

FACTORS INFLUENCING MANAGEMENT OF PROCUREMENT CONTRACTS IN PUBLIC SECURITY AGENCIES: A CASE OF KENYA POLICE SERVICE

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ABSTRACT

The central aim of contract management is to obtain the services as agreed in the contract and achieve value for money. Therefore, this study sought to establish the factors influencing contract management in Public Security Agencies. The specific objectives of the study were: to assess the influence of policy framework guidance on contract management in the Public Security Agencies; to examine the effects of the service markets on contract management in Public Security Agencies, and to establish the influence of training and motivation of procurement personnel on contract management in the Public Security Agencies. The study reviewed related literature in contract management and relate it to the objectives of the study and the research questions. The study adopted a case study research design. The population of the study was employees working with the procurement department of the Kenya Police Service who are sixty seven in number. Census method was used as the sampling method where all the supply chain management officers were considered. Questionnaire and interview schedule were used to collect data. The quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS) Version 21.0 and analyzed using descriptive statistics where frequencies and percentages were computed and inferential statistics where Pearson's correlation analysis and multivariate linear regression were

computed. Study results were presented in frequency and percentage tables and charts while the explanation to the same presented in prose. The findings of the study indicated 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 ICT will enhance efficient contract management among the public agencies. The study further established that training and motivation correlated significantly with the success of contract management meaning that employees need to have the skills and knowledge needed to make the contract management effective. The three factors had positive and statistically significant effect as explained by the correlation and regression results. This study concludes that effective management of contracts of whatever size and for whatever purpose is an essential requirement all public sector agencies and for this to happen then the agencies must ensure an effective policy framework, a good service market with improved ICT facilities and effective training and motivation of the staff.. The study recommended enhancing of the public procurement policy framework, improving on service markets and enhancing training and motivation of the staff to enhance effective contract management in the public agencies.

Training of procurement staff, Contracts Management in Public Security Agencies

Key Words: *Public Procurement Policy Framework, Effective service markets,*

INTRODUCTION

Contract management is 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. As a result developing and managing contracts is a skill required by public sector entities in the management of the majority, if not all, programmes. However, contract management is not an end in itself and it is important that all contracting decisions and actions focus on the outcomes that entities are seeking to achieve. In the public sector there is huge variety of contracts, with different types of contracts needing different types of contract management. On the other hand agency contract management is the process of managing all stages in the lifecycle of enterprise-wide contracts with the goal of minimizing costs and risks, maximizing revenues, streamlining operations, and improving compliance with policies, procedures, regulations, and negotiated terms and conditions (Saxena,2008).

Today governments all over the world have received a great deal of attention as providers of essential services such as health, education, defense and security, and infrastructure (OECD, 2000). So as to be able to meet the demand of all these services, governments procure goods, works and services from supply markets. That means public sector procurement has both economic and political implications. There is no doubt amongst policy makers, managers, professionals and academicians about the role of public sector procurement in facilitating government operations towards economic growth, poverty reduction and good governance through provision of quality services to the citizens. The performance of public procurement markets has significant implications for the effectiveness of governance in both developed and developing countries. There are strategic decisions to be made that will affect the nature of contract management role. For example, you might contract out a whole requirement leaving you a relatively straightforward contract management task (OECD 2005).

According to OECD report Public procurement accounts for more than 15% of Gross Domestic Product (GDP) in OECD countries. The share of GDP is even higher in non-OECD countries. Moreover, procurement often involves goods and services with substantial economic and social significance, including transportation infrastructures, hospitals and health services, and education supplies (OECD, 2005). Procurement of public services, equipment and goods in running of the operations of governments is estimated to cost about 70% of the annual budgets and hence the area plays a major role in ensuring that government achieves its objectives (Dobler & Burt, 1996). Mahmood, (2010) note that public procurement represents 18.42% of the world GDP. These figures indicate that public sector procurement is important in the economies of both developed and developing countries; thus a number of countries have instituted efforts to integrate procurement in a more strategic view than it was before.

