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JOAN KINYANGI
SALOME WAMBUI RICHU



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CONTRACT MANAGEMENT PRACTICES AND OPERATIONAL PERFORMANCE OF FAST-MOVING CONSUMER GOODS MANUFACTURING FIRMS IN KENYA

Joan Kinyangi[1], Salome Wambui Richu[2]

Abstract

Contract management practices have increasingly become critical drivers of operational efficiency and competitiveness, particularly in the Fast-Moving Consumer Goods (FMCG) industry. By enhancing supplier coordination, reducing transactional uncertainties, and aligning procurement activities with strategic goals, effective contract management contributes significantly to improved performance outcomes in dynamic manufacturing environments. This paper analyzed the effect of contract management practices on operational performance of FMCG manufacturing firms in Kenya. Reviewed literature shows that studies on contract management practices are mainly undertaken in the public sector while studies on FMCG sector have been under-studied. Anchoring on the Transaction Cost Theory and Agency Theory, the study empirically examines the effects of delivery management, contract administration, dispute resolution and relationship management on operational performance. Descriptive and inferential statistics was applied to analyze primary data collected using questionnaires from a sample of 91 FMCG firms. Contract administration, dispute resolution and relationship management were the contract management practices found to significantly affect the FMCG firms' operational performance. Generally, the practices employed by the firms had contributed to improved quality of deliverables, timely delivery of goods, repeat renewals, hastened dispute resolution, enhanced service reliability, and customers' responsiveness. The paper has outlined recommendations and areas of future research, especially to help identify the other factors, not captured in the study.

Keywords: Contract Management Practices, Operational Performance, Fast Moving Consumer Goods, Manufacturing Firms, Kenya

[1] Department of Management Science and Project Planning, University of Nairobi, Nairobi, Kenya

[2] ORCID : https://orcid.org/0000-0001-8756-4949, Department of Management Science and Project Planning, University of Nairobi, Nairobi, Kenya - *salomerichu@uonbi.ac.ke*

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Introduction

As the business environment evolves, operational performance is becoming a critical determinant of a firm's competitiveness, profitability, and long-term sustainability (Munir, Jajja, & Farooq, 2020). In this context, effective contract management practices, particularly delivery management, contract administration, dispute resolution, and relationship management, are increasingly recognized as strategic drivers of operational excellence (Thai, 2021; Rendon & Snider, 2019). These practices not only ensure compliance and timely delivery but also foster collaboration, mitigate risks, and support consistent service quality across complex contractual relationships (Gunawan & Ahlan, 2022; Osborne, Radnor, & Strokosch, 2021). To register a desired firm operational performance, suppliers of goods have to perform their respective obligations according to certain set of provisions. On the other hand, buyers are expected to safeguard the effective management of procurement contracts in such a way that it guarantees the agreed upon deliverables. This means that the drafting of a contract and its implementation is key in the realization of the organization procurement objectives (Gatari, Shale & Osoro, 2022). Dagba and Dagba (2019) assert that in the context of operational performance, effective contract management ensures that agreements are fulfilled efficiently, and resources are utilized optimally. Despite the strategic importance of contract management in manufacturing operations, many firms continue to face challenges such as compliance failures, cost overruns, and delays in service or input delivery. Ineffective contract administration in manufacturing environments has been linked to procurement inefficiencies, disputes with suppliers, and disruptions in production schedules (Riveros et al., 2022). Recent studies also show that manufacturing firms with weak contract governance often experience operational inefficiencies and financial losses due to poor relationship management and lack of performance monitoring (Kepher, Rambo, & Nyonje, 2024). These challenges underscore the urgent need for robust contract management practices to enhance operational performance, particularly in procurement-heavy sectors like manufacturing.

Contract management refers to a structured process designed to ensure that all parties meet their contractual obligations. These obligations range from policy specifics, payment for the services or goods, and implementation of the entire provisions of a contract. Contract management is an important exercise involving an organized and competent running of all the process of creation, implementation, and scrutiny of contracts, with an aim of amplifying operational and economic performance of an organization while minimizing risk (Kolani & Miroga, 2019; Muhammad, Saoula, Issa, & Ahmed, 2019; Ahimbishibwe & Muhwezi, 2015). Ogembo and Muturi, (2019) reinforce the importance of implementing contract provisions due to potential effect on sustainability of organizational performance. The management of contracts encompasses four important practices, namely, delivery management, contract administration, dispute resolution and relationship management (Changalima, Mchopa & Ismail, 2022; Njoki, Ismail & Osoro, 2021; Pete Stewart, & Weese, 2019). Delivery management is concerned with the contract being met to the utmost standards of quality and performance,

