

**EFFECT OF CONTRACT MANAGEMENT ON PROCUREMENT PERFORMANCE OF RELIEF
OPERATION: THE CASE OF SOS CHILDREN'S VILLAGE ETHIOPIA.**

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Declaration

I do hereby declare that, this study on “Effect of Contract Management on Procurement Performance of Relief Operation: The Case of SOS Children's Village Ethiopia.” Is my original work and has not been presented for a degree in any other university, and all sources used for the study are duly acknowledged.

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Letter of Certification

This research paper has been submitted to Addis Ababa University, School of Commerce, Department of Logistics and Supply Chain Management for examination with my approval as a University Advisor.

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List of Acronyms

HSCM.....	Humanitarian Supply Chain Management
SOS CVE.....	SOS Children’s Village Ethiopia
SRM.....	Supplier Relation Management
VfM.....	Value for Money
WFP.....	World Food Program

Abstract

Logistics and supply chain operations are the major areas of concern to humanitarian organizations since they account to 70% of their expense, procurement is one of, if not the, essential part of logistics and supply chain operation of humanitarian organizations since they procure a range of goods and services to deliver relief to beneficiaries. Contract management is one factor in improving procurement performance and to get goods and services in the right amount, in the right time, to the right place. The general objective of this research is to assess the effect of contract management on procurement performance of humanitarian organizations with special focus in the case of SOS Children's Village Ethiopia. This research conceptualized and developed three dimensions of contract management (pre award contract management, contract administration, and post contract close-out contract management practices) and test relationship and effect with & on procurement performance. The study utilized a cross sectional, descriptive and explanatory research design using a self-administered close ended questionnaire and interview to collect primary data and review of documents to gather secondary data. The data of the study was collected from 34 employees of SOS Children's Village Ethiopia. Interview was conducted with one manager. The relationships proposed in the frame work were tested using parson correlation, and causal relations were analyzed using regression analysis. From the output of the analysis, there is a moderate contract management practice with a mean value of 3.32. And it is concluded that there is a significant and positive relationship between contract management and procurement performance constructs of right quality, rights price and right quantity with Pearson correlation coefficient of 0.538 for contract administration, 0.538 for pre award contract management both at $P=0.001$ significance level and 0.341 for post contract close-out contract management practice at $P=0.05$ significance level. In addition, contract management has an influence on procurement performance constructs of right quality, right price and right quantity in which 55.2% of variation in this procurement performance constructs is explained by contract management. There was positive significant influence by contract administration and pre award contract management ($p=.001$) on procurement performance constructs of right quality, right price, and right quantity of SOS Children's Village Ethiopia. Therefore, in order to achieve delivery in the right quantity, the right quality, from the right source, in the right time and with the right price to enhance procurement performance. SOS Children's Village Ethiopia is advised to give due significant emphasis to the constructs of contract management practice such as performing risk assessment on contracts before award, developing contract management strategy and plan, performing performance management on open contracts, developing a contract close out check list and performing post contract closeout reviews.

Key words: *Humanitarian Organizations, Contract Management, Pre Award Contract Management, Contract Administration, Post Contract Close-Out Contract Management, Procurement Performance*

CHAPTER ONE

1.1. Introduction

This section addressed the background of the study, statement of the problem, research question, research objectives, and significance of the study, scope of the study, limitation of the study, definition of terms and organization of the study.

1.2. Background of the study

As the importance of logistics and supply chain management is getting more attention in the business world, its importance in humanitarian operations is getting increased and due attention. Many studies have stressed the importance of logistics and supply chain management as a critical part of humanitarian relief operations. Logistics and supply chain coordination across a wide variety of organizations offering assistance is needed to save as many lives and ease as much suffering as possible, in light of fiscal, material and personal limits, and compared to their business counterparts humanitarian logistics operations encounter massive challenges in collaboration, coordinating of effort of many aid agencies, suppliers, and local and regional actors all with their own actors, and their own ways of operating structures. (Spens, 2012 p-2)

According to Thomas and Kopczak (2005, p. 4), the term ‘humanitarian logistics’ is defined as ‘... the process of planning, implementing and controlling the efficient, cost-effective flow and storage of goods and materials, as well as related information, from the point of origin to the point of consumption for the purpose of alleviating the suffering of vulnerable people. The function encompasses a range of activities, including preparedness, planning, procurement, transport, warehousing, tracking and tracing, and customs clearance.’

Allocating the available resources at the right time and in the right quantity is an inherent part of the humanitarian supply chain management, and procurement activity in humanitarian supply chain is very important because of the cash donations and the fact that on hand inventories are usually not sufficient at the onset of a disaster and as a result the activities in this area include determining the number of suppliers to deal with, managing changing buyer-supplier relationships, sourcing strategies, and outsourcing decisions for humanitarian supply chains (Chandraprakaikul, n.d. 1998).

The purpose of procurement process in the humanitarian supply chain is to ensure that each humanitarian organization (HO) has the essential material resources to meet disastrous situations. Various procurement decisions made by relief organizations can result in considerably different implications in regards to transport, storage and distribution of relief items. These factors ultimately can influence the performance of the humanitarian supply chain and the delivery of the relief items. Blecken and Hellingrath(2008), estimate that procurement activities account for 65 percent of the total expenditures in disaster relief logistics.

In humanitarian relief operations, goods can be acquired differently, and procurement can consider just local or global suppliers and vice versa. After disaster strikes; speed at any cost is of utmost importance, as the first 72 hours are crucial for providing relief. Goods are brought in to affected areas as quickly as possible. After the first 90 to 100 days, disaster response is delivered more effectively as possible at a reasonable cost and speed. (Karin Berger, 2013)

The main objective of purchasing function in organizations has moved from the traditional belief of “primary role to obtain goods and services in response to internal needs” to assuring supply continuity, manage the purchasing process efficiently & effectively, develop supply base management, develop aligned goals with internal functional stake holders, support organizational

goals and objectives, and develop integral purchasing strategies that support organizational strategies (Robert et al, 2009 P38-41). The procurement function not only contributed to price reductions, but also played a crucial role in optimizing total life cycle costs. The next step towards procurement excellence is to adopt a value-driven orientation with external/supplier collaboration as a key cornerstone. (PWC, 2013 p 7).

Procurement in the humanitarian sector basically has the same goals and intentions as in private business. As buyer, organizations want the best possible value at a reasonable price (Taupiac, 2001). In addition to that, humanitarian procurement processes try to ensure, that organizations have all supplies required to meet the needs to provide adequate disaster relief (PAHO, 2001).

Contract administration/ management is concerned with the mechanics of the relationship between the customer and the provider, the implementation of procedures defining the interface between them, and the smooth operation of routine administrative and clerical functions. On the other side, effective contract management goes much further than ensuring that the agreed terms of the contract are being met – this is a vital step, but only the first of many (ANAO, 2007).

And since procurement of supplies and services is an essential function in the achievement of the objectives of humanitarian aid Actions. It is crucial to the effectiveness and speed of response for major humanitarian programs in sectors such as health, food, shelter, water and sanitation. Moreover, a significant percentage of the funds managed by humanitarian organizations are put to use through procurement processes. Procurement must be performed bearing in mind the timeliness of the response and the quality/safety of the purchased goods and services as well as the need for equal treatment and appropriate controls. (ECHO, 2011)

According to the World Bank contract management general principles, Effective Contract Management is critical for ensuring all involved parties to meet their contractual commitments to time, cost, quality and other agreed matters. It requires systematic and efficient planning, execution, monitoring, and evaluation to ensure that both parties fulfill their contractual obligations with the ultimate goal of achieving VfM and contractual results. It involves; tracking and monitoring cost, time, quality and deliverables, collaborating to improve performance and promote opportunities for ongoing innovation e.g. value engineering in appropriate contracts, being clear on roles and responsibilities of both borrower and supplier/ contractor/ consultant, managing relationships with the supplier/contractor/consultant and key stakeholders, managing payments in accordance with agreed terms, being proactive throughout the contract to anticipate problems and issues before they arise, and managing problems and issues as they arise, quickly, effectively, fairly, and in a transparent manner. (The World Bank,2017)

Procurement is carried out using available financial resources or credit. The goal of procurement in relief operations is to enable orders to be placed and delivered on schedule at a good price. (Wassenhove, et al, 2010) with an objective of carrying out activities related to procurement in such a way that the goods and services procured are of the right quality, from the right source, at the right cost and can be delivered in the right quantities, to the right place, at the right time. (Logistics Cluster, Procurement, 2020)

1.3. Company Profile

SOS Children's Villages was established in 1949 in a place called Imst in Innsbruck, Austria by a known philanthropist Herman Geiminner. Later on, the cause of the organization had been shared by many around the globe that resulted in the opening of affiliated organizations beyond Europe. Currently, SOS Children's Villages is functioning in 134 countries with the objective of supporting children to grow up in a caring family environment.

SOS Children's Villages Ethiopia is a member of the Global Federation of SOS Children's Villages and four decades have passed since it went operational in the country in 1974. In 2014, it has colourfully celebrated the 40th year's anniversary at Mekelle, where it first started its humanitarian work. In line with the objective of the international office, SOS CVE has been working to either help families care for their children or to provide an alternative family called SOS family for children who have totally lost long-term parental care.

SOS Children's Villages Ethiopia is a non-governmental, non-political, non-denominational charitable child welfare organization. For more than 40 years, and have been working to build families for children in need, help them shape their own future and share in the development of their communities.

SOS CVE Ethiopia early childhood development centers and schools continued to offer an admirable quality of education for children. Demand for enrolment is consistently high in all program locations. Hermann Gmeiner Schools and Kindergartens in Mekelle, Bahirdar, Harar, Jimma, Hawassa , Gode and Addis Ababa continued to attract many parents. The schools are often used as model schools by government education offices due to high standard of education on offer. The schools provide education to vulnerable children and this is supported through the enrolment of fee paying learners from the community. As part of enhancing child and youth participation and empowerment, SOS CVE has created a number of platforms for the children and young people alternative Child Care Program for them to be able to reflect their views and values and thereby influence decisions affecting their development.

International sponsorship is one of the main funding pillars for SOS CVE. At the end of 2016, SOS CVE had 15,194 numbers of international sponsors to the value of 85,969,961.31. The goal of SOS Children's Villages Ethiopia Procurement and Logistic policy is to obtain appropriate suppliers, equipment and services for the organization, at the best value, and in timely manner, while maintaining fairness to vendors, and abiding by applicable laws. This policies and procedures have been instituted to foster achievement of this goal. The policy gathers administrative policy relating to procurement & logistics, and ads procedures designed to promote consistency in the use of "best practices" throughout the organization. The organization encourages local purchase before direct order from abroad.

Though SOS Children's Villages has been working to provide long-term support to children, respond to crises by providing relief through existing facilities and programmes. In 2011 for instance, SOS Children's Villages Ethiopia responded to drought that hit some parts of Somali Regional State. SOS Children's Village Ethiopia provided relief food to people in Gode area who lost their livestock due to the drought as well as to some refugees from Somalia, who settled in Morudile, the border area of Ethiopia and Somalia. SOS CVE distributed rice and edible oil to more than 2200 households in Gode area in two different rounds. The organizations also gave similar items to 600 refugees and 400 hosting families in border area. Furthermore, it rendered water treatment chemicals to each of the household in rural villages. It also distributed donkey carts to selected households. Since 2016 in

response to the 2015/16 El Nino and 2016/17 La Nina driven great drought in Ethiopia, SOS CVE has been implementing an emergency response and recovery project in Oromia and Somali regions.

1.4. Statement of the problem

Impacts of disasters rise, as more and more people live in disaster-prone areas. Natural or man-made catastrophes lead to loss of lives, shortage of food and water, infrastructural damages, ruptured socio-economic conditions (Akhtar, Marr & Garnevska, 2012). and economic damages (e.g. losses in sectors like fisheries, agriculture, livestock, tourism or micro enterprises). To mitigate the negative impacts, humans prepare counter measures by creating infrastructure and planning relief operations in advance (Nikbakhsh & Farahani, 2011). In particular, governmental as well as non-governmental organizations (humanitarian organizations) all over the world put a lot of effort into helping nations and people to recover from disasters (Taupiac, 2001). These organizations usually provide food, water, blankets, shelters, medicines and other supplies to the affected population (Tomasini & Wassenhove, 2009).

Responding adequately to disasters is not an easy task, as many factors contribute to difficulties; For instance, the chaotic post-disaster relief environment (e.g. public panic, missing transportation and communication infrastructure) (Tomasini & Wassenhove, 2009). The large number and variety of actors involved (e.g. donors, media, governments, military, humanitarian organizations.) (Van Wassenhove, 2006) and the lack of sufficient resources are obstacles in providing sufficient disaster response (Akhtar et al., 2012).

To respond to disasters humanitarian organizations' procure different goods and services and the volume is growing each year. The overall procurement volume of United Nations (UN) organizations increased for a sixth consecutive year, reaching \$18.6 billion in 2017 – an increase of 5.1 per cent or \$910 million compared to 2016 (UNOPS, 2018). In 2018 WFP Food Procurement Unit bought 3.6 million mt of food, worth US\$1.6 billion and in 2018, the WFP Goods and Services Procurement Unit bought US\$763 million of goods and services (WFP, 2019).