Government procurement is not only business, that is, the acquisition of goods and services on the best possible terms, but also has broader social, political, and economic implications. Throughout history, governments have used their procurement power to promote social, industrial, and environmental policies (Decarolis, Piga & Frey, 2014). The use of government procurement as a policy tool is of particular significance for South Africa. Because of past apartheid policies and practices, many groups in South Africa were denied the award of government contracts. Most contracts were, as noted in Section 16.4.2, awarded to large and usually white-owned businesses, and price was generally the overriding criterion for the award of contracts. This has changed with the enactment of the 1993 and 1996 constitutions. Even though price is still a very important criterion in the award of contracts, it is no longer the only or decisive criterion. It is particularly the notion of empowerment that plays a significant role in the award of contracts.

Public sector procurement is one of the significant sectors in Tanzania which has a large impact in the country's economic development. The underlying objective is to obtain value for money to the government procurement by ensuring that public funds are spent in a transparent, efficient and fair manner as in accordance to the PPA 2004; especially taking into consideration that as for now much of government procurement expenditure goes to procurement of works such as construction of roads, wells, highways, bridges, office buildings, schools, hospitals and health centers, energy projects, etc. To obtain value for money in works contracts, with other things, is subject to effective post-award contract management. Therefore, efficiently and effectively managed, properly planned and executed procurement contracts are essential. Thus, contract management is always a need in many countries, especially developing ones with many developmental agenda yet to be executed (Mlinga, 2007). Contract implementation is the most challenging part of procurement contract management in all countries. Many countries have faced problems which hinder effective implementation of their procurement contracts. Policies have failed to produce intended outcomes due to problems encountered at implementation phase. Studies on public policy reveal implementation problems that range from ad-hoc and inadequate preparations and lack of support from implementing agencies particularly at grass-root levels (Zahara, 2004).

It is difficult to estimate the volumes and values of procured goods. It is understood that the Government of Kenya (GOK) procured about Ksh. 300 billion worth of goods and services in the 2006 financial year. Kenya spends between 10 percent – 30 percent of GDP on procurement alone (Maria, 2013). Out of that 5% goes to waste due to lack of proper management of the contracts (Gordon, 2009). The public sector is engaging and procuring from small and medium sized enterprises and is receiving the sought-after goods, works and services (GOK, 2001). According to CRA (2013), in the 2013/2014 financial year a total of 210 billion Kenya shillings was disbursed to the counties government to facilitate their operations. According to the e-government strategy paper (2004), e-procurement was one of the medium term objectives which

was to be implemented by June 2007, but the process has been very slow and it's not until August 2014 during the launch of the IFMIS Electronic Procurement system that the president directed that all public procuring entities adopted e procurement.

The Kenya Police Service is one of the departments in the National Police Service under the Ministry of Interior and Coordination of National Government. The core function of the department are maintenance of law and order, preservation of peace, protection of life and property, prevention and detection of crime, apprehension of offenders and enforcement of all laws and regulations with which it has been charged. The vision of the police force is to be a world class police service, with a people-friendly, responsive and professional workforce. The mission providing quality police service to meet the expectations of customers; by upholding the rule of law, creating and maintaining strong partnerships for a conducive social, economic and political development of Kenya. The national security organs are expected to agree annually with the Cabinet Secretary on the category of restricted items to be included in the restricted list and on restricted procurement or disposal methods to be applied to each category of items on the restricted list. The Cabinet Secretary shall submit the list of classified items to Cabinet for approval (PPADA 2015).

STATEMENT OF THE PROBLEM

The Kenya government has been losing hundreds of millions of tax payer's money through canceled contracts, unfinished projects, poor service or product delivery, corruptions and extended contract periods in without major improvement (Transparency international, 2009). Confirmed data also show that the government of Kenya spends 10 percent to 30 percent of her Gross Domestic Product on procurement alone (Maria, 2013). Out of that 5% goes to waste due to lack of proper management of the contracts (Gordon, 2009). The Systems Audit for SLO, 2012/2013 Report revealed losses of Kshs.18, 291,430.30 through irregular procurements in financial year (FY) 2012/2013. Earlier, in FY 2011/2012, SLO had lost Kshs. 8,495,968.00 due to inefficiencies (Wanyama, 2013).

Inadequate housing, inadequate transport and appropriate modern equipment experienced by National Police Service in Kenya could be attributed by lack of proper management of procurement contracts (Makabira & Waiganjo, 2013). Mamiro (2010) also concludes that one of the major setbacks in public procurement is poor procurement planning and management of the procurement process which include needs that are not well identified and estimated, unrealistic budgets and inadequacy of skills of procurement staff responsible for procurement.