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while contract administration deals with the governance of the contract as manifested in the documentation during the project lifespan. On the other hand, relationship management is meant to ensure the connection linking the parties is proficient and beneficial. This is aimed at making the relationship to be cordial and be able to identify any potential problems earlier on at the beginning of the contract and ability to capture any opportunities for improvement that present themselves (Hassan & Omwenga, 2023; Nsefu et al, 2020). Contract administration in the FMCG manufacturing sector involves a series of structured activities, including the preparation and validation of procurement documentation, approval workflows, monitoring contract execution, managing discrepancies, processing contract amendments, and overseeing termination procedures. In fast-paced FMCG environments, these processes are critical to ensuring timely supplier performance, regulatory compliance, and cost control. However, challenges such as undocumented changes, delayed reviews, and insufficient oversight frequently disrupt operational efficiency (Kozak, 2023; Voronova, Il'in, & Sheleyko, 2021). As such, robust contract management systems are essential to support operational agility and mitigate risks in highly dynamic production and distribution settings (Kolani & Miroga, 2019; Public Procurement and Asset Disposal Act, 2015).

Operational performance discusses how effective a business or organization is working in line to its efficiency, productivity, and effectiveness in landing its objectives. This involves measuring and analyzing key operational metrics such as output, quality, cycle time, lead time, inventory levels, and costs (Saragih et al., 2020). Further, operational performance assumes a strategic dimension by which a company chooses to compete, with the lean strategic formula being a common approach (Munir et al. 2020; Flynn & Flynn, 2005). Further, this involves measuring and analyzing different parts of the organization's deliverables, such as productivity, quality, cost-effectiveness, and customer satisfaction. Operational success is linked to cost savings, better efficiency, improved product quality, increased market share, new market opportunities, improved staff motivation and performance, as well as higher sales (Kaydos, 2020; Marodin, Frank, & Fetterman, 2019; Inman & Green, 2018). The common measures that organizations use to evaluate operational performance include productivity, cost effectiveness, customer satisfaction and employee satisfaction (Mwanyota, Njihia, Maalu & Iraki, 2020; Kumar and Sharma, 2017). In FMCG manufacturing firms, operational performance is commonly assessed using cost efficiency, customer satisfaction, and service quality. These indicators reflect the sector's need for lean operations, consistent service delivery, and responsiveness to consumer demand. Cost efficiency is crucial due to high-volume, low-margin production models (Gunasekaran & Kobu, 2007), while customer satisfaction influences brand loyalty and repeat purchases (Kotler & Keller, 2016). Service quality, especially in logistics and product availability, ensures competitive advantage and market responsiveness (Tariq, Badir, & Tariq, 2021).

The FMCG involve manufacturing industries fully set up to produce and supply products which are sold quickly and at moderately low cost. Their output are typically perishable goods that

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are consumed on a frequent basis, often with a short shelf life (Mwanza & Ingari, 2015; Panya & Marendi, 2021). The FMCG businesses typically operate in highly competitive markets and often rely on effective marketing, distribution, and their supply chains network to thrive. Due to the perishable quality of some of the products, efficient logistics and inventory management are crucial to minimizing waste and maximizing profitability. In Kenya the industry is diverse and includes both local and multinational companies operating in various segments for instance food and beverages, cosmetics and personal care products, household goods, and pharmaceuticals (Otieno & Maina, 2022; Kanyoro, 2018). All FMCG manufacturing firms in Kenya operate under the regulations of PPADA 2015, and it is important to appreciate how contract management practices impacts the operational performance of these firms. The research as intended focused on a deep dive in the variables; contract management practices and operational performance to assess the relationship, and the context of the study was within the FMCG manufacturing sector in Kenya.

Literature Review

A theoretical foundation in a literature review offers a structured lens through which researchers can interpret existing studies, identify knowledge gaps, and position their work within established scholarly conversations (Hofstee, 2018; Adom et al., 2020). This research on contract management practices and operational performance is grounded on two theories, namely Transaction Cost Theory (TCT) and the Agency theory. The TCT, originally, introduced by R. H. Coase (1937) and advanced by Williamson (1975) suggests that firms choose governance structures such as markets, contracts, or hierarchies based on which minimizes transaction costs (Rindfleisch, 2020). The theory helps identify and analyze the various transaction costs involved in contract management, such as drafting, negotiating, monitoring, and enforcing contracts. These costs directly influence the operational performance of firms (Rokkan & Haugland, 2022; Grover & Malhotra, 2018). Jensen and Meckling's (1976) Agency Theory examines the contractual relationship between principals and agents. The Agency Theory suggests that firms can reduce information asymmetry and harmonize with the interests of principals and agents through well-designed contracts and governance structures. In contract management, formal mechanisms such as clear performance incentives and monitoring systems help ensure suppliers meet agreed-upon standards, minimizing opportunism and improving operational outcomes (Eisenhardt, 1989; Fama & Jensen, 1983). Governance tools like extra contractual incentives and performance monitoring are instrumental in mitigating agency problems and enhancing supply chain and operational performance (Shafiq et al., 2017; Chimucheka & Mandipaka, 2015; Delke, 2015 Wiese & Toporowski, 2013).