Statistics show, that in practice suppliers of relief items are predominately multinational firms from developed countries, capable of supplying immense quantities (Taupiac, 2001). Conversely, pre-stocked items at the affected region can considerably increase the speed of operations. Another approach of disaster response procurement is purchasing from local and regional suppliers instead of relying on long-distance donations in order to decrease transport costs and accelerate delivery (Nikbakhsh & Farahani, 2011). Local procurement usually faces quality problems and might lead to supply shortages. In addition, local purchasing can generate competition between organizations, which results in high prices for the relief items (PAHO, 2001). International or global procurement is primarily done to access larger quantities, get lower prices and keep consistent quality. In contrast, delivery times are longer and transportation costs are higher by using global suppliers (Sowinski, 2003).

The main aim of contract management is to ensure that goods or services are delivered on time, at the agreed cost and to the specified requirements. It means developing effective working relationships with your suppliers, ensuring effective service delivery, maximizing value for money and providing consistent quality for stakeholders and end users. And every contract should contain mechanisms for measuring the supplier's performance and determining the overall benefits achieved.

(Newziland gov't Ministry of Economic Devt' 2011). Contract management is the process of actively managing contract implementation to ensure the efficient and effective delivery of the contracted outputs and/or outcomes. Effective contract management enables the buyer to maximize value for money (VfM) in delivering development outcomes. (Asian Development Bank 2018).

SOS children's villages procurement and logistics policies and procedures states the policy goal is to obtain appropriate supplies, equipment and services for the organization, at the best value, and in a timely manner, while maintaining fairness to vendors, and abiding by applicable laws. And the policy is designed to enable SOS children's villages Ethiopia to achieve; administration of both centralized and decentralized procurement of goods supplies, raw materials, equipment etc. to provide goods and services to the right place, time and quantity, quality for the interest of SOS Children's villages Ethiopia. For budgetary control, identification of availability of funds before purchasing. (SOS children's villages procurement and logistics policies and procedures V 3:0)

Previous studies done by Eliyas Wako 2018 and Mebrahtom Tesay 2016 titled Humanitarian logistics practices in disaster response and supply chain management challenges on performance of humanitarian aid organization respectively, found that procurement performance is one of the issues that can affect the supply chain management performance of humanitarian organizations and in turn the overall performance of humanitarian organizations.

Abebe (2017) on a research conducted on Public Procurement and Property Disposal Services of Ethiopia titled Factors affecting public procurement performance has identified procurement planning, staff qualification, procurement procedures and utilization of ICT positively affect procurement performance. In another study with a title Factors affecting efficiency of procurement in public Institutions conducted by Okinyi & Dr. Willy Muturi (2016) academic qualifications and experience of employees, ICT, contract management and procurement planning process greatly influence the efficiency of procurement process in public institutions. Furthermore, Hilina (2019) has identified contract administration to be essential to periodically assess where the organization is in terms of policies, processes, procedures, and performance so as to improve service quality, reduce operation cost and improve appropriate contract performance and compliance in her research titled contract administration practice conducted on pharmaceutical supply agency of the federal democratic republic of Ethiopia. This studies conducted focusing on procurement performance has identified factors that contribute to procurement performance of organizations. Although contract management practice as one part of procurement procedure identified in the studies, there is limited research done on contract management practices on different stages and the effect on procurement performance in organizations, in particular humanitarian organizations in Ethiopia.

Since 2016 in response to the 2015/16 El Nino and 2016/17 La Nina driven great drought in Ethiopia, SOS CVE has been implementing an emergency response and recovery project in Oromia and Somali regions. The organizations have been engaged in procuring different goods services to deliver the needed relief through these continuous projects. Because of the drought most of the people livelihood especially women headed livelihood is severely degraded, for this reason the project has planned to implement the following key activities and strengthening the livelihood of 4,772 drought affected families. The project in Oromia region was a comprehensive emergency response and recovery project aiming to contributes to efforts to mitigate the impact of drought in the project area. The project is implemented in priority one district of East Harerghe zone in Fadis, Chinaksen and Gursum woredas. At the end of the project period more than twenty thousand people will benefited from the project outcome. Major project components of this project are water sanitation, hygiene, livelihood strengthening and diversification and health; this basically focused on creating access to potable water for more than twenty thousand people. Rehabilitation of 15 hand

dug wells, 15 shallow wells, construction and installation of 30 roof water harvesting structures and construction 9 community ponds. Health Provide material and financial support to the district health offices, preparedness (Purchase of antibiotics, ORS, IV fluids and Tents), Purchase and distribution of basic medical equipment's and selective drugs to health post and centres for community services, Provide Material support for malaria prevention. In Somali Region emergency water trucking project implemented in Shabelle zone Gode and Kelafo woredas in 13 kebeles. A total of 13,323 people are benefiting from the project. It was a four-month project which started on December and ended on April, 2017. Euro 154,678 was allocated for this project (SOS Children's Village Ethiopia, Emergency Response Program). In this period the organization was engaged in multiple procurement and purchasing activities to deliver the above projects for the beneficiaries. And in this time SOS children's Village Ethiopia has observed some performance and managements gaps in its procurement activities and is currently working on developing a new procurement and logistics policies and procedures.

After reviewing disaster relief activities, SOS Children's Village Ethiopia engaged in which require procuring different goods and services to successfully deliver relief to the population in areas where it operates in and the amount it has allocated to achieve it. And after reviewing the current procurement and logistics policies & procedures of the organization, which is both engaged in relief & aid operations, the researcher noticed that contract management is not being utilized to achieve a desired level of efficiency of procurement activity at the organization. Contract management can aid in achieving the procurement goal of humanitarian relief procurement operation. And it was apparent that contract management should be given much and due attention to achieve the procurement goals SOS Children's Village Ethiopia wants to achieve. In the procurement and logistics policy and procedure of SOS CVE contract management is not given the proper attention and the necessary components and procedures needed to perform contract management was not even included. With this observation the researcher believed that the selected organization and other humanitarian organizations operating in Ethiopia will be benefited if they assess the effect of contract management in their overall humanitarian supply chain management operation.

This study therefore intends to fill this research gap by examining the effect of the contract management practice on procurement performance of SOS Children's Village of Ethiopia with commonly advocated contract management practices used in previous researches that include pre contract award contract management, contract administration and post contract close out contract management practices.

1.5. Research questions

The following research questions have triggered the proposed study:

- What is the practice of contract management at the SOS Children's village Ethiopia?
- What is the relationship of contract management practices (pre contract award contract management, contract administration and post contract close out contract management practices) and procurement performance?
- What are the effects of contract management (pre contract award contract management, contract administration and post contract close out contract management practices) on procurement performance of SOS Children's village Ethiopia?

- What is the procurement performance of SOS Children’s Village Ethiopia?

1.6. Research objectives

1.6.1 General objective

The general objective of this study is to assess the effect of contract management on procurement performance of relief operations in Ethiopia.

1.6.2 Specific objectives

The specific objectives of the study are:

- Assess the contract management practice in SOS Children’s Village Ethiopia.
- Assess the relationship of contract management (pre contract award contract management, contract administration and post contract close out contract management practices) and procurement performance of SOS Children’s Village Ethiopia.
- Assess the effect of contract management (pre contract award contract management, contract administration and post contract close out contract management practices) on procurement performance of SOS Children’s Village Ethiopia.
- Assess the Procurement performance of SOS Children’s Village Ethiopia.

1.7. Significance of the study

The study has significance for the humanitarian sector as well as for suppliers that are in the private sector. The humanitarian sector that are engaged in relief operation face constant shortages, constant price fluctuations, goods of inferior quality and delay in delivery. hence the outcome of this research will aid these organizations to evaluate their contract management policies and procedures to be utilized as a tool to overcome the above mentioned obstacles. On the other hand, suppliers who are found in the private sector can take points from the findings and can structure their operations to be more suitable for coordination in the relief operation; the benefit could be two folds for them as they get economical gain as well us do their part to ease suffering. The study may also be useful to scholars and academicians. It may deliver information to scholars working on SCM in various organizations and those who want to use the result as a basis for further research on in the public and non-governmental sector.

1.8. Scope of the study

The geographical scope of the study was the coordinating office and the six regional offices of SOS Children’s Village Ethiopia. The organizations have seven regional offices located at Addis Ababa, Gondar, Mekele, Jijiga, Gima, Dila and Gode. For research purpose the focus was on the Addis Ababa country office and the six regional offices procurement and logistics department for their practice of contract management and for the geographical convenience for the researcher to collect data. Procurement for relief operations is conducted and managed by the country office and the six regional offices managers and staff in supply chain department and finance department. Questionnaire was distributed through email and interview with managers administered via telephone.

The time scope was the 2018 and 2019 fiscal year. this year was chosen because the El Niño drought impact was significantly felt in addition there were displacements caused by the political unrest in different parts of Ethiopia, and the effective and efficient relief operations of humanitarian organizations was significant in reaching people in need in Ethiopia. The drought also had an impact in the local economy so the humanitarian relief operation was tight on the supply side as well as the demand was high, so the researcher believes the time frame will provide a good snap shoot for the study.

The conceptual scope focused on the dependent variable, purchasing performance, although there are many and different performance indicators for the function the researcher used 5R's procurement performance indicators the right price, the quality, the right quantity, at the time, and from the right source was considered as key performance indicators. The independent variable, contract management, have multiple practices for the function of this research the researcher used three major practices; pre contract award contract management, contract administration and post contract close out contract management practices.

1.9. Limitations of the study

Since the research focused on contract management effect on Purchasing performance of humanitarian organizations at the selected organizations, it's is difficult to generalize the finding of the study to other humanitarian organizations that are operating with a different set of procedures and policies of purchasing operations. As well as generalizing the findings to the overall performance, effectiveness and efficiency of the selected humanitarian organization logistics and supply chain management operations So to improve generalizability the study can be replicated for other logistic and supply chain functions as well as other organizations to improve the generalizability of the findings.

1.10. Ethical considerations

The information that was collected from firms is going to be kept confidentially in order to keep their ethical value. Institutional secured data like internal reports and other financial records that is required for the analysis, so the firms will be guaranteed that the information obtained from these documents will be kept with 100% confidentiality.

1.11. Definition of Terms

Procurement: The function of planning for, and sourcing Goods, Works, Non consulting Services, and/or Consulting Services to meet required objectives. (WB, 2018)

Contract: a set of documents, governed and restricted by law, that clearly establish the boundaries, extent, and intent of the executing parties' relationship, along with the rights and responsibilities of the entities involved." (Saxena 2008, 5).

Contract management: the process of systematically and efficiently managing contract creation, execution and analysis for maximizing operational and financial performance and minimizing risk (R D Elsey, 2007)

The terms “contract management” and “contract administration” are sometimes interchangeably used in literature on contract and procurement management topics. To avoid ambiguity, in this research, contract management is used as encompassing all stages and activities aiming at the overall goal of ensuring optimal contract outcomes. Contract administration designates one stage of those activities focusing on the day-to-day interactions with the contractor.

Procurement performance: can be divided in two effectiveness and efficiency. Procurement effectiveness is the extent to which the previously stated goals and objectives are being met while procurement efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and related activities. Effectiveness in procurement considers indicators such supplier quality, delivery management, flexibility of suppliers, material quality defects, supplier profile, inventory incoming on-time, order cycle time and documentation. (Maria, et al. 2018)

1.12. Organization of the study

This paper is organized as follows. Chapter I is organized under the title introduction which includes background of the study, statement of the problem, research objective, research questions, and significance of the study, scope of the study and limitation of the study. Chapter II presents literature review, it includes introduction Humanitarian supply chain management, the theoretical foundation, and conceptual development are presented. Chapter III describes the methods implemented it determines data collection and analysis methods and the proposed methodology. Chapter IV presents the analysis of the data and presents the findings and discussion of findings of the study. Finally, in the last chapter, Chapter V concluding remarks, recommendations and directions for future research are provided.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews some of the studies conducted in the area contract management and procurement performance. Contract management strategies will be discussed in depth, bringing out the three stages of contract management cycle i.e. pre contract, contract administration, and post contract, as well as contract management contribution to procurement performance.

2.2 Theoretical Framework

Theories supporting this research is Transaction Cost and Organizational Economics Theory.

2.2.1 Transaction Cost and Organizational Economics Theory

Transaction costs are the total direct and indirect expenses of carrying out an exchange between organizations in the marketplace or a transfer of resources within an individual organization whether or not its branches are in different countries (Williamson 1975, 1981, 1985). Transaction cost economics is premised on the fact that costs created within market and non-market exchanges are influenced by several important variables such as asset specificity (Williamson 1975, 1981); bounded rationality (Williamson 1975, 81); contract specificity (Williamson 1975, 81); contract effectiveness (Shou et al. 2016) and agency (Jensen and Meckling 1976).

Asset specificity arises when an exchange partner has invested in resources that are of limited or no value in other exchange contexts (Williamson 1975,1981). Asset specificity is a term related to the inter-party relationships of a transaction. It is usually defined as the extent to which the investments made to support a particular transaction have a higher value to that transaction than they would have if they were redeployed for any other purpose.