Similarly, Kakwezi & Nyeko (2010) argue that procurement performance is not usually measured in most suitable performance indicators as compared with the human resource and finance functions. Contract Monitoring Kenya Network (CMKN), (2012) cited unethical practices as a major factor contributing towards inefficiencies in procurement in major public

institutions which in return leads to squandering of public funds through fraud, favoritism and extravagance. However, the above procurement reviews have identified weak contract administration as a major source of loss and a significant area of abuse and corruption. No research in the view of the researcher has been done on factors affecting contract management in the Public Security Agencies and more so in developing countries. This study therefore, sought to fill the gap by empirically assessing the factors affecting contract management in the Public Security Agencies in Kenya.

OBJECTIVES OF STUDY

The main objective of this study was to assess the factors that affect contract management in Public Security Agencies.

SPECIFIC OBJECTIVES OF THE STUDY

1. To assess the effect of Kenyan policy framework on contract management in the Public Security Agencies.
2. To determine the effect of the service markets on contract management in the Public Security Agencies.
3. To establish the effect of training of procurement personnel on contract management in the Public Security Agencies.

THEORETICAL REVIEW

The Principal-Agent Theory

This study will be guided by “The Agency Theory” by Jensen & Meckling, (1976) and later expounded on by Sarens & Abdolmohammadi, (2010). The principal-agent theory is an agency model developed by economists that deals with situations in which the principal is in a position to induce the agent, to perform some task in the principal’s interest, but not necessarily the agent’s. Health & Norman, (2004) and Donahue, (1989) explains that procurement managers including public servants concerned with public procurement must play the agent role for elected representatives. According to Chiappori, (2002) the underlying principle of the contract theory is that there should be a clear understanding of the needs of the principal and ability of the agent to meet these needs competently. The theory becomes relevant to the study as it highlights the need for strategic planning in procurement

The main challenge for the government in contract management is to properly appreciate the importance of it. Often procuring entities give full attention to the contract selection process, but then walk away from the procurement once the contractor is in place. Agency theory determines how procurement managers execute procurement practices on behalf of public security agencies. Where there is a poor relationship between the principle and agent the relationship between the

procuring entity and the suppliers will also be affected. This will in turn leads to delays in performance or even affect the quality. The study thus used this model to determine the effect of procurement policies on contract management in public security agencies in Kenya. This theory will also help in assessing the factors that influence the management of contracts in public security agencies.

The General Systems Theory

The most widely employed conceptual framework in the policy sciences is the systems model (Easton, 1953; Dye 1966), which may be seen as an application of general system theory (Bertalanffy, 1968) to public policy. For many social science applications, this model is referred to as an “open systems” model, which reflects the idea that all elements of the model are open to influences from the external environment. Thus, outputs and feedback are functions not only of the conversion element, but of other environmental factors as well. In this study, the contract management is considered to be influenced by factors which include: staff training and motivation, service market and government policy. Thai (2000) adapts the systems model to capture “the whole scope of public procurement”. Thai places the policy-making function with management executives at the top level of a procurement system. This has the effect of discounting the importance of policy roles that may be played in other elements of his model, for example, his “regulations” element or his “operations” element. The theory therefore was appropriate in explaining the policy issues in public procurement and therefore very necessary for this study.

Scientific Management Theory

To assess the influence of staff training on contract management, the study was based on scientific management theory. The theory basically consists of the works of Fredrick Taylor. Fredrick Taylor started the era of modern management in the late nineteenth and early twentieth century's; Taylor consistently sought to overthrow management by rule of thumb and replace it with actual timed observations leading to the one best practice (Watson, 2002). He advocated for the systematic training of workers in the one best practice rather than allowing them personal discretion in their tasks. He further believed that the workload would be evenly distributed between the workers and management with management performing the science and instruction and the workers performing the labour, each group doing the work for which it was best suited. Taylors’ strongest positive legacy was the concept of breaking a complex task down into a number of subtasks, and optimizing the performance of the subtasks, hence, his stopwatch measured time trials (Osdorne & Rubinstein, 2000).

Since this study focus on contract management and the procurement entity then Taylors theory assisted in understanding the complexity of the procurement process in relation to contract management and establish how best to break the process down to smaller units for the purpose of making it more effective. The three theories serve well for this study; however the general

systems theory that looks at policy issues was the most appropriate for explaining and understanding the factors that affect effective contract management in the public sector. The theory also considers understanding of systems through which the policy framework must operate for effectiveness. The fact that the theory considers the system and the factors that influence its effectiveness makes it most appropriate however the other two theories were very important in helping to understand these factors that influence the process.