The procurement function is inherently complex and, if not strategically managed, can significantly impact a firm's operational efficiency and strategic objectives. Companies must coordinate multiple suppliers, ensure timely delivery, evaluate product/service value, control costs, and maintain product quality simultaneously. Data-driven procurement frameworks have demonstrated notable improvements in cost reduction and supplier performance (Olaleye et al., 2024), while optimization models they help balance delivery

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reliability, quality standards, and cost effectiveness in manufacturing settings (Gao, Wang & Yu, 2024; Ejigu, 2021). Similarly, the procurement process involves different risks such as supply chain disruptions, compliance requirements and constant changes in prices, which requires that the risks to be identified, assessed, and mitigated to prevent potential financial and operational losses to the organization (Zhang, Li & Wang, 2022; Ruparathna & Hewage, 2015). A robust contract management system that centralizes the contract-related documents is necessary to ensure that stakeholders access up-to-date information, which facilitates better decision making and coordination. Effective contract management aids in identifying and mitigating risks by clearly defining terms and conditions, performance metrics, and compliance requirements. This initiative-taking approach reduces the likelihood of supply chain disruptions and other procurement risks (Nsefu et al., 2020).

An investigation by Muhammad, et al (2019) on the empirical and managerial implication of contract management on performance characteristics within public and private entities in Indonesia, revealed that performance measures are positively correlated with contract management. The study further noted that project output and value are unfavorably associated with the contract duration. A study by Dagba and Dagba (2019) examined how procurement strategies and contract management practices influence the performance of road construction projects in Ghana, suggests that restrictive proposals resulted in higher value for money and that an organization procurement strategy had an optimistic and considerable effect on the performance of the road building deliverables. Gamariel and Faustin (2021) conducted a study on the relationship between contract management and purchasing performance of procuring entities in Rwanda Energy sector, Kigali. The results show that contract execution and relationship management had an encouraging effect on performance while delivery management did not influence performance. Further, Waigwa and Njeru (2016) noted that existing policy framework in organizations have a direct effect on contract management execution and that employees should be skilled with the requisite knowledge to manage the contracts effectively. Additionally, Hassan and Omwenga (2023) suggest that there is a significant and progressive connection between contract administration, contract dispute resolution, contract relationship management, and procurement performance.

Effective contract management is central to achieving superior operational performance within organizations, predominantly in areas such as cost efficiency, customer satisfaction, and service quality. When contracts are poorly defined, inadequately monitored, or inconsistently enforced, firms often experience increased operational costs, service delays, and customer dissatisfaction (Kwamesa, et al, 2021; Haapio & Siedel, 2017). According to Matto, Ame, and Nsimbila (2021), organizations that adopt structured contract oversight and regularly evaluate supplier compliance report higher cost efficiency and reduced wastage. Similarly, Waci, Kariuki, and Mwirigi (2024) found that proactive contract administration, such as timely performance reviews and dispute resolution mechanisms, enhances customer satisfaction by guaranteeing the consistent delivery of quality products and services. Furthermore, Songa and

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Akumuntu (2024) found that effective contract management practices, particularly contract enforcement and monitoring, significantly improve public procurement performance by enhancing accountability and ensuring adherence to agreed terms. The empirical review shows that there is need for more research to investigate how delivery management, contract administration, dispute resolution, and relationship management interact with operational performance in different industries. This study therefore, proposed to establish the influence of contract management practices on operational performance of FMCG manufacturing firms in Kenya, to add to the field of knowledge, since the empirical review showed that contract management is not merely a compliance tool but a strategic function that directly supports operational excellence and long-term value creation. Addressing dispute resolution in an organization is necessary to manage conflicts between principals and agents, align their interests, and reduce agency costs, as emphasized in Agency Theory. Therefore, the study sought to investigate how the sub-variables would influence operational performance, and apply the theories to broaden body of knowledge.