Bounded rationality arises when partner organizations do intend to make rational decisions, but limited human information processing and interpretation abilities make complete rationality impossible. This may also relate to cognitive block and cognitive dissonance where there is a tendency for individual managers to seek consistency among their cognitions (i.e. beliefs, opinions) (Cooper 2007; Festinger 1957). Hence, key decisions are taken under conditions of uncertainty. Bounded rationality for instance is affected not only by the limited cognitive capability of individual managers and decision makers but also by the context in which decisions will be made as the rules of the game and governance may not be clearly understood (uncertainty) and are not held constant, perhaps, due to different cultures or different institutions. Property rights may be less secure and legal systems may operate differently (Williamson 2008). Hence, assessing transaction costs across national boundaries involves a host of complications that make the task less predictable, and this is important because humanitarian organizations must be seen to be efficient with the use of donor funds and must do more with less. Sometimes, unforeseen events in a foreign country may impact humanitarian organizations in several ways. Managers with a broad understanding of such global

and international complexities and a cosmopolitan view of the world may be in a better position to limit the adverse effects of bounded rationality and more accurately assess cross-border transaction costs. A manager who has worked in, lived in, or travelled to the target countries has a more comprehensive understanding of the peculiarities, costs and risks of operating in each culture and may be in a better position to evaluate the full extent of transaction costs in each country.

Contract specificity explains how exchange partners, who are unable to stipulate all of the potential inputs and outputs of an exchange relationship in advance, rely on explicit contracts to govern the exchange. For example, contracts of carriage, warehousing or supply. The transaction cost and organizational economics perspective suggests that organizations make sourcing decisions by combining the factors above to determine the optimal economic merit of each transaction (Hobbs 1996; Williamson 2008).

2.3 Humanitarian logistics operation (Humanitarian Supply Chain Management (HSCM))

In the recent past, the world has witnessed more disasters than any other time in history (including both natural and manmade disasters) which have affected more than 5 billion people across the globe. According to the Centre for Research on the Epidemiology of the Disasters (CRED), the combined loss of all the disasters have cost more than 150 trillion US dollars and left more than 180 million people homeless. The earthquakes in Iran (2003), Sumatra (2004), Pakistan (2005), China (2008), Haiti (2010), and Japan (2011) were the major earthquakes in the last decade (Pedraza Martinez & Van Wassenhove, 2012). Therefore, this calls for the better preparedness of disasters. The preparedness helps to tackle a disaster better, helps in mitigating the risk and alleviating the pain caused by the disaster. Humanitarian aid organizations have also nowadays under strict review of the government/NGO's/donors who pledge millions of Dollars worth aids in different forms. The donors expect their aid to reach the beneficiaries and in such cases, demonstrate accountability and transparency (Van Wassenhove, 2006).

According to the Council of Supply Chain Management Professionals (2011), HSCM encompasses the planning and management of all the activities in sourcing and procurement, conversion and logistics management. It also involves coordination and collaboration with actors who can be suppliers, donors, third party service providers, implementing partners and beneficiaries. Another definition by Thomas and Kopczak (2005, p. 4), the term 'humanitarian logistics' is the '... the process of planning, implementing and controlling the efficient, cost effective flow and storage of goods and materials, as well as related information, from the point of origin to the point of consumption for the purpose of alleviating the suffering of vulnerable people. The function encompasses a range of activities, including preparedness, planning, procurement, transport, warehousing, tracking and tracing, and customs clearance.'

Importantly, HSCM integrates supply management and needs assessment within and across humanitarian organizations and other actors. It has become important for humanitarian organizations to plan and execute the aid programs intelligently. In any humanitarian aid program, the major part (about 80 %) of the relief activities consists of logistics. Hence, managing the flow can be done only by efficient and effective strategies or in other words, managing the supply chain. In any emergency, the logistics management deals with procuring and managing the food, non-food items, and gifts-in-

kind (solicited and unsolicited) from appeal. It includes monitoring the commodity and financial information along the relief aid flow. Under such situations, the timely and accurate information becomes a critical factor. Relief managers, depending upon this information, try to mobilize the resources to provide the aid to the beneficiaries and at the same time, make an appeal to their donor (Tomasini & Van Wassenhove, 2009).

The authors Kovács and Spens (2007) distinguish between two main streams of humanitarian logistics: 'aid work' and 'disaster relief'. 'Aid work' mostly focuses on the continuous support of people in need (e.g. development aid). The term 'disaster relief' is usually used for operations that cope with sudden catastrophes (natural or man-made disasters). Based on the definition from Barbarosoglu, Özdamar and Cevik (2002, p. 2), the main emphasis of disaster relief activities is therefore to '... design the transportation of first aid material, food, equipment, and rescue personnel from supply points to a large number of destination nodes geographically scattered over the disaster region and the evacuation and transfer of people affected by the disaster to the health care centers safely and very rapidly.' In this context, disaster relief is understood as part of humanitarian logistics. However, Nikbakhsh and Farahani (2011) state, that humanitarian logistics is a branch of logistics, which is used in the management of disasters. According to this description, humanitarian logistics is part of disaster relief. To conclude, humanitarian logistics is necessary to execute both, aid work and disaster relief. Its relationship to disaster relief (part of disaster response or vice-versa) can be defined differently.

Natural or man-made catastrophes lead to loss of lives, shortage of food and water, damage to the existing infrastructure as well as ruptured socio-economic conditions (Akhtar, et al, 2012) and economic damages such as losses in sectors like fisheries, agriculture, livestock, tourism or microenterprises. To mitigate the negative impacts, humanitarian organizations prepare counter measures by creating infrastructure and planning relief operations in advance (Nikbakhsh & Farahani, 2011). In particular, governmental as well as non-governmental organizations (humanitarian organizations) all over the world put a lot of effort into helping nations and people to recover from disasters (Taupiac, 2001). These organizations usually provide food, water, blankets, shelters, medicines and other supplies to the affected population (Tomasini & Wassenhove, 2009).

An efficient but flexible humanitarian relief supply chains is the key subject in disaster relief, discussed from academics as well as practitioners (Kovács & Spens, 2007). In order to reach this, humanitarian logistics is one of the most important disciplines within disaster management (Nikbakhsh & Farahani, 2011; UNDRO, 1992). One of the biggest hurdles to overcome in humanitarian relief supply chains, is the huge uncertainty in demand, supplies and assessment accompanied by high time pressure. Hence, humanitarian logistics is determined by a high level of complexity, which makes this field the most expensive part during disaster relief (about 80 % of total expenditures) (Van Wassenhove, 2006).

To be prepared to respond appropriately to a disaster, humanitarian relief organizations procure approximately USD 50 billion worth of goods and services from local and international suppliers. In general, the volume of goods and services purchased is continuously rising. For instance, the United Nations (UN) procured only in the year 2000 around 40 % more than in 1996. The purchase of relief items (not services) at the UN amounts around 60 % of total procurement expenditures (Taupiac, 2001). In summary, procurement is the most significant part of humanitarian logistics. The total

quantity of purchased relief items is rising, which makes disaster relief procurement a topic of high relevance.

Disaster relief procurement not only falls within the area of humanitarian logistics; it also contributes to a high extent to its overall cost. Figure 2-1 demonstrates that procurement accounts for 65 % of total expenditures within disaster relief logistics. Administration, field personnel and transportation contribute only minor to the overall cost (Falasca & Zobel, 2011).

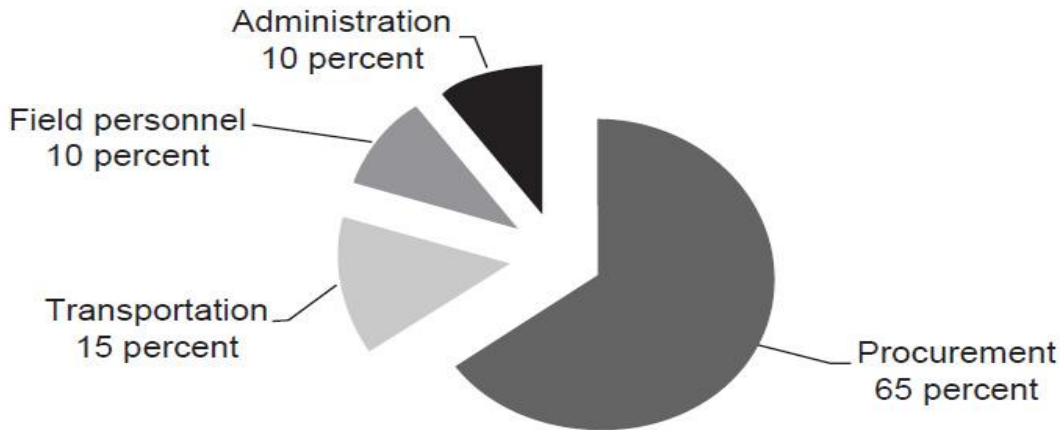


Figure2-1: Expenditures in humanitarian relief logistics (Falasca & Zobel, 2011)

For instance, WFP in its 2016 supply chain annual report stated it's goods and services procurement function was directly responsible for acquiring \$584m of non-food items varying from fuel to financial services, infrastructure to information technology, stationary to security items and everything in between. from procurement planning, through tendering, evaluation and award and on to contract management and close-out, Goods and Services procurement teams act as a trusted partner to client units across WFP (WFP, 2016).

2.4 Procurement particularities in humanitarian organizations disaster operations

Procurement in the humanitarian sector basically has the same goals and intentions as in private business. As buyer, organizations want the best possible value at a reasonable price (Taupiac, 2001). In addition to that, humanitarian procurement processes try to ensure, that organizations have all supplies required to meet the needs to provide adequate disaster relief (PAHO, 2001).

2.4.1 Disaster Management Cycle

In order to mitigate the negative impacts of disasters, the design of preventive measures and recovery plans is necessary. Related to time, disaster relief operations can be separated into four phases: before a disaster strikes (preparation phase), shortly after (immediate response phase), in the aftermath (reconstruction phase), and afterwards (mitigation phase) These steps build the so-called Disaster Management Cycle (Long, 1997). Each phase requires different resources and skills. For

instance, the first two phases mainly focus on strategic planning and preparation, whereas the last stage requires actual project management (Kovács & Spens, 2007).

During the preparedness phase, plans are set up in case a disaster occurs (e.g. preplanning of logistics operations, stockpiling of relief items, establishing communication plans, training of relief personnel). The response phase requires an immediate dispatch of personnel, equipment and other items to the disaster area. During the recovery phase, efforts are made to restore the affected areas to their previous state by reconstructing houses and public facilities (Nikbakhsh & Farahani, 2011). In the mitigation phase measures to prevent hazards from turning into disasters or to reduce their negative impacts are set (e.g. construction of flood levees, strengthening of existing buildings, land-use planning, insurances) (Haddow & Bullock, 2004). Hence, this phase requires high long-term planning and investment (Wilson, 2009).

2.4.2 Actors involved in disaster relief

Many actors, like donors, aid agencies, governments, military or non-governmental organizations (NGOs) are involved in disaster relief (Kovács & Spens, 2007). Each of them has different motives for providing relief (Long & Wood, 1995). Political issues might even prevent a successful conduction of relief actions (Murray, 2005).

A NGO is a non-profit, voluntary group of citizens (locally, nationally or internationally organized), that contains common interests and focuses on specific issues (human rights, environment, health or disaster relief) (NGO, 2013). Donors are very special actors, as they provide the basis for relief activities, but are not directly linked to the benefits of satisfying demand. Donor expectations however shape the funding structure of humanitarian organizations and are in this respect, often regarded as the real customers of relief organizations, not the aid recipients (Kent, 1987). The military is important in delivering communications and logistics capabilities. Host governments are crucial as well, as they typically command and control all operations (Seaman, 1999).

2.4.3 Disaster relief operations

The supply chain in disaster relief consists of three main steps (see Figure 2-2): supply acquisition and procurement, pre-positioning and warehousing and transportation (Tomasini & Van Wassenhove, 2009).

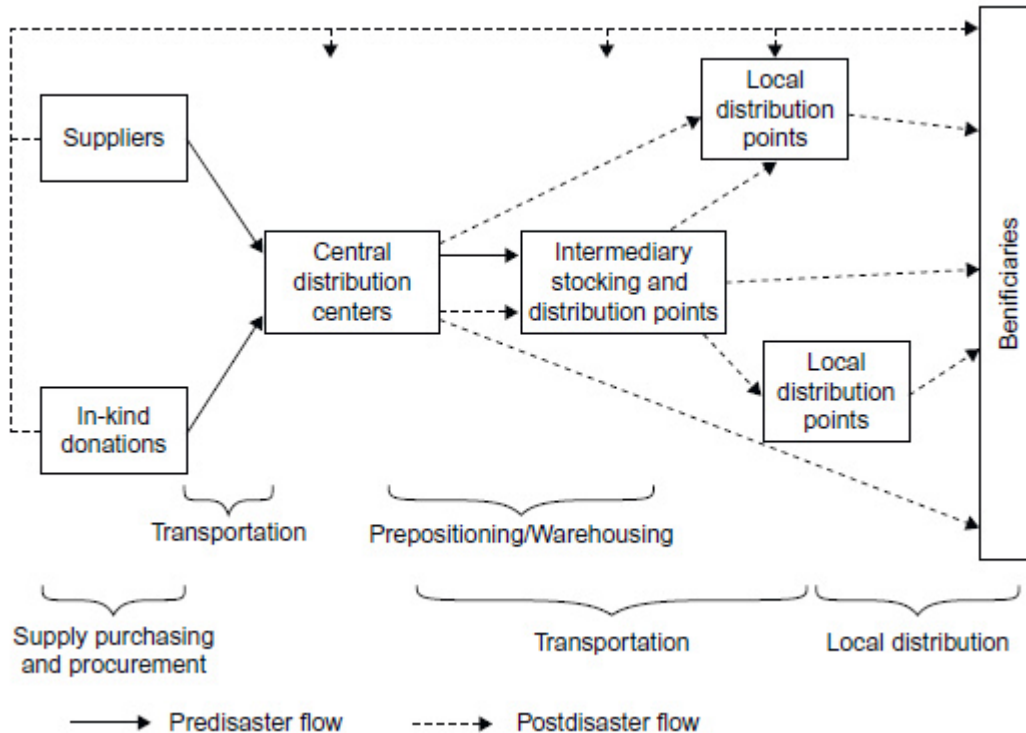


Figure 2-2: Humanitarian logistics chain structure (Nikbakhsh & Farahani, 2011)

The first stage contains all activities related to procurement of relief items (Balcik, Beamon, Krejci, Muramatsu & Ramirez, 2010), which originate from monetary sources or non-monetary (in-kind) donations (Akhtar et al., 2012). Goods are usually purchased from local or global suppliers by applying various procurement techniques (direct purchasing, e-procurement, tenders, ...). The main challenges are here the reduction of purchasing costs (considering price inflation in local markets after disasters) and lead times by still ensuring availability and the coordination of in-kind donations (Balcik et al., 2010). Most procurement decisions are short-termed, as demand can only be evaluated after a needs assessment performed in the affected area. Therefore, relief organizations stockpile ready-to-dispatch inventory in locations with access to disaster prone regions (Balcik & Beamon, 2008).