CONCEPTUAL FRAMEWORK

Independent Variables

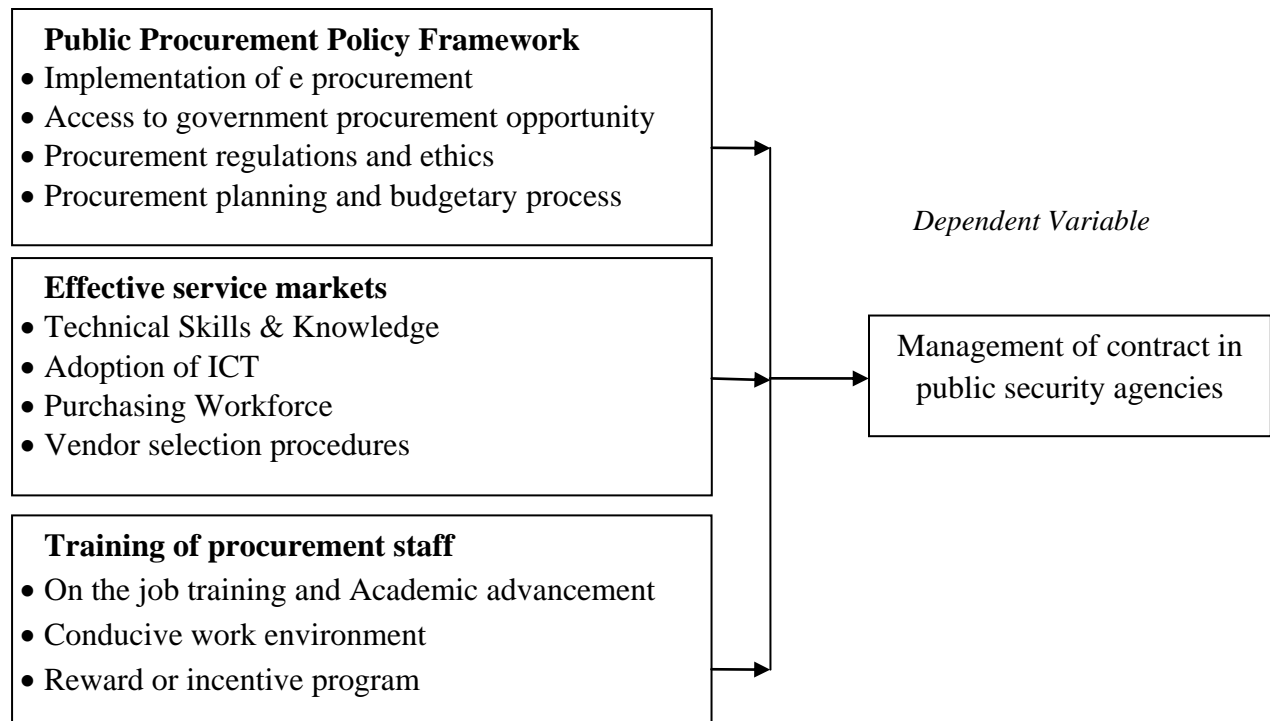


Figure 1: Conceptual Framework

EMPIRICAL REVIEW

According to Mamiro (2007), procurement regulators admitted that many PEs were not managing their contracts properly and among areas of concern included failure to appoint inspection and acceptance committees to inspect delivery of goods so as to ascertain quantity and quality as per contract requirements. He pointed out that in works procurement contracts where more funds were normally committed relative to goods and services, works supervisors to oversee the implementation of construction works were not appointed. In the case of IPTL, a study by Gratwick et al. (2006) found that project and contractual disputes between the client and contractors might result into significant schedule delays and cost overruns. Mitambo (2009) argues that contract management is not given much of the deserved attention as it happens that

some of the contracts end without proper approval or endorsement of the relevant authorities. The outcome of the observed poor contract management practices is the non-achievement of value for money and loss of public funds as it has been observed by Mshana (2007).