Study Conceptual Framework, Objective and Hypothesis

From the literature review, contract management practices, the independent variable, was operationalized by delivery management, contract administration, dispute resolution and relationship management. Conversely, operational performance, which was the dependent variable, had cost efficiency, service quality, and customer satisfaction as the sub-constructs. Figure 1 depicts the relationships among the variables:

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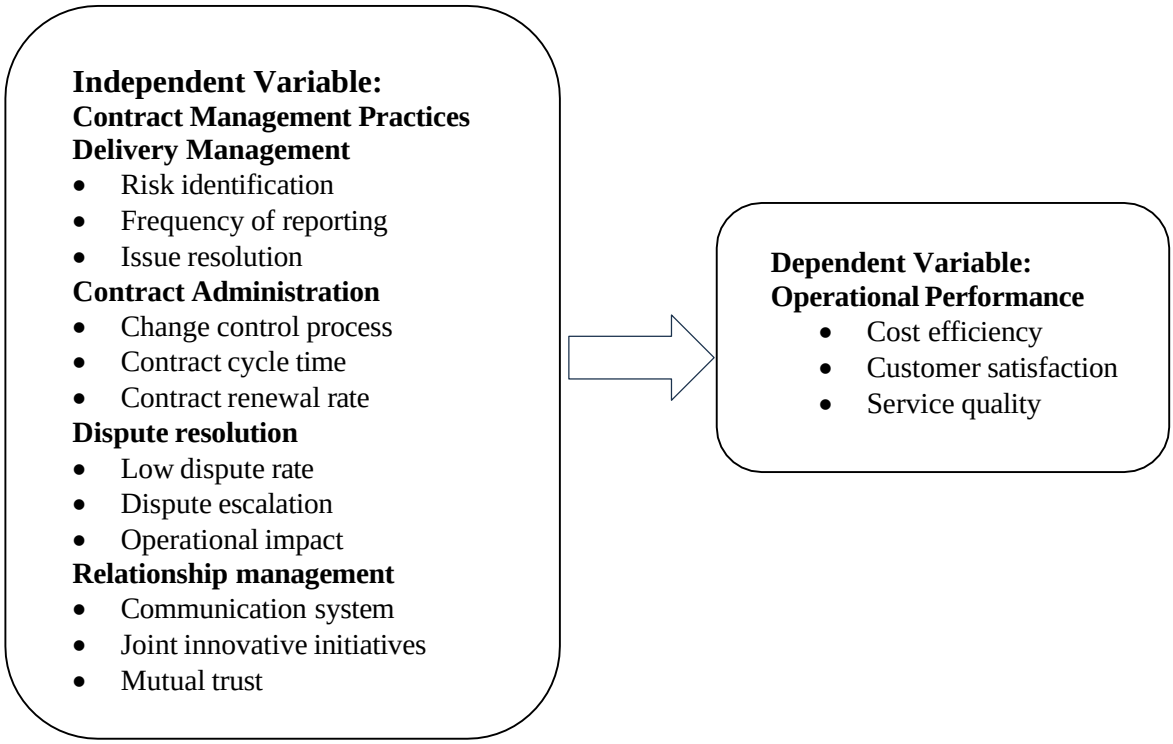


Figure 1: Conceptual Model

Source: Authors' own

Study objective:

To establish the influence of contract management practices on operational performance of Fast-Moving Consumer Goods manufacturing firms in Kenya.

Research Hypothesis:

From the conceptual framework above, the following null hypothesis was drawn.

H_{01}*: Contract management practices have no significant effect on operational performance*.

Methodology

A cross-sectional survey research design was adopted, enabling data collection from a defined population at one point in time to analyze relationships and trends among the study variables. The design is commonly used in organizational and management research for its effectiveness in capturing perceptual data from large respondent groups within a limited timeframe (Saunders, Lewis, & Thornhill, 2019; Bryman, 2016). Cross-sectional surveys enable researchers to examine a representative sample of the population to generate insights that are both time-specific and generalizable (Orodho, 2014; Cooper & Schindler, 2013). According to the Kenya Manufacturers and Exporters 2024 Directory, there were 1047 FMCG in Kenya. This formed the population of study. A summary of the categories of firms is provided in Table 1 below:

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Table 1: Fast Moving Consumer Goods manufacturing firms in Kenya

Type of FMCG	Population
Food and Cereals	232
Beauty and Personal care	194
Beverages and Tobacco	182
Medical Supplies	128
Toiletries	205
Adhesives and Glue	106
Total	**1047**

Source: Kenya Manufacturers and Exporters 2024 Directory

Due to the large population, a sample size was calculated since it would be expensive in terms of time and resources to study the entire population, (Saunders, et al, 2019; Kombo & Tromp, 2018). The research employed the Sloven's formula to calculate sample size (n) from total population (N) and margin of error (e). Sloven formula is a random sampling technique that is represented by: $n = N/(1+Ne^2)$. Applying the formula to the population, N= 1047, e =0.10, the sample size, n = 91. The sample size of 91 was thereby proportionately distributed g to the six clusters as shown in Table 2. Finally, simple random sampling was used to get samples from all the clusters.