Transportation is the next stage in the supply chain and it includes the movement of personnel, equipment and necessary items. First, the goods are brought to central distribution centers, distribution intermediary points or local distribution centers and finally transported to the regions affected by the disaster (Nikbakhsh & Farahani, 2011).

Although each supply chain structure differs depending on the type of disaster and organizations involved, a common design, composed of procurement, inventory and transportation management, exists.

2.4.4 Procurement process in disaster relief

Instantly after a disaster strikes, relief organizations conduct an initial assessment (usually within one day after occurrence). The expected quantity of supplies required to meet the relief needs of the

affected population is estimated (Thomas, 2003) as well as pre-positioned supplies, already available at the organizations warehouses, are evaluated. Relief items, which need to be procured from suppliers, are determined (Balcik & Beamon, 2008). As next step, this assessment is translated into supply requirements. Demand for relief supplies varies in terms of magnitude, criticality and type of required materials and is highly unpredictable (Kovács & Spens, 2007).

Supplies are mainly 'pushed' to the disaster area in the response phase, whereas during the reconstruction phase the principle of 'pull' in sourcing is predominately applied. Another key point is, that the customers (receivers of aid) do not generate demand voluntarily and do not intend to 'repurchase'. Thus no 'real demand' is created, as demand is assessed through aid agencies (Long & Wood, 1995).

Goods can be acquired differently, like in bulk or vendor stored, until needed (Russell, 2005) and procurement can consider just local or also global suppliers and vice-versa (Blecken, 2010). After a disaster struck, speed at any costs is of utmost importance, as the first 72 hours are crucial for providing relief. Goods are brought into the affected area as quickly as possible. After the first 90 to 100 days, disaster response is delivered more effectively at reasonable cost and speed. Humanitarian organizations start from then on to source relief items locally (Van Wassenhove, 2006).

Statistics show, that in practice suppliers of relief items are predominately multinational firms from developed countries, capable of supplying immense quantities (Taupiac, 2001). Conversely, pre-stocked items at the affected region can considerably increase the speed of operations. Another approach of disaster response procurement is purchasing from local and regional suppliers instead of relying on long-distance donations in order to decrease transport costs and accelerate delivery (Nikbakhsh & Farahani, 2011). If local procurement is applied, the economy of the affected region is stimulated as well. Nevertheless, local procurement usually faces quality problems and might lead to supply shortages. In addition, local purchasing can generate competition between organizations, which results in high prices for the relief items (PAHO, 2001). International or global procurement is primarily done to access larger quantities, get lower prices and keep consistent quality. In contrast, delivery times are longer and transportation costs are higher by using global suppliers (Sowinski, 2003).

In most cases, humanitarian organizations will have multiple suppliers for each relief effort (Falasca & Zobel, 2011). Humanitarian organizations often purchase relief items from global suppliers through competitive bidding processes (Balcik & Beamon, 2008) in order to provide equal opportunities to all firms interested. However, in cases of huge disasters, when providing goods quickly in large amounts is crucial, tendering techniques are not applied (Taupiac, 2001). In the bidding process, humanitarian organizations first identify potential suppliers, which are able to meet the item and delivery requirements. Next, these qualified suppliers are invited to bid. As final step, humanitarian organizations evaluate the purchasing offers and finally make contracts with the winning supplier. Then the delivery of supplies to the affected areas begins. To increase responsiveness, humanitarian organizations started to establish pre-purchasing agreements with suppliers, which specify in advance quality and delivery requirements for emergency items. Mostly, these agreements contain that suppliers hold emergency stocks for humanitarian organizations (Balcik & Beamon, 2008).

2.5. Contract Management

A contract is a set of documents, governed and restricted by law, that clearly establish the boundaries, extent, and intent of the executing parties' relationship, along with the rights and responsibilities of the entities involved." (Saxena 2008, 5).

Modern contracts are viewed and defined in a variety of forms due to the wide-ranging scope of a contractual relationship. The scope of contracts can vary from the simplest of transactions to the most complex transactions possible involving considerable funds and many parties (Saxena 2008, 4). In its broadest sense, contracts are agreements that define relationship between two or more parties (Shippey 2009, 9).

Contract management can be defined as the processes undertaken to maintain the integrity of the contract, and ensure that the roles and responsibilities contractually demarcated are fully understood and carried out to the contracted standard (Grimsey & Lewis, 2004). Another definition of contract management is the process that ensures that all parties to a contract fully meet their obligations, in order to satisfy the operational objectives of the contract and the strategic business goals of the customer (Van Weele & Van der Puil, 2013). Contract managers are involved at an early stage of project development to define what contract types to use, given the background and technical complexity of the project. During the execution of the project, they support their internal project manager by monitoring the contractors' activities against what has been stated in the contract (Van Weele & Van der Puil, 2013).

Aberdeen Group defines contract life cycle management as "is the process of systematically and efficiently managing contract creation, execution and analysis for maximizing operational and financial performance and minimizing risk". (R D Elsey, 2007)

Contract management is the monitoring and control of contractor performance to ensure optimal outcomes from a contract. It includes establishing communication pathways and protocols, monitoring progress toward delivery of contract deliverables, managing payments, controlling variations, measuring contractor performance, and closing out the contract. Contract management comprises all stages and activities aimed at the overall goal of ensuring optional contract outcomes, including pre-contract award planning, contract administration and implementation, and contract closure. (Asian development bank, 2018)



Figure 2-3: Contract management stages (Asian development bank, 2018)

2.5.1 Pre-contract award

During the pre-award stages, the emphasis should be focused on why the contract is being established and on whether the supplier will be able to deliver in service and technical terms. (R D Elsey, 2007). The pre-contract award stage is the design phase of contract management during which the strategy is defined (Asian development bank, 2018)

2.5.1.1 Risk assessment

Risk assessment should be viewed in the overall context of risk management and seen as one of the three key activities – risk analysis, risk assessment and risk mitigation - which facilitate the taking of decisions and actions to control risk appropriately. Risk analysis is the process of identifying all the potential issues that can go wrong with an activity and then estimating the probability of each happening. It should form part of any significant contract management process and is a fundamental part of determining the contract strategy. The process can range from a simple listing of risks on an informal, intuitive basis to a formal process involving set procedures and working with other professional disciplines in brainstorming and technically and financially evaluating potential risks. (R . D Elsey, 2007)

In contract management, the term ‘risk management’ incorporates all the activities required to identify, control and manage risks that might have a negative impact on the contract being performed effectively – and ultimately to ensure value for money. (Newziland gov’t Ministry of Economic Devt’ 2011)

2.5.1.2 Developing contract management strategy

The development of a contract strategy is designed to establish the form of the procurement and provide assistance in determining the formulation and award of the contract and the style and type of management to be adopted for the subsequent service delivery, relationship management and contract administration. (R. D Elsey, 2007)

2.5.1.3 Developing contract management plan

Contract management tends to receive the least attention – and sometimes only when issues arise. A Contract Management Plan can be a useful tool, particularly for high-value, complex, unique or strategic procurements. It greatly increases your chances of achieving a successful outcome to your procurement. (Newziland gov't Ministry of Economic Devt' 2011).

Contract management plan is drawn up in advance of contract award. This should set out how the obligations of all the parties should be carried out effectively and efficiently. (R . D Elsey, 2007)

2.5.2 Contract Administration

Contract administration is the process of monitoring contractor performance while ensuring compliance with terms and conditions set forth in the contract statement of work (SOW). Additional elements of contract administration include negotiating change requests, managing payment schedules, and conducting performance analysis. Sometimes, it may be necessary to hold a pre-performance conference in order to clarify any last-minute expectations. Contract administration is continuously conducted until the contract is closed out or terminated (Garrett, 2010; Rendon, 2011a).

Contract administration starts at contract award and continues throughout the contract implementation period. It refers to the management of the day-to-day practicalities and administrative requirements under the contract. It makes up the bulk of contract management activities. (Asian Development Bank, 2018)

2.5.2.1 Record management

Records management is an important part of contract administration. Key contract information should always be kept up-to-date in the records to provide a comprehensive source of information. Common records to be Maintained through records Management; Key stakeholders, Contract documents, Insurance policies, Bank guarantees and indemnities, sourcing documents, Plans and schedules, Safety management plans, Environmental management plans, Variation schedules, Project correspondence (in and out), Performance reviews (including contract performance reviews and reports), Meeting minutes, Financial documents (invoices, purchase orders), and Communication on claims. (Asian development bank, 2018)

Good records management requires the maintenance of accurate records (be it in digital format and/or paper format) that are accessible at all times. For projects where many documents are generated, it may be necessary that this function be dedicated to a document administrator. (Asian development bank, 2018)

2.5.2.2 Performance management

Performance management and assessment should ideally occur at regular intervals throughout the life of the contract. Each institution needs to evaluate information needs relating to each classification and type of contract. However, information should also be provided at a summary level to provide a view of institution wide performance. (RSA national treasury,2010)

2.5.2.3 Managing payment

Payments must be carefully managed under the relevant contract provisions. Proper management of payments means not only making (timely) payments as and when required under the contract, but also monitoring actual against planned payments (retrospective view) and assessing payments that will be due (prospective view) (Asian development bank, 2018).

2.5.2.4 Managing changes

Changes will almost inevitably occur during the period of a contract and managing these changes is a particularly important activity. a formal change control procedure should be designed and set out in the original contract documentation to avoid misunderstanding and ambiguity about roles, responsibilities and the actions to be taken in any given situation. These change control procedures should be initiated at the earliest opportunity, post contract award. They should include procedures to keep all contract documentation up to date and consistent so that all parties have a common view of the agreed changes (R . D Elsey, 2007)

2.5.2.5 Claim and dispute management

It is essential that a dispute resolution mechanism is specified in the contract at the time of drafting. This dispute resolution mechanism can then be used where disputes cannot be resolved amicably. Things can go wrong on projects despite regular monitoring, leading to disputes hence, proper management of disputes is necessary. (Asian development bank, 2018)

2.5.3 Contract closure

The last stage of contract management is contract closure. Contract closure is often overlooked or handled poorly, since the main deliverables have been completed and parties to the contract focus on other priorities. However, contract closure is important because it provides a clear end to the contract. (Asian development bank, 2018)

Contract close out/termination is the final phase of the contract management process. If a contractor has successfully and satisfactorily completed all the performance elements and all administrative issues have been settled, a contract can be closed out and verified complete. Elements of contract closeout may include processing final payments, completing closeout checklists, and documenting the contractor's performance. There are two additional ways in which a contract may end. A contract can be terminated for convenience by the government or terminated for default because of lack of performance by the contractor. All contracts eventually must be closed out (Garrett, 2010; Rendon, 2011a).

2.5.3.1 Post contract review

Another important activity conducted at closeout stage, particularly in the case of high value, large contracts, is the preparation of a post-contract project report. This may follow a formal post-contract review, undertaken to assess the business benefits – or losses - from carrying out the procurement, how those benefits may be furthered enhanced and/or costs and risks reduced and how the losses can be recouped and turned to benefits. The review should also gather the lessons that can be learnt from the management processes and procedures followed during the contract and implemented in the future. The review should include the views of all stakeholders (R . D Elsey, 2007)

2.5.3.2 Contract effectiveness

As stated by Aberdeen Group organizations in both the public and private sectors are facing increasing pressure to reduce costs and improve financial and operational performance. New regulatory requirements, globalization, increases in contract volumes and complexity have resulted in an increasing recognition of the importance and benefits of effective contract management. (R . D Elsey, 2007)

R.D Elsev, 2007 continues to argue contract management is successful if: the arrangements for service delivery continue to be satisfactory to both parties, and the expected business benefits and value for money are being realized, the expected business benefits and value for money are being achieved, the supplier is co-operative and responsive, the organization understands its obligations under the contract, there are no disputes, there are no surprises, a professional and objective debate over changes and issues arising can be had, and efficiencies are being realized. (R D Elsey, 2007)

Time, cost and quality can be seen as three constraints within which the contract needs to be delivered. Changes in one constraint may necessitate changes in another to compensate. Time constraint is an essential part of contract management is identifying the critical path. The critical path is the sequence of activities, which add up to the shortest time possible to complete the contract. Managing costs is essential to ensure that the contract is delivered within the contract price. The

approach to managing costs will depend to some extent on the nature of the contract. Quality control this ensures that quality is controlled and consistently delivered, it is good practice to monitor and assess quality as the contract is being implemented. (WB, 2018)

Although KPI may vary depending on the specific contract, contract performance measures normally rotate around cost, time, quality, ESHS performance (for infrastructure contracts) and stakeholder (end users/ community) satisfaction. KPIs are only indicators and not an end by themselves. If a certain KPI is not met, the reasons should immediately be identified, discussed with the contractor as needed, and issues/bottlenecks addressed in a timely manner in accordance with the contract. (WB, 2018)

Managing contracts is important for the success of any procurement process. It is an issue of strategic importance to all parties involved (Pillai and Adavi, 2013). And Contract administration/management aims at ensuring enforcement of contract terms while giving attention to achievement of stated output and outcome of the contract (Davidson and Sebastian, 2009).