The public procurement function of government is more complicated when public, because of the size of its spending, it is in this regards that it is viewed as a policy tool used to address social issues, economic development (local preferences), and environment protection (green procurement). These policy concerns have made procurement practices more complicated. Finally, the recent globalization movement has further complicated public procurement as procurement officials have to comply without only national laws and regulations but also with international trade agreements (Ngari, 2012). Mc Crudden (2004) highlights factors such as delayed funding from the government, bureaucracy in the procurement system and poor capacity of local contractors contributing poor contract implementation, hence hurting service delivery. This is supported by Martin and Miller (2006) who argue that standards set are usually weak and are often not adhered to and as a result quality is compromised.

According to Agaba and Shipman (2007) in their paper “Public Procurement Reform in Developing Countries: The Uganda Experience, “the prevalence of corruption in public procurement system in Uganda hinders the ability to manage high-value projects, where there are huge potential profits and consequently much greater scope for bribery. There have been several cases in Uganda where large projects have collapsed on account of failures in the procurement system. The US\$ 550 Million Bujagali Dam hydro-electric project collapsed in 2002 when the world Bank suspended funding after a former energy minister admitted to having accepted a US\$10,000 bribe from a construction company that had been awarded the contract without going through a fully-competitive bidding process (Prayas Energy Group, 2002).

In Hong Kong, where corruption has been effectively controlled, large-scale projects have been managed effectively. The new airport at Chek Lap Kok that was completed in 1998 was one of the world’s largest infrastructure projects, involving expenditure of US\$ 20billion on land reclamation, a major highway and rail network and construction of the world’s longest combined rail and road suspension bridge (1,377 meters). In a review of the project, a mission of Transparency International found that the vast project had been implemented largely within budget and with minimal corruption (Rooke & Wiehen, 1999). Among the factors in the success of the project were: strict anti-corruption laws and strong enforcement; and clear rules for procurement of services and suppliers; monitoring of contract performance; enforcement of accountability; and dispute resolution.

From the HVBS contract experience in the US, Romzek and Johnston (2002) in their paper; “Effective Contract Implementation and Management: A Preliminary Model; “concluded that when the details of the contract are not addressed early in the contract decision processes, subsequent implementation difficulties can include budget shortfalls, lack of clarity

regarding performance expectations, inadequate contract monitoring and lack of remedies for poor contract performance. Hence, proper contract planning and in-depth planning prior to contracting is essential for a successful contract implementation. Further, their research suggested that resource adequacy is also critical, that is state financial commitment is critical to successful contract management.

Resources affect the capacity of the state to fund staff and other expenses related to accurate cost projections, analysis of contractor capacity, and training for new state contract management staff. In addition, resource adequacy affects the level of contract reimbursement rates, which in turn influences the ability of the contractor to deliver services. Inadequate reimbursement rates are likely to produce financial stress that will reduce the capacity of the contractor to deliver services and comply with performance reporting requirements essential to effective contract management. Also, public procurement practitioners face challenge of how to comply with their government's procurement regulations and social and economic goals without violating regional and / or international trade agreements. It is very difficult for policy makers and public procurement practitioners to make an optimal decision, as there are always tradeoffs among management requirements and policy requirements (Thai, 2004). According to Ngwili & Were (2014) Procurement staff competencies, legal framework, institutional culture and Information Communication Technology (ICT) positively affect the efficiency of the procurement function in public institutions in Kenya. Eyaa and Oluka (2010) assert that non-compliance has cost the government and tax payers a lot of money through shoddy work, affecting public procurement performance, service delivery and the quality of life in the country.

RESEARCH METHODOLOGY

Research Design

This study adopted a case study research design. This design is appropriate because it seeks to describe a unit in context and holistically, delves into detail and digs into context. The intention of the study was to determine the strategies applied in post-award contracts management in works procurement and the challenges faced in the process in public security agencies.

Target Population

The target population of this study was all the supply chain management officers at Kenya Police Service. According to the statistics at the Directorate of Public Procurement at the National Treasury, the total number of procurement staff at the Police department is sixty seven. The Procurement Department at Police Headquarters is headed by chief supply chain management officer. Under the CSMO, the other officers are; senior supply chain management officers, supply chain management officers I; supply chain management officers II; and procurement assistants. Procurement at Kenya Police is centralized although the regional officers can procure

some urgently needed goods and services but within a given threshold. Therefore the target population consisted of supply chain management officers at the head office.

Sample Size and Sampling Procedures

The entire sixty seven supply chain management officers were therefore considered for the study. Census was done since the population was not large and this ensured that the researcher got all the relevant information about the population.