Table 2: Sampling procedures

Sector	Number N	Proportionate stratified sampling {X*91/1047}
Food and Cereals	232	20
Beauty and Personal care	194	17
Beverages and Tobacco	182	16
Medical Supplies	139	12
Toiletries	205	17
Adhesives and Glue	106	9
Total	**1047**	**91**

Source: Original table – created by authors of this article from data

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Primary data was collected using semi-structured questionnaires, applying both physical and online modes of data collection. A response rate of 76.4% was achieved. The data analysis process involved applying descriptive measures and inferential statistics. The research aimed at establishing how the contract management practices adopted by the FMCG manufacturing firms in Kenya affected their operational performance.

Results

Descriptive statistics were employed using IBM SPSS Statistics Version 26 to analyze both the independent and dependent variables', sub-constructs. Measures such as mean and standard deviation were used to summarize the data, offering insight into the central tendencies and variability of the respondents' responses. In this section, the study analyzed the various practices relating to the four contract management dimensions namely, delivery management, contract administration, dispute resolution and relationship management. The measures of operational performance, the dependent variable were considered as a composite score. The results are presented in the following sessions:

Delivery Management

Delivery management practice deals with overseeing and certifying that the goods or services in a contract are met as specified. This includes managing timelines, tracking progress, and coordinating between different parties in a contract to ensure that all deliverables meet contractual obligations. In relation to this practice the results among the FMCG are presented in Table 3

Table 3: Delivery Management

Statement	N	Mean	Std. Deviation
Deliveries match order specifications in terms of quantity, quality, and other contractual terms	68	4.206	.6592
Regular assessment of suppliers is made based on performance.	68	4.191	.6749
Shorter lead-time is a requirement from suppliers	68	3.847	.7384
Identification of risk for each supplier is done	68	3.518	.7437
Reporting of delivery timeline is incorporated in the contract	68	3.402	.7675
Full compliance of contract terms is pursued	68	3.074	.7394
Overall Mean		**3.706**	

Source: Original table – created by authors of this article from data

The outcome suggests that the respondents strongly agreed that deliveries by their suppliers largely match the order specifications in terms of quantity, quality, and other contractual terms (M=4.206, SD = 0.6592) and the FMCG do undertake regular assessment of their suppliers based on their performance (M=4.191, SD= 0.6749). In addition, they agreed that they expect

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a shorter lead time from their suppliers (M= 3.847; SD = 0.7384). To a moderate range, the respondents aligned that reporting of delivery timeline is incorporated in the contract (M= 3.402; SD= 0.7675). With an overall mean of 3.706 and the standard deviation being less than 1.0, it shows that the respondents were in agreement on the weightings.

Contract Administration

Contract administration entails management of the entire lifecycle of a contract from initiation to its closure, safeguarding that both factions meet in full their contractual obligations. The results in relation to this dimension of contract management are shown in Table 4.

Table 4: Contract Administration

Statement	N	Mean	Std. Deviation
Contract cost variance is minimized	68	4.038	.6135
We monitor the contract cycle time	68	3.809	.6524
Dispute resolution time is specified	68	3.591	.6524
Contract renewal terms is specified	68	3.132	.6206
Few contract amendments are faced by our firm during implementation	68	2.988	.7675
Overall Mean		**3.512**	

Source: Original table – created by authors of this article from data

Respondents agreed that, within contract administration practices, the primary objective is to minimize contract cost variance (M=4.038, SD=0.6135) as well as monitoring of the contract cycle been undertaken continuously (M=3.809, SD=0.6524). Similarly, the FMCG have put in place a dispute mechanism to address any conflict that arises (M=3.591, SD=0.6524). However, the respondents did not agree nor disagree that during their administration, they face contract amendments (M=2.988, SD=0.7675).

Dispute Resolution

Dispute resolution practice in procurement involves addressing and resolving conflicts or disagreements that arise between contracting parties during the execution of a procurement contract. Effective dispute resolution facilitates the management of conflicts, mitigating procurement process disruptions and sustaining collaborative relationships among stakeholders. The study sought to determine how dispute resolution is anchored within their contract management, and the outcome is presented in Table 5.