2.6 Procurement Performance

According to Walker and Rowlinson (2008), the measurement of procurement performance is the primary step in being able to comprehend the weaknesses and strengths of a given system and put into place corrective actions. According to Chase et al (2008), performance measurement can take either a financial point of view or an operational point of view. Another definition on procurement performance involves two main aspects: effectiveness and efficiency. Procurement effectiveness is the extent to which the previously stated goals and objectives are being met while procurement efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and related activities. However, the most important driver of procurement performance is supplier performance. Effectiveness in procurement considers indicators such supplier quality, delivery management, flexibility of suppliers, material quality defects, supplier profile, inventory incoming on-time, order cycle time and documentation. (Maria, et al. 2018). Other indicators are transparency and openness of the procurement system concerning fairness of participants as well as capability to react fast to variations in schedules and ability to access and utilize new technologies (Kendra & Taplin 2004).

In conclusion procurement performance is the examination of effectiveness and efficiency of the results of procurement actions the achievement of an agreed task is measured against predetermined standards such as; cost, speed, flexibility, accuracy, completeness, quality of purchases, and profile supplier (Jones and Oliver 2006). Indeed, procurement brilliance is progressively becoming an imperative factor in delivering efficient operations within prosperous companies (Chase, Jacobs, and Aquilano (2008).

Procurement effectiveness is the extent to which the previously stated goals and objectives are being met. It refers to the relationship between actual and planned performance of any human activity. Additionally, he explains that procurement efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities, referring

to the planned and actual costs. As a result, supplier performance is the most important procurement performance driver. (Van Weele , 2002).

According to Jones and Oliver (2006) various procurement performance measures such as; quality measures, price performance measures, cost performance measures, time related measures, innovation (technology) measures, environment and safety measures, asset management measures, administration measures, client fulfilment measures, supplier performance measures and strategic performance measures. However, this study will use the following measures; price; cost; quality and time measures (Jones and Oliver 2006). The efficiency of the performance measures describes how well the objectives of procurement are realized (Arun and Linet 2005).

In detail USAID Delivery Project (2013) has summarized procurement performance indicators. These indicators are categorized in five main categories, comprising eleven procurement performance indicators in total. The main categories are; cost performance category the indicators being product price variance, and effective contract utilization. The quality performance category with indicators expiration management, and supplier performance. The third performance category timeliness and the indicators are: supplier performance (this indicator can also be a quality performance indicator), procurement cycle time, and payment processing time. The fourth performance category is system productivity with indicators procurement cost, and staff training. The fifth and final category of performance indicators is the integrity comprising indicators transparent price information, and transparent tendering. let's explore each indicator individually;

Product price variance: measuring the percentage variance or variance between the contract unit price and the international reference unit price for focus products over the annual spending period.

Effective contract utilization: measuring percentage by value of purchases made under simple purchase orders, annual contracts, and multi-year contracts to assess the procurement entity's use of contracting mechanisms.

Expiration management: measures annual money value of expired products or percentage value of expired products.

Supplier performance: percentage of orders in compliance with contract criterion - this aspect belonging to the quality performance category. And measuring percentage of orders delivered in time- this aspect belonging to the timeliness performance category.

Procurement cycle times: measuring percentage of procurements completed (placed) with in standard time guidelines.

Payment processing time: measuring percentage of supplier payments made within the payment period called for the contract.

Emergency procurement: measuring the percentage by value and number of purchased orders or contracts issued as emergency orders.

Procurement cost: the ration of annual procurement units cost-to-value of annual purchases.

Staff training: measures key training program components are in place and percentage of staff who receive training annually.

Transparent price information: measuring percentage of products with prices posted on publicly accessible website.

Transparent tendering: measuring percentage of total value of contracts that were awarded through and open and competitive process. (USAID, 2013)

A range of traditional purchasing performance measurements, considered as quantitative questions, can be gathered from the on-going management of a contract, including metrics such as: savings on the purchase price, reduced inventory levels, incoming defects, on-time deliveries, procurement cycle time, cost of change, and cost of placing orders. At a higher level, effective measurement of purchasing will be concerned with establishing the need, managing internal and external relationships, managing contracts and performance, managing change, customer support, infrastructure issues, business continuity and transition. In relation to a particular contract, these issues can be addressed by raising questions, although more qualitative and subjective in nature than those set out above, that are concerned with the upstream and downstream management processes and relationship issues as: documentation–clarity, understanding and comprehensiveness pre-award contract processes. understanding and timetables. change control procedures – ease, understanding, comprehensiveness, communication - suppliers, customers and other stakeholders. risk - identification and management. contractual relationships - smoothness, conflicts. Customer satisfaction. And business continuity and transition issues. (R D Elsey, 2007)

Managing contracts is important for the success of any procurement process. It is an issue of strategic importance to all parties involved (Pillai and Adavi, 2013). And Contract administration/management aims at ensuring enforcement of contract terms while giving attention to achievement of stated output and outcome of the contract (Davidson and Sebastian, 2009).

Procurement is referred to as acquisition of goods, services, capabilities and knowledge required by businesses, from the right source, the right quality, in the right quantity, at the right price and at the right time to maintain and manage a company's primary and support activities (Giunipero, et al. 2006; Hines, 2006; Porter, 1998; Triantafillou, 2007, Van, 2000). Van Weele (2006) maintained that there is a link between procurement process, efficiency, effectiveness and performance. Procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. The standard statement of the overall objectives of the purchasing function is that it should obtain the right materials in the right quantity, for delivery at the right time and place, from the right source with the right service (after and before sale) and the right price " (Leenders, 1989:24). purchasing has the following objectives, which can be explained in terms of the 5R's of procurement (purchasing);

- Right Quality

It can be defined in many ways but of the purpose of material purchasing. Specifications where the buying organization lay down clear and ambiguous requirements that must be met. The specification of the product, not the application (Bail p. et al 2005). The right quality is the suitable of an item for a given purpose (Nair, 1990: 125).

- Right Quantity

In most organization the decision of how much to purchase is more important by the close relationship of purchases quantity and schedule use. (Parson, 1982:25) . Regular requirements are brought either for

stock or else for direct use in operations or production. Requirement quantity can be aggregated or sub divide in various ways (Bail p. et al 2005).

- Right Time

The recognition of „time“ as a key variable and the need to minimize time as waste in the supply chain has led to an increased degree of concern with time and responsiveness in recent years. The achievement of delivery on time is a standard purchasing objective. max Gopalakshan p. and Sundaresan. M. (,2002).

- Right Supplier

The supplier has a strong enough financial base/financial capacity, Competency (the supplier, its people or its process competent and has adequate man-power to handle the order), and The supplier in a position to honor the commitment without much follow- up Bail p. et al (2005).

- Right Price

The product or service offered at a competitive and reasonable price i.e. Market Price (Bail p. et al 2005). A traditional purchasing objective is to obtain the lowest possible purchase price. However, the common practice is to obtain the best life cycle price or the lowest total acquisition cost (Parson,1982: 145).

2.7 Empirical Literature Review

Supply chain management challenges in humanitarian environment may also hinder humanitarian organizations not to deliver the required humanitarian supplies to beneficiaries under the six principles of rights of a supply chain i.e. right place, right product, right quality, right time, right cost and right delivery (Kinyua 2013). A disaster response operation involves trade-offs of speed, cost, and accuracy with regard to the type of goods that are delivered and their quantities. Balancing these trade-offs requires a means of measuring supply chain performance; however, the inability to centrally capture time and cost data related to the procurement and distribution of goods has prevented a systematic process of performance measurement from being implemented (Phillips, 2014).

The contractual goal, or end, of the procurement of any good or service, should be successful project completion. The establishment of contract goals begins with identifying the typical contract risks and potential contract administration problems associated with the purchase that could affect any of the “5 R’s” (procurement of the right item, in the right quantity, for the right price, at the right time, with the right quality). The next steps are to assess the level of risk by determining the probability of occurrence for each type of problem and to develop a contract administration plan to avoid or minimize the problems (Davison and Wright, 2004). The importance of contract management as a business process is increasing as organizations, both within government and industry, focus on reducing costs and improving quality. If your goal is to create a world-class contracting organization, either within government or industry, it is essential to periodically assess where the organization is today in terms of policies, processes, procedures, and performance. Successful contract management is one-way organizations can survive in this environment of business constraints, tightening budgets, and intense

competition. With mature sales and purchasing contract management processes, organizations can effectively meet their cost reduction and quality improvement targets (Rene G. Rendon, 2015).

A study conducted by Titus Okinyi & Dr. Willy Muturi (2016) on factors affecting efficiency of procurement in public Institutions, identified Professional qualification, information communication technology, contract management, and procurement planning as factors of procurement performance. Additionally, Abebe (2017) on a study Factors affecting public procurement performance has Procurement planning, staff competency, procurement procedures, and ICT utilization as factors for procurement performance of public procurement performance in Ethiopia. On a research conducted on a humanitarian organization with the title Factors affecting procurement performance of organization: the case of international organization for migration, Ethiopia office Tsegaye (2019) has identified procurement performance of organization is dependent on different factors.

Oluka, P.N. and Basheka, B.C. (2014) on their study Determinants and constraints to effective procurement contract management in Uganda: a practitioner’s perspective has argued that among the major determinants to effective contract management were: defining processes and formulating a clear contract management plan, designing appropriate methods of capturing key data and lessons from contract management process. In addition, Hilina (2019) argued for “Purchasing” Organizations like need to have strong Contract Administration and is essential to periodically assess where the organization is today; in terms of policies, processes, procedures, and performance so as to improve service quality, reduce operation cost and improve appropriate contract performance and compliance, having strong contract management team. Problems obtained from this survey study where there is poor enabling environment, low-risk management practice, unskilled human resource, poor contract change management, low-level information system establishment, and poor assurance and Control system. Tsegaye (2019) also argued organization should try to give great emphasis for contract management and consumption management of procurement activities in order to develop those practices with great extent as they are the major objective of procurement practices.

When talking to contract management, one of the major aspects that need to be considered is naturally the operations and processes in the organizations. It is impossible to imagine an enterprise without the contact management process. According to recent studies, contracting is a set of disconnected activities rather than a process. This leads to poor visibility and metrics control practice. The process of preparing and launching of contract management in an organization can take years. This kind of process should be seen as an on-going multi-step process instead of a project that can be completed in less than a year (Kristian J., 2014).

Table 2-1: Summary of Literature Review

Scholar/author	Study	Procurement/Contract performance factors	Major findings	Limitation
Titus Okore Okinyi & Dr. Willy Muturi (2016)	Factors affecting efficiency of procurement in public Institutions: a case of public entities in Homabay county	Professional qualification, information communication technology, contract management, procurement planning	The four variables that are, academic qualifications and experience, ICT, Contract management and procurement planning process greatly influence the efficiency of	The study fails to clearly identify procurement performance indicators.

			Procurement process in public institution.	
Abebe Aberu (2017)	Factors affecting public procurement performance in Ethiopia: the case of public Procurement and property disposal services.	Procurement planning, staff competency, procurement procedures, ICT utilization	The study concludes that procurement planning, staff Qualification, procurement procedures and utilization of ICT positively affect procurement Performance at PPPDS	Fails to present additional data from sources other than data gathered from questionnaire
Tsegaye Turga (2019)	Factors affecting procurement performance of organization: the case of international organization for migration, Ethiopia office	Internal factors <ul style="list-style-type: none"> • organization structure • requesting/program unit • procurement unit implementing factors • staff competency and professionalism External factors <ul style="list-style-type: none"> • market environment • political environment • socio economic environment Determinant factors <ul style="list-style-type: none"> • procurement planning • supply chain integration • top management support • information communication technology 	<ul style="list-style-type: none"> • Organizational structure and procurement unit implementing factors were the major and staff competency & level of professionalism were the least internal factors affecting procurement performance • Market environment of the country is the major external factors • Determining factors of procurement performance are supply chain integration & top management support were the major determining factors and procurement planning & information communication technology were the least determining 	Needs to be conducted on multiple organizations. The results should be treated with caution to generalize.

			factors.	
Hilina Amare (2019)	Contract administration practice: the case of pharmaceutical supply agency of the federal democratic republic of Ethiopia	Governance /enabling environment, risk management, performance monitoring, evaluation, and reporting, change management, payment management, dispute management and resolution, contract closeout and lessons learned, information system, human capital and capacity building, assurance systems and control	Contract administration is essential to periodically assess where the organization is in terms of policies, processes, procedures, and performance so as to improve service quality, reduce operation cost and improve appropriate contract performance and compliance.	Fails to obtain the research objective of assessing the contract administration practice of the selected organization. Describes the contract administration practice without clearly measuring the dependent variable.
Pross N. Oluka and Benon C. Basheka (2014)	Determinants and constraints to effective procurement contract management in Uganda: a practitioner's perspective	Putting in place structure and resources, Ensuring the right people are in place to carry out the contract management activities, developing strong internal and external relationships, Payment and incentives,	major constraints to effective contract management include: <ul style="list-style-type: none"> • lack of political will to monitor contracts • lack of capacity in contract management and monitoring of various stakeholders • lack of integrity in the contract management process • lack of reliable, uncostly dispute resolution mechanisms • flexibility with regulations too burdensome • ambiguous cost overrun due to inflation 	Exploratory research tries to identify constraints, needs additional investigation to clearly identify relationship.