Data Collection

Data was collected using a structured questionnaire, from the top management, middle level management staff and support staff, while an interview schedule was only used to collect data from the senior supply chain management officers. Interviews targeted senior supply chain management officers who are well conversant with the procurement law and regulations. In-depth interviews sought information on the receptivity and attitude of the respondents towards implementation of the proper contract management. Permission to collect data at the Police Headquarters was sought from the Senior Assistant Director/Supply Chain SAD/SCMS. The researcher identified the different categories of staff within the Kenya Police prior to actual data collection. The researcher then booked appointment with respective respondents to establish a rapport with them before administering the questionnaires. Questionnaires for the heads of departments with an introductory letter explaining the study's goals and guaranteeing confidentiality was self-administered by the researcher and collected immediately they are filled to safeguard validity of responses. Interview dates was scheduled with the respondents based on their availability. Once all information was gathered it was cross examined to ensure completeness and accuracy before analysis.

Pilot Testing

The questionnaire and interview schedule tried out in the field. This was for the purpose of ensuring that data collected was informative, reliable and valid. The study instruments were administered on 10% of the sample, which translates to seven respondents. It was carried out at the General Service Unit, which is a department similar to the Police Unit and experiences more or less the same procurement procedures. The items in the questionnaire were tested for content validity and reliability. The study adopted the internal consistency reliability method where Cronbach' alpha was calculate to establish the reliability index of the instruments. The researcher sought expert judgment from experts in the research department at the OOP who gave their expert views on the comprehensibility, relevance and clarity of the set items in the questionnaire.

Data Analysis and Presentation

The collected data was analyzed using quantitative data analysis methods. Descriptive analysis such as frequencies and percentages was used to present quantitative data in form of tables and graphs. Data from questionnaire was coded and entered into the computer using Statistical Package for Social Science (SPSS Version 21) for analysis. It gave means, standard deviations, correlations and frequency distribution of each independent and dependent variable. Customer satisfaction was regressed against the four independent variables using the regression model. The mean, median, percentage, mode and standard deviation are the most commonly used descriptive statistics. Measures of central tendency were used in this study to give a description of the data. Tables, graphs, bars and pie charts were used for further representation. In addition, multivariate linear regression model and correlation analysis were carried out.

FINDINGS AND DISCUSSIONS

Descriptive Findings and Analysis

When the respondents were asked whether policy framework affected contract management, 98.5% of the respondents agreed with the statement while only 1.5 disagree with the statement. It is evident from the study that policy framework was very important tool as it ensures both parties involved in the contract to fully meet their respective obligations as efficiently and effectively as possible, in order to deliver the business and operational objectives. The study established that 73.1% of respondents agreed with the statement that implementation of e-procurement influenced contract management to greater extent, 59.7% said that access to government procurement opportunity and local preference influenced contract management to greater extent, also 61.2% agreed that procurement regulations and ethics influenced contract management to greater extent.

When the respondents were asked whether service market influenced contract management, 100 % of the respondents agreed with the statement. It is evident from the study that service market was very important tool as it ensures that the contract obligations are efficient and effective. This indicates that if the service markets are effective in their operations then public contracts management will also be effective. The study showed that 65.7% of the respondents agreed with the statement that prospective bidders are invited for pre-bid conference and only 34.3% disagree with the statement. It is evident from the study that prospective bidders are invited for pre-bid conference which could mean that all prospective bidders not invited could affect overall management procurement contract.

The study revealed that 59.7 % of the respondents agreed that adoption of ICT influenced contract management to a greater extent, while 56.7% agreed that technical skills & knowledge influenced contract management to a greater extent meaning that the employees working on the procurement contracts must possess the required skills. It is further noted that 49.2% agreed that

purchasing workforce influenced contract management to a greater extent. It is evident that use of ICT was supported by many respondents as it enables systems integration, promotes transparency, accountability and reliability hence enhancing contract management. It is also evidenced from the study that respondents are yet to benefit from ICT use and adoption.

The study showed 47.8% of the respondents were of the opinion that restricted procurement method was the commonly used method, followed 41.8 % who said that tendering procurement method was the commonly used with only 10.4% who that quotation procurement method was the commonly used. This contradicts an OECD report in 2007, that public procuring entities were overusing request for quotation. Notable, it is evident that restricted procurement method was commonly used among other methods. This could be because of the confidential nature of security contracts.

