatives are implemented to align production schedules and anticipate demand, optimizing the efficiency of the procurement process.	3.987	0.689
Key performance indicators (KPIs) are established and regularly monitored to assess the overall performance of the procurement process, with a focus on efficiency and cost-effectiveness.	4.035	0.638
The procurement process is strategically managed to identify and mitigate potential risks, with contingency plans developed to address unforeseen challenges.	3.924	0.724
Long-term relationships with suppliers are prioritized, and supplier development programs are implemented to enhance capabilities and foster innovation.	4.003	0.651
Negotiation processes are conducted strategically, resulting in contracts that effectively allocate risks and benefit both the procuring entity and suppliers.	3.951	0.703
<b>Aggregate Mean</b>	<b>4.026</b>	<b>0.646</b>

The findings show that the respondents agreed on average that metropolitan county governments effectively communicate with suppliers during the procurement process, ensuring clarity and understanding of requirements (M= 4.056, SD= 0.612); that collaborative planning initiatives are implemented to align production schedules and anticipate demand, optimizing the efficiency of the procurement process (M= 3.987, SD= 0.689); and that key performance indicators (KPIs) are established and regularly monitored to assess the overall performance of the procurement process, with a focus on efficiency and cost-effectiveness (M= 4.035 , SD= 0.638). They also agreed that the procurement process is strategically managed to identify and mitigate potential risks, with contingency plans developed to address unforeseen challenges (M= 3.924, SD= 0.724); that long-term relationships with suppliers are prioritized, and supplier development programs are implemented to enhance capabilities and foster innovation (M= 4.003, SD= 0.651); and that negotiation processes are conducted strategically, resulting in contracts that effectively allocate risks and benefit both the procuring entity and suppliers (M= 3.951, SD= 0.703).

The descriptive statistics, with an aggregate mean of 4.026 (SD = 0.646), indicate that respondents generally perceive a strong connection between contract management practices and procurement outcomes. This finding is consistent with the research by Trevor et al. (2016), which emphasized the critical role of effective contract management—including clear, legally compliant agreements and robust oversight—in enhancing procurement performance within public sector organizations. Additionally, the study by Popoola (2018) reinforces this perspective by highlighting that well-managed records and systematic contract management are essential for measuring and improving organizational performance. These studies collectively support the notion that comprehensive contract management practices are integral to achieving optimal procurement performance, aligning with the overall findings of this study.

**Correlation Analysis**

The correlation coefficients between the dependent variable (procurement performance) and the independent variables contract records management, and vendor management practices, are presented in the table 4 below. The relationship was considered to be small if  $\pm 0.1 < r < \pm 0.29$ ; medium if  $\pm 0.3 < r < \pm 0.49$ ; and strong if  $r > \pm 0.5$ .

**Table 4: Correlation Analysis**

		Procurement Performance	Contract Records Management	Vendor Management
Firm Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	126		
Contract Records Management	Pearson Correlation	.742**	1	
	Sig. (2-tailed)	.000		
	N	126	126	
Vendor Management Practices	Pearson Correlation	.728**	.505	1
	Sig. (2-tailed)	.000	.178	
	N	126	126	126

\*\*Correlation is significant at the 0.05 level (2-tailed).

Contract records management practices show a Pearson correlation coefficient of 0.742 with procurement performance, with a p-value of 0.000. This strong positive and statistically significant relationship underscores the critical role of robust records management in driving procurement success. As indicated by the findings, better management of contract records is closely associated with improved procurement performance. This is consistent with Popoola (2018), who emphasized that records serve as vital instruments for organizational administration, providing the necessary evidence for effective decision-making and accountability, which are essential for high-performing procurement processes.