Source: Researcher's own (2020)

2.8 Conceptual Framework

The conceptual framework describes the link between independent and dependent variables in the study. Procurement performance was the independent variable incites success depends on collective and individual outcomes of contract management strategies which is independent variables. So Based on overall review of related literature, and particularly the work of R D Elsey, (2007), USAID, (2013), Arun and Linet 2005, Van Weele , (2002) on procurement performance and Garrett, 2010; Rendon, 2011a on contract management process the following conceptual framework in which this specific study will be governed is formulated as follow.

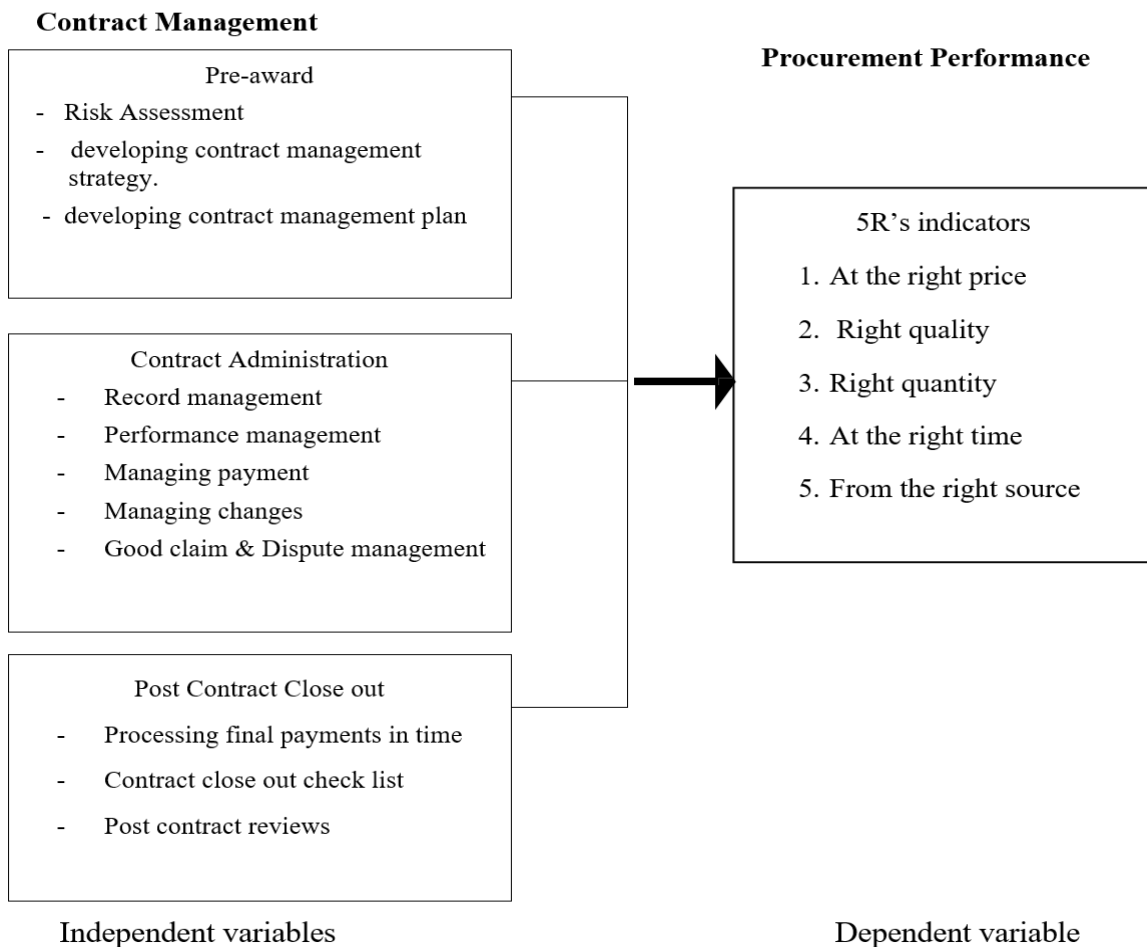


Figure 2-4: Conceptual framework for the study. Adapted from R D Elsey, (2007), USAID, (2013), Arun and Linet 2005, Van Weele , (2002) and Garrett, 2010; Rendon, 2011a

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used in the study. It comprises of the design to be employed, population of the study, data collection procedure, and data analysis.

3.2 Research Approach

The research has a deductive approach, in that it will try to test a developed theory that emerged from the existing theoretical and literature body of work concerning contract management and procurement performance.

Another approach to a research can be divided into qualitative and quantitative. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion (Kothari, 2004).

The purpose of inferential approach to research is to form a data base from which to infer characteristics or relationships of population on the other hand qualitative approach in a research is concerned with subjective assessment of attitudes, opinions and behavior (Kothari, 2004). Thus, the study deployed quantitative research approach of cross sectional field survey by collecting data through questionnaire from respondents. And after analyzing the collected data, based on the result generalization to the population was made.

3.3 Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Yin, 2009). Since the main objective of the study is to identify the effect of contract management on purchasing performance in humanitarian relief operation in Ethiopia, the study will employ a cross sectional, descriptive and explanatory research design.

Accordingly, in descriptive method the study focuses on the determination of the frequency with which an event occurs and how variables are related in a particular context. And in explanatory approach the study concerned with determining the impact and cause and effect relationships among variables. Hence, this research is undertaken with descriptive and explanatory research design in order to give an adequate description of the variables and reveal the extent to which the factors of contract management and procurement performance of SOS children's' village.

3.4 Study variables and their operational definition

3.4.1 Contract management

Contract management is the monitoring and control of contractor performance to ensure optimal outcomes from a contract. (Asian development bank 2018) Contract management is the process of actively managing contract implementation to ensure the efficient and effective delivery of the contracted outputs and/or outcomes. Effective contract management enables Borrowers to maximize VfM in delivering development outcomes. The focus of contract management is on the activities that are undertaken during the contract execution/implementation phase, following the award of contract

(downstream activities). However, the success of contract management is strongly influenced by upstream activities such as those undertaken during the procurement planning, choice of contract, and contractor selection phase. (The World Bank 2018)

3.4.2 Pre-award contract management phase

The pre-contract award stage is the design phase of contract management during which the strategy is defined; the contract administration stage consists mainly in implementing this strategy by performing a number of monitoring and control activities in interaction with the contractor, starting from contract award; and the contract closure phase aims at cleanly “exiting” the contract and drawing lessons for future projects (Asian development bank 2018)

3.4.3 Contract administration

Contract administration starts at contract award and continues throughout the contract implementation period. It refers to the management of the day-to-day practicalities and administrative requirements under the contract. It makes up the bulk of contract management activities (Asian development bank 2018).

3.4.4 Contract close out

Elements of contract closeout may include processing final payments, completing closeout checklists, and documenting the contractor’s performance. There are two additional ways in which a contract may end. A contract can be terminated for convenience by the government or terminated for default because of lack of performance by the contractor. All contracts eventually must be closed out (Garrett, 2010; Rendon, 2011a).

3.4.5 Procurement performance

For this research purpose procurement/purchasing performance indicators used are the 5R’s measures:

Right Quality;

It can be defined in many ways but of the purpose of material purchasing. Specifications where the buying organization lay down clear and ambiguous requirements that must be met. The specification of the product, not the application (Bail p. et al 2005). The right quality is the suitable of an item for a given purpose (Nair, 1990: 125).

Right Quantity;

In most organization the decision of how much to purchase is more important by the close relationship of purchases quantity and schedule use. (Parson, 1982:25). Regular requirements are brought either for stock or else for direct use in operations or production. Requirement quantity can be aggregated or sub divide in various ways (Bail p. et al 2005).

Right Time;

The recognition of „time“ as a key variable and the need to minimize time as waste in the supply chain has led to an increased degree of concern with time and responsiveness in recent years. The

achievement of delivery on time is a standard purchasing objective. max Gopalakshan p. and Sundaresan. M. (,2002).

Right Source/Supplier;

The supplier has a strong enough financial base/financial capacity, Competency (the supplier, its people or its process competent and has adequate man-power to handle the order), and The supplier in a position to honor the commitment without much follow- up Bail p. et al (2005).

Right Price;

The product or service offered at a competitive and reasonable price i.e. Market Price (Bail p. et al 2005). A traditional purchasing objective is to obtain the lowest possible purchase price. However, the common practice is to obtain the best life cycle price or the lowest total acquisition cost (Parson,1982: 145).

3.5 Population of the Study

According to Mugenda (2008), the population of study refers to a group of individuals, objects or items from which samples are taken for measurement. The population of this study is SOS children's village Ethiopia managers and personnel that are directly involved in procurement and contract management are three categories: all senior managers in both the Country and regional office. These are the people in charge of developing procurement and contract formulation and contract management strategies and ensuring their implementation.

According to SOS children's village Ethiopia, there are a total of 700 employees at the National office located in Addis Ababa and the five regional offices located at Mekelle, Bahirdar, Harar, Jimma, Hawassa and Gode. But the number of employees that are directly engaged in procurement and logistics activities are, who are responsible for contract formulation and management are from the supply chain and finance departments are 40 in number. (10 in the Addis Ababa county office and 5 each in the 6 regional offices) so considering the small size of the target population, census survey method was used to collect a primary data from 40 permanent supply chain and finance department staffs and 2 managers at the national office (one supply chain department and one finance department) through interview. The response rate for the questionnaires was 85% so 34 questionnaires were filled and returned for analysis.

Donald and Pamela (2006) define survey research as the collection of representative sample data from a larger population, then using the sample to infer characteristics of the population. This research design was considered appropriate, as it was reasonable when the population is small and variable hence the researcher was able to cover all the elements of the population. Therefore, the survey was considered more effective.

3.6 Data Collection Method

This study used both primary and secondary sources to collect data. Primary data was collected through questionnaire and secondary data was collected from reviewing accounting department records and reports.

Primary data from SOS Children's village Ethiopia employees was collected using self-completion questionnaires. Self-completion questionnaires are more time saving for the researcher. Use of self-completion questionnaires also reduces researcher bias unlike the case when the researcher helps in completing questionnaires ending up revealing their own opinions when replying to areas where the respondent needs clarity (Berdie, Anderson & Niebuhr, 1986). It is assumed that all respondents have enough education background and experience to understand contents of the questionnaire since they are working in the procurement department and are engaged in the logistics and procurement activities of the organization.

A preliminary structured questionnaire which was administered through phone was used for the study. The study used a structured questionnaire because every respondent is asked the same question in the same way. This will also ensure that everyone in the sample answers exactly the same questions, which makes this a very reliable method (Cooper & Schindler, 2003). Structured questionnaires are also relatively quick and easy to create and interpret especially if closed questions are used (Berdie, Anderson & Niebuhr, 1986).

Questionnaires were administered using a drop and pick later method for the Addis Ababa country office employees, and through email for the regional office employees. The advantage with this method is that respondents can fill in at their own convenient time so as to reduce interruptions in their work schedules. This also saves time for the researcher as well as enabling him/her to reach as many respondents as possible (Berdie, Anderson & Niebuhr, 1986).

3.7 Data Analysis

The data was analyzed using the IBM Statistical Program for Social Sciences (SPSS) version 20. Descriptive and Analytical statistics used to summarize the data. This included percentages and frequencies. Tables, pie charts and other graphs will be used to present the data collected for ease of understanding. Measures of central tendency is used (mean, standard deviation median, mode and percentages). Multivariate regression is used to determine the effect of contract management on procurement performance of humanitarian relief operations. The regression model is;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Where: Y = Performance (right cost, right quality, right quantity, right time and right source)

X1= pre contract award phase

X2 = contract administration phase

X3 = post contract close-out phase

ϵ = Error term/Erroneous variables

β_0 = constant/the minimum change in Y when the rest of the variables are held at a constant zero

β_1 = measures the rate of change in Performance as a result of the rate of change pre award contract management phase

β_2 = measures the rate of change in Performance as a result of the rate of change in contract administration phase

β_3 = measures the rate of change in Performance as a result of the rate of post contract close-out contract management phase

3.8 Measurement Reliability and Validity

3.8.1 Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. Reliability is about the internal consistency of research instruments; it is the ability of research instruments to produce similar results time and again under consistent conditions (Mugenda & Mugenda, 1999). The researcher used reliable sources to ensure the validity of the data such as published books, articles, published and unpublished reports by different authors in the area of contract administration and procurement performance measures.

3.8.2 Validity

To ensure the inner consistency of the present instrument, it was used the Cronbach's alpha coefficient. Developed by Lee Cronbach's in 1951, the Cronbach's alpha coefficient is a statistical tool that evaluates the inner consistency of a questionnaire. For the utilization of this coefficient, it is a requirement that all the items of an instrument use the same measurement scale. The Cronbach's alpha is obtained by the variance of individual components and by the variance of the components sum of each evaluated, aiming to investigate the possible relations between the items. As stated by Masdia Masri (2009), the closer the reliability coefficient to 1.00 is the better.