Majority 79% of respondents were in agreement that confidential nature of the contracts was very important in influencing choice of procurement method. 81 percent said that the cost estimates were very important in influencing choice of procurement method this agrees with Mukopi & Iravo (2015) findings that the estimated value of goods, works or services to be procured affected the selection of the procurement method to use. The findings also established that 73% were of the opinion that the provisions and guidelines of public procurement and disposal was very important in influencing choice of procurement method.

The further the researcher established that 51% were in agreement that quality issues was important in influencing choice of procurement method while 60% agreed that the lead time allowable was important in influencing choice of procurement method. Finally 31% of the respondents were in agreement that senior management influence was very important in influencing choice of procurement method. The results indicated that confidential nature of the contracts was most needed in making choice of procurement method. This could be explained by the fact that supplier of security items need to be vetted before being shortlisted to avoid illegal dealing with security equipment.

Majority 80.6% of the respondents said training was done on yearly basis while 7.5% said it was done monthly or quarterly respectively and only 4.5% said training was done regularly. Majority 73.1% of the respondents saying that training was available for them and only 26.9% said training was not available for them. It is evident from the study that training was available for some officers but not all of them, meaning that those who could not access training were likely to face challenges in contract management.

The study findings showed that training was being provided on the job with 85% of the respondents indicating that the training provided on job influence their contract management to a very greater extent. The study also established that 68.6% of respondents agreed developing skills and competence influence their contract management. The respondents agreed that

organization was greatly involved in developing skills and competence of the worker by sponsoring them to study procurement related courses. This was a good evidence of the employer investing in training of the employees. The study also established that salary and remuneration standards influenced employees’ motivation to contract management to a greater extent.

The findings also showed that 59.7% of respondents agreeing that conducive work environment influenced their motivation to contract management to greater extent. Finally, 55.2% of the respondents said that reward and incentive programs influence. It is evident from the study that if the police headquarters wanted to manage its contract well on job training should continue not forgetting salary and administration standards were also important so as to stop the employees having motivation abuse the contracts. Most of the respondents pointed that Quality and timely delivery, improved operation efficiency, Cost reduction, Reduction in wastage and obsolete stocks and Improve customer service were some of the benefits that would accrue to the department with the effectively managed contracts.

Table 1: Coefficient of Correlation

		1	2	3	Dep.variable
Procurement Policy Framework Guidance (1)	Pearson Correlation	1	.412	.499	.502
	Sig. (1-tailed)		.028	.012	.023
	N	67	67	67	67
Service Market(2)	Pearson Correlation	.412	1	.776**	.798**
	Sig. (1-tailed)	.028		.000	.000
	N	67	67	67	67
Staff Training and Motivation(3)	Pearson Correlation	.499	.776**	1	.747**
	Sig. (1-tailed)	.012	.000		.000
	N	67	67	67	67
Contract Management (dep.variable)	Pearson Correlation	.502	.798**	.747**	1
	Sig. (1-tailed)	.023	.000	.000	
	N	67	67	67	67

** . Correlation is significant at the 0.01 level (1-tailed).

From the findings, it was clear that there was a positive and significant correlation between contract management and procurement policy framework guidance as shown by a correlation figure of $r = 0.502$, and a significant p- value 0.023. It was also clear that there was a positive and significant correlation between contract management and service market with a correlation figure of $r = 0.798^{**}$ and a significant value of 0.000. There was also a positive correlation between contract management and staff training and motivation with a correlation value of 0.747^{**} .

Table 2: Summary of Regression

Model	R	R Square	Std. Error of the Estimate	R Square Change
1	.824 ^a	.679	.427	.664

Analysis in table above shows that there is an overall Pearson’s correlation coefficient $R = 0.824$ which indicates a strong positive and statistically significant correlation between the three independent variables and the dependent variable. The results further shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) $R^2 = 0.679$, with a significant value = 0.000. This means that the 67.9% of a change in the success of public contract management can be explained by; Policy Framework, Service Market and Procurement staff’s training and motivation indicating that the other factors not explained in this study influence the success of contract management in public security agencies by 33.1%.