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Table 5: Dispute Resolution

Statement	N	Mean	Std. Deviation
Successful dispute resolution with our suppliers	68	4.006	.5874
Dispute escalation to the courts is prevented.	68	3.706	.7031
Shorter dispute resolution time	68	3.477	.5970
Cost of resolving disputes is manageable	68	3.329	.6685
Reduced number of disputes unlike before	68	3.127	.7394
Overall Mean		**3.529**	

Source: Original table – created by authors of this article from data

The outcome from this variable is that there was agreement by the FMCG firms that there has been successful dispute resolution with the suppliers over the period (M=4.006, SD=.5874) and this prevented escalation of disputes to the courts (M=3.706, SD=0.7031). Additionally, the respondents neither agreed or disagreed with the assertion that there has had a shorter dispute resolution time (M=3.477, SD=0.5970) and that the costs of resolving disputes are manageable (M=3.329, SD=0.9985). Generally, the findings show that the firms have instituted dispute resolution practices in their contract management with the overall mean being M= 3.529.

Relationship Management

Relationship management under contract management focuses on building and maintaining positive, productive relationships amongst the contracting parties throughout the contract lifecycle. This practice includes communication, longevity of the contract, presence of joint efforts and innovative initiatives as well as presence of mutual trust among the parties of a contract. The outcomes from the study relating to this variable are presented in Table 6.

Table 6: Relationship Management

Statement	N	Mean	Std. Deviation
Communication between the suppliers and organization.	68	4.294	.5600
The longevity of relationship with our suppliers has been maintained	68	4.265	.6606
There has been witness of fewer conflicts with our suppliers	68	4.235	.5761

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Existence of mutual trust with our suppliers	68	4.221	.7299
There are joint efforts and innovative initiatives undertaken with our suppliers	68	4.015	.5323
Overall Mean		**4.206**	

Source: Original table – created by authors of this article from data

The results reveal that there was an agreement among the respondents that FMCG firms had a strong relationship management. The respondents agreed that there is communication between suppliers and the FMCG firms (M=4.294, SD = 0.5600) and this has resulted in an increased longevity with customers (M= 4.265, SD=0.6606). Similarly, the establishment of a strong relationship with suppliers has resulted in fewer disputes and improved the level of mutual trust between the contract parties (M=4.221, SD= 0.7299).

Ranking of the Contract Management Practices

Table 7 presents a summary of the rankings of the study's sub-variables related to contract management practices. The ranking demonstrates that implementation of the sub-variables by the FMCG manufacturing firms in Kenya, range from moderate to great level, as measured on a scale of 1 to 5, where 1 was the least and 5 was the greatest. Relationship management was the most implemented while dispute resolution was the least implemented practice.

Table 7: Ranking of the Contract Management Practices

Contract Management Practice	Average Mean	Ranking
Delivery management	3.706	2
Contract administration	3.591	3
Dispute resolution	3.529	4
Relationship management	4.206	1

Source: Original table – created by authors of this article from data

Operational Performance

This research investigated how the FMCG firms' operational performance was influenced by the contract management practices adopted. It is hypothesized that contract management ensures that supplier relationships, cost controls and quality standards are maintained, directly impacting a firm's ability to optimize operational efficiency. When procurement teams adopt strong contract management practices, they enhance collaboration with suppliers which in turn, enables FMCG firms to meet production demands and streamline operations, contributing to overall improved operational performance. The research evaluated three dimensions of operational performance, namely, cost efficiency, customer satisfaction and service quality. Table 8 presents a summary of the results:

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Table 8: Operational Performance

Cost efficiency	N	Mean	Std. Deviation
Cost savings	68	4.032	.6206
Timely payments and discounts	68	3.544	.6787
Reduction in change orders	68	3.403	.7330
Cost avoidance	68	3.227	.6761
Customer Satisfaction			
Quality of deliverables	68	3.688	.6403
On-time delivery	68	3.444	.6787
Repeat business and renewals	68	3.304	.7917
Issue resolution speed	68	3.304	.7117
Contract compliance	68	3.297	.6722
Service Quality			
Personal attention to customers	68	4.235	.7148
Trust and confidence on our service and products	68	4.141	.6292
Reliability of service	68	3.932	.7103
Prompt service to customers	68	3.741	.6564
Service dependability	68	3.697	.6019
Overall Mean		**3.642**	

Source: Original table – created by authors of this article from data

In relation to cost efficiency, the results show that the respondents agreed that they have saved costs (M=4.032; SD= 0.6206) and that the FMCG had registered timed delivery and discounts received from their purchases (M= 3.544; SD= 0.6787). In addition, it can also be deduced that the respondents did not agree nor disagree that there has been reduction in their change orders (M=3.403, SD= 0.733) as well as to the statement that cost avoidance had been realized. Related to customer satisfaction, the respondents were aligned that the quality of deliverables had improved (M= 3.688, SD=0.6403) and neither agreed nor disagreed that they had achieved on-time delivery, repeated renewals nor changed their level of issue resolution speed (M=3.444, 3.304 & 3.297) respectively. The service quality operational measure reveals that the FMCG firms had improved their personal attention to customers (M=4.235, SD =0.7148) and that

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customers' trust and confidence on their services had also changed (M=4.141, SD=0.6292). In addition, the respondents agreed that their firms' service reliability, promptness to customers and service dependability had improved.

