

ABSTRACT

Commercial state corporations offer essential goods and services to the general public thereby handling a huge variety of contracts which necessitate contract management so as to ensure effective resource utilization thus enhancing operational efficiency. However, the state corporations lose billions of taxpayer's money partly due to inadequate contract management practices characterized by contract cancellations, substandard service and product delivery, unfinished projects and extended contract periods each year. This study therefore sought to determine the extent to which procurement contract management affects operational efficiency of commercial state corporations in Kenya. The Specific objectives of this study were to determine the effect of contract time management, contract cost control and contract quality management on operational efficiency and the moderating effect of ICT (Information Communication Technology) on the relationship between procurement contract management and operational efficiency. Commercial state corporations were chosen because they handle high value procurement contracts which should be delivered at specified quality and cost within a given time deadline. This research was premised on the Resource Based View Theory and Transaction Cost Theory. Descriptive Cross-sectional research design was used. The target population of this research comprised thirty-three commercial state corporations in Kenya. A census was undertaken to attain data. The study utilized primary data collected using a questionnaire. A total of 33 heads of procurement units formed the sample size. Multiple linear regression analysis was used to examine the linkage between variables and t-statistic at a significance level of 5% was employed in testing hypothesis. The overall significance was tested using F-test. The results of the investigation were presented in form of tables and equations. The study established positive significant effect of contract time management (regression coefficient 0.225, P-value $0.000 < 0.05$) and contract cost control (regression coefficient 0.232, p-value $0.009 < 0.05$) on operational efficiency. Further contract quality management had a positive and significant effect on operational efficiency (regression coefficient 0.032, p-value $0.004 < 0.05$). The interaction between ICT integration and PCM (Procurement Contract Management) indicated a (T- statistic of 1.334, Adjusted R^2 of 0.086 and a p-value $0.014 < 0.05$). This implied that the effect of procurement contract management on operational efficiency depended on ICT integration. The study concluded that contract time management, contract cost control and contract quality management affected operational efficiency of commercial state corporations in Kenya. The study recommended that the corporations should assess and modify their contract execution procedure to take into account various dynamics and outside interferences that may be anticipated during contract implementation to avoid delays. This study will be useful for policy formulation on contract time management, contract cost control and contract quality management which can be used to efficiently regulate commercial state corporations.