George and Mallery (2003) provide the following rules of thumb:

“ $\alpha > .9$ – Excellent, $\alpha > .8$ – Good, $\alpha > .7$ – Acceptable, $\alpha > .6$ – Questionable, $\alpha > .5$ – Poor, and $\alpha < .5$ – Unacceptable” (p. 231).

Table 3.1 Reliability of Contract Management Practices and Procurement Performance measures

Variables	Cronbach's Alpha
Contract Management	
Pre award contract management	.728
Contract Administration	.612
Post contract closeout	.726
Procurement performance	.792

Source: Research Data 2020

3.9 Questionnaire Design

In order to ease and clear the data analysis process, close ended questionnaires were used, the questions were in form of a five point Likert scale questions. Moreover, the questions were adapted from literatures relevant to this specific study. So as to reduce misunderstanding and uncertainties on the questions, all the possible efforts had been exerted by avoiding technical jargon and using simple and understandable English language. The questionnaire was classified in to three sections:

Section one: -is about the general demographic information of the respondents that covers gender, age, educational level, length of service year in the organization, and marital status of the respondents. And the responses of the respondents were interpreted by using frequency distribution and percentage.

Section two: - is about questions pertaining to the practice and process of contract management. It dealt with the three independent variables used in the study (pre-award, contract administration and contract close out) developed from Asian development bank, 2018 contract management guidance note on procurement. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree which allows respondents to indicate their level of agreement with the statement provided.

Section three: -consists of questions regarding the dependent variable of procurement performance. It consists of questions that are indicators of procurement effectiveness and efficiency the performance indicators are developed form USAID 2013 procurement performance indicators guide. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree which allows respondents to indicate their level of agreement with the statement provided.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

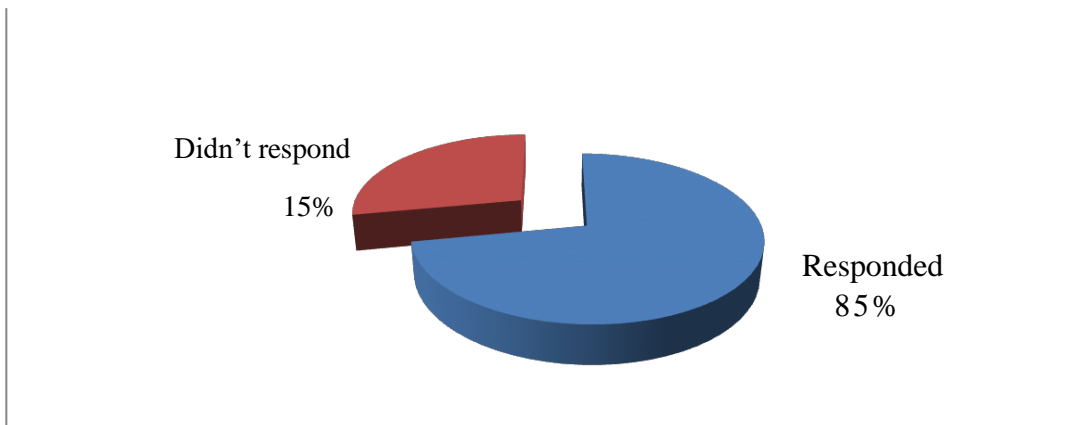
4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results of the investigation of the effect of Contract management on humanitarian procurement performance at SOS Children’s Village Ethiopia. Primary data was gathered from questionnaires and interviews. Likert type questions were included where by respondents indicated the extent to which the variables were practicable in a five point Likert scale.

4.2 Response Rate

The study targeted 40 respondents in collecting data with regard to the effect of Contract management on humanitarian Procurement performance operation at SOS Children’s Village Ethiopia. Of these, 34 questionnaires were filled and returned while one logistics manager was interring viewed. This gave a response rate of 85%.

Figure 4-1: Response rate



Source: Research Data (2020)

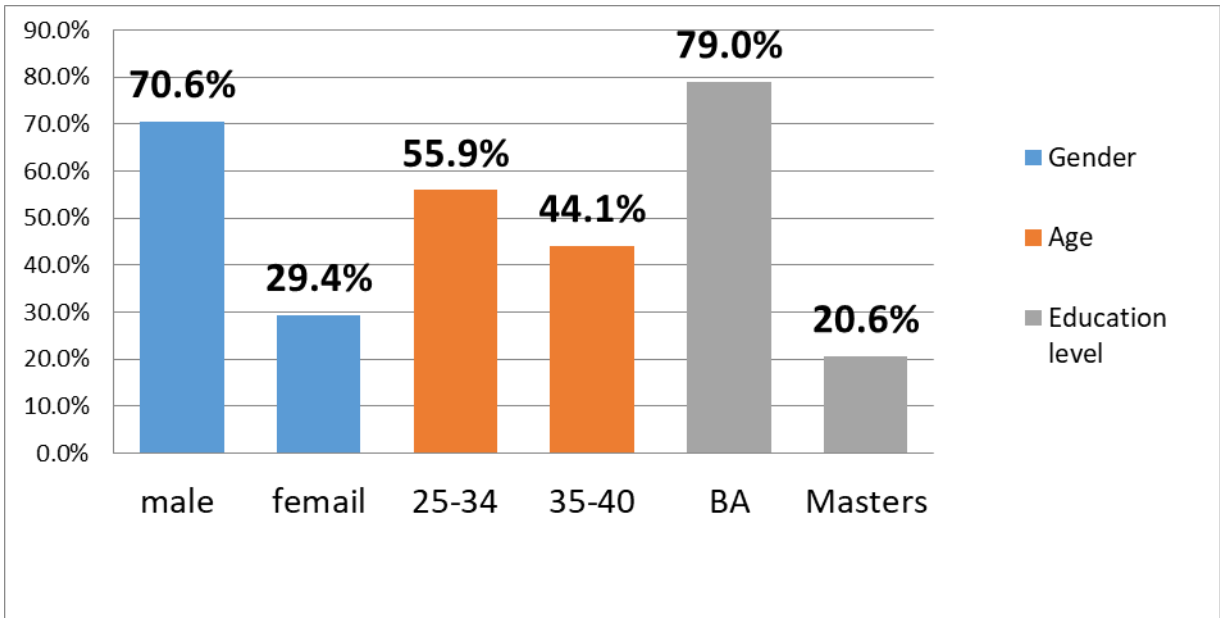
4.3 Descriptive Statistics

4.3.1 Socio-Demographic Information

The demographic profile of the respondents is presented below in Figure 4.2, Figure 4.3 and Table 4.1. The result of gender frequency analysis of the respondents showed that male respondents were higher 70.6% than that of female 29.4%. In addition, the age of the respondents was divided in to four categories, however the respondents age was divided in to two categories with the majority of the respondents (55.9%) found at age category of 25 – 34 years, while the remaining (44.1%) in 35-45 years’ category. Concerning educational background, majority of the respondents (79.4%) has

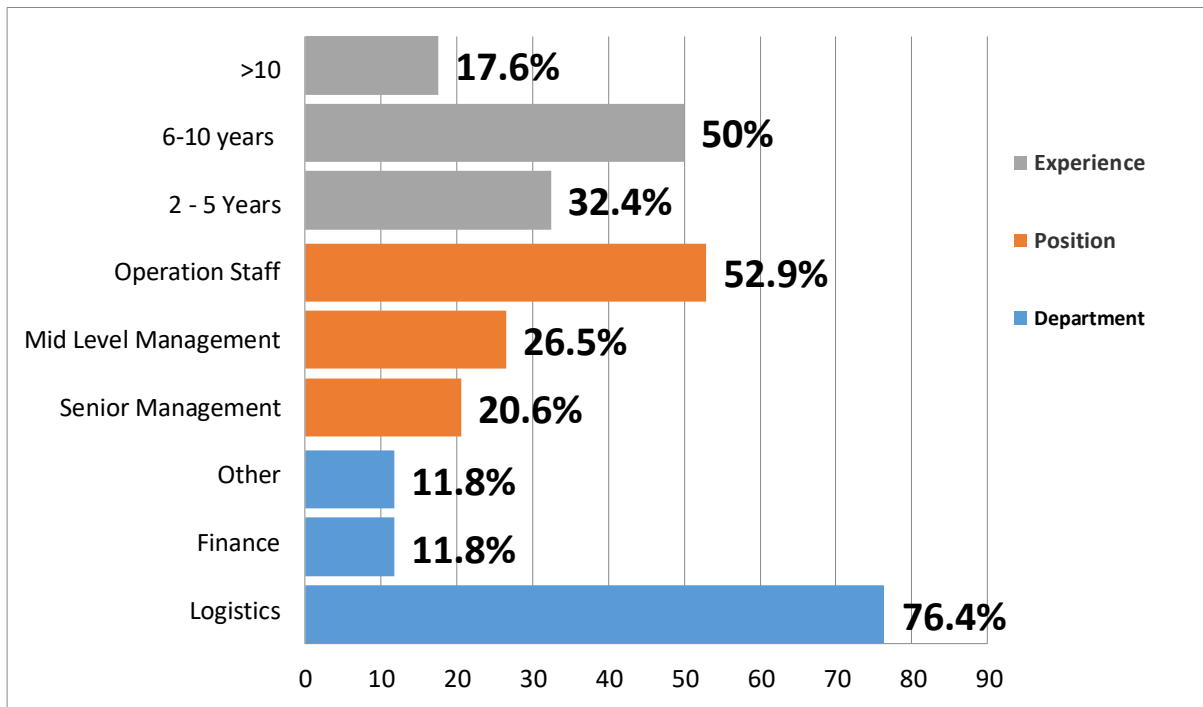
first degree, the remaining 20.6% second degree, no respondent has doctoral degree level or diploma.

Figure 4.2: Demography by gender, age, and educational level



Source: Research data (2020).

Figure 4.3: Demography by Department, Position and experience in the organization.



Source: Research Data (2020)

Most of the respondents 76.4% were from procurement and logistics department, while remaining 11.8% were from finance department and the rest 11.8% were from other departments, namely HR and sponsorship. With regard to respondents' year of experience at the organization, most of the respondents have experience of more than 5 years, 50% between 6-10 years and 17.6% of respondents had working experience above 10 years. The rest 32.4 % have work experience between 2-5 years in the organization. Regarding the current position of participants 20.6% of the respondents are in a senior management position in the different departments at the national office as well as the regional offices, 26.5% of the respondents are in middle level management positions, 52.9% of the respondents are operational staff.

Table 4-1: Demographic data of the Respondents by duty station

<i>Variables</i>	<i>Category</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Duty Station</i>	Addis Ababa, National Office	11	32.4	32.4	32.4
	Mekele Regional Office	4	11.8	11.8	44.1
	Bahir Dar Regional Office	4	11.8	11.8	55.9
	Gode Regional Office	3	8.8	8.8	64.7
	Harar Regional Office	4	11.8	11.8	76.5
	Jimma Regional Office	4	11.8	11.8	88.2
	Hawassa Regional Office	4	11.8	11.8	100.0
	<i>Total</i>	<i>34</i>	<i>100.0</i>	<i>100.0</i>	-

Source: Research data (2020)

Regarding the duty station, majority of the respondents are from the national office in Addis Ababa 32.4%. And respondents from Mekele regional office, Bahirdar regional office, Harar regional office, Jimma Regional office and Hawassa regional office each accounts for 11.6 %, while the remaining 8.8% of respondents are from the Gode Regional office.

4.3.2 Contract Management

4.3.2.1 Pre- Award Contract Management

To measure Pre-award contract management practice, three items were developed in this research. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. Table 4.2 below shows the three pre-award contract management practices performed at SOS Children's village Ethiopia. Accordingly, the group mean

of Pre award contract management practice is 3.01 and it indicated average/moderate performance level with respect to the overall measures taken into consideration. The results are presented on table 4.2 below as follows:

Table 4-2: Descriptive Statistics of Pre contract award procedures

	N	Mean	Std. Deviation
My organization performs risk assessment before contract award	34	3.2647	.51102
My organization develops contract management strategy before contract award	34	3.0882	.90009
my organization develops contract management plan before contract award	34	2.6765	.53488
Group mean		3.01	

Source: Research Data (2020)

From the findings, whether the organization performs risk assessment before contract award had a mean of 3.264, whether the organization develops contract management strategy before contract award had a mean of 3.01, and whether the organization develops contract management plan before contract awards had a mean of 2.6765.

The result also shows a group mean of 3.01 in pre-award contract management practices which is a neutral score, this would mean that the respondents agreed that the organization performance in areas of risk assessment before contract award, developing contract management strategy, and developing contract management plan before awarding a contract are not performed as much and need to be executed more and need to be given more attention. In particular, the organization need to improve the organization need to give attention to developing contract management plan before contract award which have a mean score below the neutral score.

4.3.2.2 Pre award contract management Influence on procurement performance

The study sought to find out the extent to which Pre- contract award management practices influences procurement performance. The questions were formed in a five point Likert scale such as 1=No extent, 2=Little Extent, 3=Moderate, 4=Great extent, 5=Very great extent. Results are given blow on Table4.3.