The correlation between vendor management practices and procurement performance is also strong, with a Pearson correlation coefficient of 0.728 and a p-value of 0.000. This statistically significant relationship indicates that effective vendor management practices, such as fostering trust, communication, and cooperation with suppliers, are crucial for enhancing procurement performance. The findings echo the study by Kamau (2019), which found that well-managed buyer-supplier relationships significantly contribute to the overall performance of large manufacturing organizations. In the context of metropolitan county governments, strong vendor management practices likely facilitate smoother procurement operations, ensuring that goods and services are delivered effectively.

### Multiple Regression Analysis

The coefficient findings in regression analysis provide insights into the specific impact of each independent variable on the dependent variable—in this case, procurement performance in metropolitan county governments in Kenya.

**Table 5: Beta Coefficients**

Variable	Unstandardized Coefficients (B)	Standard Error	Standardized Coefficients	t	Sig.
(Constant)	1.102	0.132		8.348	0.000
Contract Records Management	0.311	0.061	0.324	5.098	0.000
Vendor Management Practices	0.287	0.059	0.299	4.864	0.000

Contract records management practices have a regression coefficient of 0.311 with a p-value of 0.000. This means that for every one-unit improvement in contract records management practices, procurement performance increases by 0.311 units, holding other variables constant. The strong statistical significance indicates that effective management of contract records is a critical factor in driving procurement success. This result is supported by the insights of Popoola (2018), who described records as essential tools for organizational administration and performance measurement. In the context of metropolitan county governments, this suggests that maintaining thorough and well-organized records of contracts can substantially contribute to better procurement performance, ensuring transparency, accountability, and efficiency.

The coefficient for vendor management practices is 0.287 with a p-value of 0.000, indicating that a one-unit increase in the effectiveness of vendor management practices leads to a 0.287-unit increase in procurement performance, with other factors held constant. The significance of this p-value confirms that vendor management is a vital determinant of procurement performance. This is in line with the findings of Hassan, Habib, and Khalid (2018), who highlighted the importance of maintaining strong, cooperative relationships with suppliers to enhance organizational performance. In metropolitan county governments, effective vendor management practices, such as building trust and ensuring timely communication, can significantly boost procurement outcomes by fostering stronger and more reliable partnerships with suppliers.

Therefore, the regression equation derived from the analysis was:

$$\text{Procurement performance} = 1.102 + 0.311 \text{ contract records management} + 0.287 \text{ vendor management}$$

### Conclusions

Effective contract records management practices are vital for improving procurement performance. Proper documentation and systematic records management ensure transparency, accountability, and efficiency in procurement processes, making them essential for successful outcomes.

Vendor management practices play a key role in procurement success. Strong relationships with vendors, built on trust, communication, and collaboration, lead to better procurement performance, highlighting the importance of fostering and maintaining these relationships.

### Recommendations

To improve procurement performance, metropolitan county governments should invest in robust electronic document management systems (EDMS) that allow for systematic and secure storage of contract records. These systems should include features such as metadata indexing and role-based access controls to ensure that records are easily retrievable and protected from

unauthorized access. Furthermore, regular audits of contract records should be conducted to ensure compliance with retention policies and legal requirements. Strengthening these records management practices will enhance transparency, accountability, and overall procurement efficiency.

County governments should focus on developing and implementing comprehensive vendor management strategies that emphasize building strong, long-term relationships with suppliers. This can be achieved by fostering open communication, setting clear expectations, and establishing key performance indicators (KPIs) to monitor vendor performance. Additionally, county governments should consider implementing vendor development programs to enhance the capabilities of suppliers, ensuring they can meet the procurement needs effectively. By improving vendor management practices, metropolitan county governments can achieve more reliable and cost-effective procurement outcomes.

### **Suggestions for Further Studies**

For further studies, it is suggested that research be conducted to explore the impact of digital transformation on contract management practices and procurement performance in metropolitan county governments. Specifically, future studies could examine how the integration of advanced technologies such as blockchain, artificial intelligence, and data analytics can enhance the efficiency, transparency, and effectiveness of procurement processes. Additionally, comparative studies between different counties or regions could provide deeper insights into best practices and the varying challenges faced in contract management across different governance contexts.

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