Inferential Statistics: Regression Analysis

To assess the statistical relationships between the independent and dependent variables, the study employed inferential statistics using multiple regression analysis. Regression analysis is a robust quantitative method that estimates the influence of one or more predictor variables on a single outcome variable, allowing for both explanatory and predictive insights (Field, 2018). This technique was selected due to its ability to test hypotheses and determine the direction and strength of associations between variables. The analysis was conducted using IBM SPSS Statistics Version 26, and the output was interpreted through three key components. The Model Summary provided the coefficient of determination (R^2), indicating the proportion of variance in the dependent variable explained by the predictors. The Analysis of Variance (ANOVA) tested the overall significance of the model, confirming whether the regression relationship was statistically meaningful. Finally, the Regression Coefficients table presented the individual effects and significance levels (p-values) of each independent variable, offering insights into their relative contributions. Together, these outputs supported hypothesis testing and provided a statistically grounded understanding of the variables' interactions within the study context.

Model Summary

This provides an overview of the regression model's fit, highlighting metrics like R-square, which addresses the proportion of variance in operational performance described by the contract management practices adopted by the FMCG. A higher R-square suggests a better fit.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512[a]	.262	.215	.35884

a. Predictors: (Constant), Relationship Management, Dispute Resolution, Contract Administration, Delivery Management.

Source: Original table – created by authors of this article from data

In the model summary, R-value, also recognized as the multiple correlation coefficient, is equal to 0.512, implying that the contract management practices, and operational performance have a moderately strong positive correlation. The R-square is .262 representing the variations in the dependent variable (operational performance) that is described by relationship management, dispute

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resolution, contract administration and delivery management. In this case, the R-square value of 0.262 means that almost 26.2% of the variation in the firm's operational performance can be explained by the combined influence of the relationship management, dispute resolution, contract administration and delivery management. The other changes (73.8%) are explained by other determinants of the firm not considered in the study.

ANOVA

ANOVA in regression assesses the overall significance of the model. It compares the discrepancy explained by the model to the unexplained variance (residuals). A significant F-statistic in ANOVA indicates that the model is a decent fit for the data.

Table 10: Anova

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.713	4	2.428	5.594	.001[b]
	Residual	27.346	63	.434		
	Total	37.059	67			

a. Dependent Variable: Operational performance

b. Predictors: (Constant), Relationship Management, Dispute Resolution, Contract Administration, Delivery Management.

Source: Original table – created by authors of this article from data

The ANOVA results presented in Table 10, show the level of significance is 0.001, which is less than 0.05, statistical significance. Similarly, for the F-value ($F_{0.05}(4,63) \approx 2.52$) of 5.594 > 2.52, the result is statistically significant. These figures imply that the model is acceptable to predict the relationships between contract management practices and the operational performance.

Regression Coefficients

The beta coefficients indicate both the magnitude and direction of the relationship between each independent variable and the dependent variable. The velues reflect the change in the dependent variable associated with a one-unit change in each independent variable. Positive or negative values denote the nature of the relationship, while the p-values indicate whether the observed effects are statistically significant.

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Table 11: Coefficients of the Variables

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.524	.790		.664	.509
	Delivery Management	.012	.110	.013	.110	.913
	Contract Administration	.316	.128	.281	2.471	.016
	Dispute Resolution	.317	.112	.315	2.819	.006
	Relationship Management	.221	.112	.219	1.961	.050

a. Dependent Variable: Operational performance

Source: Original table – created by authors of this article from data

Coefficient for each variable demonstrates what unit adjustments in operational performance occurs for a unit change in the relationship management, dispute resolution, contract administration and delivery management. The results reveal that delivery management practice is insignificant ($0.913 \geq p \geq 0.05$). The findings further reveal that contract administration, dispute resolution and relationship management are significant since their respective p-value is ≤ 0.05. The outcomes suggest a unit upsurge in contract administration results in 0.316-unit increase in operational performance. Similarly, a unit increase in dispute resolution practice and relationship management result in 0.317 and 0.221 units increase in the FMCG operational performance, respectively.