Table 3: Regression Coefficients

Model	Unstandardized		Standardized		t	Sig.
	Coefficients	Std. Error	Coefficients	Beta		
	B		Beta			
	(Constant)	.174	.501		.347	.730
	Policy Framework	.099	.172	.041	.573	.568
1	Service Markets	.496	.104	.540	4.750	.000
	Training and Motivation of the Staff	.432	.149	.332	2.908	.005

a. Dependent Variable: procurement contract management

The researcher conducted the multivariate regression analysis so as to determine the relationship between the dependent variable and the independent variables. From the Regression results in table above, the multiple linear regression model finally appear as:

$$Y = 0.174 + 0.041X_1 + 0.540X_2 + 0.332X_3 + 0.501$$

Y is the dependent variable (procurement contract management in public sector); X_1 is Policy Framework, X_2 is Service Market and X_3 is Procurement staff’s training and motivation.

The multiple linear regression models indicate that all the independent variables have positive coefficient. The regression results above reveal that there is a positive relationship between dependent variable (procurement contract management in public sector) and independent variables (Policy Framework, Service Market, Procurement staff’s training and motivation). From the findings, one unit change in Policy Framework results in 0.041 units increase in

performance of procurement contract management in public sector. One unit change in Service Market, results in 0.540 unit increase in performance of procurement contract management in public sector. One unit change in Procurement staff's training and motivation results in 0.332 unit increase in performance of procurement contract management in public sector. The t statistics helps in determining the relative importance of each variable in the model. As a guide regarding useful predictors, we look for t values well below -0.5 or above +0.5. In this case, the most important variable was Service Market followed by Procurement staff's training and motivation and lastly Policy Framework. This shows that procurement policy framework can be present but if not implemented it will not have any effect on the performance of contract management.

CONCLUSIONS

The study concludes that there is a relationship between public procurement policy framework and public contract management in public agencies. It is also concluded that since the factor had the lowest influence on contract management it means that the current policy framework might not be effective in enhancing successful public contract management. It is also concluded that the implementation of e-procurement and effective procurement planning and budgetary process and choice of procurement method will enhance the effectiveness of the policy framework hence contract management.

This study also concludes that having an effective service market is key to the success of the contract management in the public sector agencies. The study also concludes that an effective service market was a very important tool as it ensured that the contract obligations are efficient and effective and also prospective bidders were invited for pre-bid conference although not all of them were invited and this could lead to non-transparency of overall contract management. The study further concluded that the use and adoption of ICT was needed ensuring an effective contract management in the public agencies.

The study finally concludes that staff training is an important factor in the management of public contracts. It is important to have frequent training of the staff to equip them with the skills and knowledge needed to enhance effectiveness of public contract management. It is further concluded that salary and remuneration standards influenced employees' motivation to contract management and hence the service should ensure that the employees are well remunerated to enhance effective contract management.

RECOMMENDATIONS

This study recommends that the management of commercial banks should justify investment in internet banking as far as Usefulness, friendliness and personalized internet banking are concerned. The study also recommends that, the government and its agencies should formulate

policies that enhance application of internet banking across all financial institutions in Kenya. This may include legislations on how to curb cyber-crime.

This study also established that, understandability of mobile banking and reversal of transactions in mobile banking has moderate effect on customer satisfaction while use of a mobile phone account, efficiency of mobile banking and availability of mobile banking has little effect on customer satisfaction. In this regard, the study recommends that, management of banking institutions should enhance application of mobile banking to increase satisfaction of their customers. Mobile service providers in conjunction with banks should develop more friendly and easy to use and efficient applications for bank customers.

The study established that user friendly ATMs, ease of access of ATMs and privacy of ATMs affects customer satisfaction to a great extent. Using ATM cards in supermarket, convenience of bank ATMS and affordability of ATM charges have moderate effect on customer satisfaction while use of ATM to deposit cash in bank account has little effect on customer satisfaction. This study therefore recommends that banks should invest in ATMs that are easy to use, guarantees privacy, affordable charges and once that allow customers to make deposits.

In relation to point of sale system, the study concludes that, effectiveness of point of sale system affects customer satisfaction to a great extent. Usefulness of point of sale system, reliability of point of sale system and speed of point of sale system had moderate effect on customer satisfaction while purchase of good from supermarket using point from customers account has little effect on customer satisfaction. This study therefore recommends that banking institutions should work hand in hand with major retail outlets and other organizations that use point of sale systems so as to ensure the cards issued to customers and point of sale systems are useful, reliable and can work with speed.

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