The resultant regression equation therefore becomes.

Operational Performance = 0.524 + 0.316 *(Contract Administration)* + 0.317 (*Dispute resolution*) + 0.221 (*relationship management).*

The study hypothesis was that contract management practices have no significant effect on operational performance. The study established a statistically positive significant relationship between contract management practices and operational performance of the FMCG manufacturing firms in Kenya. It was therefore deduced that contract management practices have a significant effect on operational performance, leading to rejection of the study's null hypothesis (H_{01}). Thus, this study rejects the null hypothesis H_{01} and asserts that contract management practices have a significant effect on operational performance.

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Discussion

The research focused on four contract management practices, namely, delivery management, contract administration, dispute resolution and relationship management. The findings revealed that FMCG organizations focus on provisions that spelt out terms of product and service quantity, quality, and other contractual terms; and that the firms undertake regular assessment of their suppliers based on their performance. The aim of the periodic review is to change the contract terms or terminate the contract, where necessary, with their suppliers where the terms have been bridged substantially. Further, it was noted that the firms focused on minimizing the contract cost variance with their suppliers and that this it is undertaken continuously during the contract cycle, as part of the contract administration practice. Additionally, the study found that the FMCG firms have established an effective dispute resolution mechanism with their suppliers, a practise that has minimised disputes being escalated to the courts for resolution, which can be costly to both parties. Similarly, the establishment of a strong buyer-suppler relationship had resulted to fewer disputes, increased tenure, and improved level of mutual trust between the contract parties.

From the objective of the study and the study findings that were generated after analysing the research tools, the respondents noted that application of contract management practices had resulted in cost savings and timely delivery of services, largely. Further, the FMCG firms confirmed improved quality of deliverables and timely delivery of goods, repeat renewals and hastened dispute resolution. Similarly, respondents agreed that their firms' service reliability, promptness to customers and service dependability had improved, further resulting to enhanced operational performance. These responses were further grounded by the results from the inferential statistics, with a strong model for establishing relationship between contract management practices and operational performance of FMCG manufacturing firms in Kenya. In the case, the R-square value of 0.262, meant that 26.2% of the variation in the firm's operational performance can be explained by the contract management practices, a good indication that firms should not underestimate the role of delivery management, contract administration, dispute resolution and relationship management.

Conclusion

The objective of the study was to establish the influence of contract management practices on operational performance of FMCG manufacturing firms in Kenya. The analysis started by ranking the sub-variables to establish how the firms weighted the contract management practices. The ranking demonstrated that implementation of the sub-variables by the FMCG manufacturing firms in Kenya, range from moderate to great level, with relationship management being the most implemented, followed by delivery management and contract administration, while dispute resolution was the least implemented practice. It can therefore be concluded that for an effective and efficient contract management in organizations, a strong buyer-supplier relationship is crucial. The study hypothesis was that contract management practices have no

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significant effect on operational performance. From the results of the inferential statistics, the study established a statistically positive significant relationship between contact management practices and operational performance of the FMCG manufacturing firms in Kenya. The conclusion therefore is that; contract management practices have a significant effect on operational performance. This lead to rejection of the study's null hypothesis (H_{01}), and a conclusion that contract management practices have a significant effect on operational performance of FMCG manufacturing firms in Kenya.

Lastly, linking the study findings to theoretical and empirical literature, it can be concluded that the Transaction Cost Theory and the Agency Theory, give a grounded foundation on how organizations should undertake their core activities, focusing on firms' transactions and prioritize buyer-supplier relationships that directly influence key operational performance measures, such as cost efficiency, customer satisfaction and service quality. Additionally, the study advances the body of knowledge and provides evidence-based insights relevant to industry policy.

Recommendations and Further Research

The current study intended at establishing the link between contract management practices and operational performance. In doing so, the research evaluated the four named practices. The study recommends that future researchers to identify more contract management practices that can be undertaken, and possibly in other sectors to facilitate comparison and improve generalization of the study findings. In addition, since the study was a cross-sectional descriptive research design, future studies, based on budget and timelines could be undertaken with different research designs to establish the similarity or differences from the findings. Further, the study's independent and dependent variables can be tested or even varied and applied in other sectors, other than the FMCG manufacturing firms in Kenya, for more generalization of results.

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Disclosure Statement:

The authors report no conflicts of interest.

Data Availability Statement

The authors confirm that all data supporting the findings of this study are included within the article.

Ethical Approval

The researchers obtained approval from the University of Nairobi to collect data and observed confidentiality while managing the data collected from the respondents.

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