Table 4-3: Extent of Influence of pre award contract management on procurement performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Great extent	15	44.1	44.1	44.1
Moderate extent	19	55.9	55.9	100.0
Total	34	100.0	100.0	

Source: Research Data (2020)

From the findings, majority of the respondents, 55.9% said that pre award contract management influences humanitarian procurement performance to moderate extent. and 44.1% of the respondents said that pre award contract management influences humanitarian procurement performance to a great extent.

4.3.2.3 Contract Administration

To measure Contract administration practice, five items were developed in this research. Table 4.4 below shows the five contract administration practices performed at SOS Children’s village Ethiopia. the group mean of Contract administration is 3.75 and it indicated a good performance level with respect to the overall measures taken into consideration. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. The results are presented on table 4.4 below as follows:

Table 4-4: Descriptive Statistics of Contract Administration

	N	Mean	Std. Deviation
My organization has a good record management on contracts	34	3.5294	.86112
My organization conducts performance management on open contracts	34	3.0294	.79717
My organization performs payment as schedule on the contract	34	4.7647	.43056
My organization change management in contracts is good	34	3.5000	.50752
My organization claim and dispute management in contracts is good	34	3.9706	.17150
Group mean		3.75	

Source: Research Data (2020)

From the findings, whether the organization performs payments as scheduled on the contract had the highest mean value of 4.76, and whether the organization has a good claim and dispute management in contracts has the second highest mean value with 3.97. and whether the organization has a good record management and the organization’s change management in contracts has mean values of 3.53 and 3.5 respectively. Finally, the performance management on open contracts has the lowest mean value of 3.03

The result also shows an average group mean score of 3.75 which is closer to a good performance level, this would mean that on average the respondents agreed that SOS children’s village Ethiopia has a good contract administration practices, with processing payments having the highest score with a mean value of 4.76 which is close to the very good performance scale. In contrast the organization should give attention and work on improving the performance management practice on open contracts.

4.3.2.4 Contract Administration Extent of Influence on Procurement Performance

The study sought to find out the extent to which Contract administration practices influences procurement performance. The questions were formed in a five point Likert scale such as 1=No extent, 2=Little Extent, 3=Moderate, 4=Great extent, 5=Very great extent. Results are given blow on Table4.5.

Table 4-5: Extent of Influence of Contract Administration on procurement performance

	Frequency	Percent	Valid Percent	Cumulative Percent
very great extent	1	2.9	2.9	2.9
great extent	33	97.1	97.1	100.0
Total	34	100.0	100.0	

Source: Research Data (2020)

From the findings, majority of the respondents, 97.1% said that contract administration influences humanitarian procurement performance to a great extent. and 2.9% of the respondents said that pre award contract management influences humanitarian procurement performance to a very great extent.

4.3.2.5 Post Contract Close-out contract management practice

To measure post contract close-out contract management practice, three items were developed in this research. Table 4.6 below shows the three post contract close-out contract management practices performed at SOS Children’s village Ethiopia level of. Accordingly, the group mean of post contract close-out contract management practices was 3.19 and it indicated average/moderate performance level with respect to the overall measures taken into consideration The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. The results are presented on table 4.6 below as follows:

Table 4-6: Descriptive Statistics of post contract close-out contract management practices

	N	Mean	Std. Deviation
My organization Process final payments in time	34	4.5588	.50399
My organization use contract close out Check list	34	2.2941	.46250
My organization performs post contract review after contract close out.	34	2.7059	.90552
Group mean	3.19		

Source: Research Data (2020)

From the findings, whether the organization process final payments in time had a mean value of 4.56, whether the organization uses a contract close out check list had a mean value of 2.3, and whether the organization performs post contract review after contract close out had a mean value of 2.71.

The result also shows an average group mean score of 3.19 which is closer to score of neutral on the measurement scale, this would mean that the respondents agreed that the organization’s post contract close-out practice performance needs to improve. processing final payments has a mean value of 4.6 which is closer to the very good performance in the measurements scale, however the scores for contract close out check list and post contract reviews after contract close out has a mean score below the neutral measurement scale and needs to improve immensely.

4.3.2.6 Post Contract Close-out Extent of Influence on Procurement Performance

The study sought to find out the extent to which Contract administration practices influences procurement performance. The questions were formed in a five point Likert scale such as 1=No extent, 2=Little Extent, 3=Moderate, 4=Great extent, 5=Very great extent. Results are given blow on Table4.5.

Table 4-7: Extent of Influence of Post Contract Close-out procurement performance

	Frequency	Percent	Valid Percent	Cumulative Percent
great extent	18	52.9	52.9	52.9
moderate extent	16	47.1	47.1	100.0
Total	34	100.0	100.0	

Source: Research Data (2020)

From the findings, majority of the respondents, 52.9% said that Post Contract Close-out influences humanitarian procurement performance to a great extent. and 47.1% of the respondents said that post contract close-out management influences humanitarian procurement performance to a moderate extent.

4.3.2.7 Procurement Performance

The study tried to know the respondent’s level of agreement with statements related to procurement performance. The study used the 5R’ procurement performance measure as a main tool to assess procurement performance of SOS Children’s Village Ethiopia. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree.

Table 4-8: Procurement Performance 5'R indicators

	N	Mean	Std. Deviation
right quantity	34	3.9706	.17150
from the right source	34	3.7353	.51102
at right price	34	3.9706	.17150
at right time	34	3.2353	.85489
With right quality	34	3.9706	.17150

Source: Research Data (2020)

The results show from the 5R's procurement performance measurements Delivery of Right Quantity, Delivery with the right Quality and at the Right Price has the highest mean score with a value of 3.97. followed by Procurement from the rights source with a mean value of 3.7, and Procurement from at the right time with a mean value of 3.24.

The study also tried to assess other procurement performance indicators as a secondary measure to assess the overall procurement operation and performance at SOS Children's Village Ethiopia. The questions were formed in a five point Likert scale such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree. From this measures suppliers' delivery of the correct goods and services and no delays in processing payments to suppliers has the highest score with a mean value of 3.97, followed by prices paid for goods and services procured under contract are in alignment with local and international prices with a mean value of 3.94. suppliers deliver goods and services in time has a mean value of 3.76. and in the lower spectrum efficiency level of operations in procurement unit has a mean score of 2.62, good supply planning practices are being used/utilized has a mean score of 2.53, and finally there are no delays in executing procurements has the lowest score with a mean value of 2.5.

Table 4-9: Other procurement performance indicators

	N	Mean	Std. Deviation
Prices paid for goods and services procured under contract are in alignment with local and international prices	34	3.9412	.34300
Supplier delivers the correct goods and services	34	3.9706	.17150
Supplier delivers goods and services on time	34	3.7647	.43056
There are no delays in executing procurements	34	2.5000	.50752
There are no delays in processing payments to suppliers	34	3.9706	.17150
Good supply planning practices are being used	34	2.5294	.92884
Efficiency level of operations in procurement unit is good	34	2.6176	.92162

Source: Research Data (2020)

In addition to the result of the questionnaire survey, the result of the secondary data obtained from the national offices' financial records of 2019 financial year showed that, in 2019 SOS Children's Village Ethiopia national office has signed 21 contracts in total with different goods and services suppliers. One contract has a dispute, while none of the contracts defaulted. The reason for dispute being assessment for project proposal development.

Table 4-10: Summary of contracts in 2019 FY (at the national office)

Financial Year	2019
Number of contracts	21
Number of contract with disputes	1
Number of contract defaults	0

Source: Research Data (2020)

4.4 Inferential Statistics for Contract Management and Procurement Performance

4.4.1 Correlation analysis between contract management practices and procurement performance

The measure of linear relationship between two variables is called Correlations. And correlation coefficient has a value ranging from -1 to +1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship. Andy, (2006) described correlation is a commonly used measure of the size of a relationship: values of ± 0.1 represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect.

Here correlation analysis was conducted with respect to second research objective. Therefore, relationship between contract management practices and procurement performance was investigated. Thus, it provided Correlation Coefficient which indicates the strength and direction of relationship. The probability of significance relationship was also indicated by p-value.

The constructs of contract management practices in which their relation with procurement performance seen in tables below are pre-award contract management, Contract administration, and Post contract close-out. The results for each construct of procurement performance are presented separately.

Multicollinearity, Correlation between two indicators, was observed and to minimize this as stated by N.O Adeboye, et al (2014) once multicollinearity is detected, the best and obvious solution to the problem is to obtain and incorporate more information. Other procedures have been developed instead, for instance, model re-specification, biased estimation, and various variable selection procedures. Accordingly model re-specification is done by eliminating Processing final payments in time from the post contract close-out stage since the same indicator is present in the contract administration stage. After conducting the model re-specification, the following results were obtained. Still correlation between two independent variables is present but as N.O Adeboye, et al (2014) argued the VIF is used as an indicator of multicollinearity. In fact, the utility of VIF, as distinct from tolerance is that VIF specifically indicates the magnitude of the inflation in the standard errors associated with a particular beta weight that is due to multicollinearity. VIF of over 2.50 start to indicate relatively high levels of multicollinearity. In addition Jamal I. Daoud, (2017)

stated to detect the multicollinearity we use some indicator called variance inflation factors (VIF). When correlation exists among predictor's the standard error of predictors coefficients will increase and consequently, the variance of predictor's coefficients is inflated. The VIF is a tool to measure and quantify how much the variance is inflated. To interpret the value of VIF the following rule is used; VIF = 1 Not correlated, $1 < VIF \leq 5$ moderately correlated, and $VIF > 5$ Highly correlated.

The VIF value obtained from the model at an acceptable level all being below 1.8 (refer Table 4-16).

4.4.1.1 Correlation Matrix between Construct of Contract Management Practices and right quality

Table 4-11: Correlation Matrix between Construct of Contract Management Practices and right quality

		Per award contract management	contract administration	post contract close out	With right quality
Per award contract management	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	34			
contract administration	Pearson Correlation	.010	1		
	Sig. (2-tailed)	.957			
	N	34	34		
post contract close out	Pearson Correlation	.609**	.247	1	
	Sig. (2-tailed)	.000	.158		
	N	34	34	34	
With right quality	Pearson Correlation	.535**	.538**	.341*	1
	Sig. (2-tailed)	.001	.001	.049	
	N	34	34	34	34
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Research Data (2020)

The result of correlation matrix between each contract management stage constructs and right quality procurement performance indicator are analyzed as follows: As it is shown in the table 4.11 above, contract administration is highly related to with a Pearson correlation coefficient of .538 ($r=0.538$) and significance value at 0.01. This significance tells that there is genuine relationship between pre award contract management and procurement performance.

The result also shows a high positive relationship between pre award contract management and right quality procurement performance indicator with a Pearson correlation coefficient of .535 ($r=0.535$) and significance value at 0.01. This significance indicated that for this study their data is statistically significant to conclude the relationship between pre award contract management delivery with right quality

Similarly, in line with post contract close-out contract management there is moderate positive correlation with delivery with right quality, with a Pearson correlation coefficient of .341 ($r=0.341$) and the significance value less than 0.05 This clearly shows there is a positive relationship between post contract close-out contract management practice and procurement performance indicator right quality.

4.4.1.2 Correlation Matrix between Construct of Contract Management Practices and right time.

Table 4-12: Correlation Matrix between Construct of Contract Management Practices and right time.

		Per award contract management	contract administration	post contract close out	Right time
Per award contract management	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	34			
contract administration	Pearson Correlation	.010	1		
	Sig. (2-tailed)	.957			
	N	34	34		
post contract close out	Pearson Correlation	.609**	.247	1	
	Sig. (2-tailed)	.000	.158		
	N	34	34	34	
Right time	Pearson Correlation	.773**	.068	.530**	1
	Sig. (2-tailed)	.000	.703	.001	
	N	34	34	34	34
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Research Data (2020)

The result of correlation matrix between each contract management stage constructs and right time procurement performance construct are analyzed as follows: As it is shown in the table 4.12 above, pre-award contract management highly related to with a Pearson correlation coefficient of 0.773 ($r=0.$

773) and significance value of less than 0.01. This significance tells that there is genuine relationship between pre award contract management and right time procurement performance construct.

The result also shows a low but positive relationship between contract administration and procurement performance with a Pearson correlation coefficient of 0.068 ($r=0.068$) and is statistically insignificant. This significance indicated that for this study there data is not statistically significant to conclude the relationship between contract administration and right time procurement performance construct.

Similarly, in line with post contract close-out contract management there is strong positive correlation with procurement performance with a Pearson correlation coefficient of 0.530 ($r=0.530$) and the significance value is not less than 0.01 This clearly shows there is a large and positive relationship between level of post contract close-out contract management practice and right time Procurement performance construct.

4.4.1.3 Correlation Matrix between Construct of Contract Management Practices and right price.

Table4.13: Correlation Matrix between Construct of Contract Management Practices and right price.

		Per award contract management	contract administration	post contract close out	Right price
Per award contract management	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	34			
contract administration	Pearson Correlation	.010	1		
	Sig. (2-tailed)	.957			
	N	34	34		
post contract close out	Pearson Correlation	.609**	.247	1	
	Sig. (2-tailed)	.000	.158		
	N	34	34	34	
Right price	Pearson Correlation	.535**	.538**	.341*	1
	Sig. (2-tailed)	.001	.001	.049	
	N	34	34	34	34
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Research Data (2020)

The result of correlation matrix between each contract management stage constructs and right price procurement performance indicator are analyzed as follows: As it is shown in the table 4.13 above, contract administration is highly related to with a Pearson correlation coefficient of .538 ($r=0.538$)

and significance value at 0.01. This significance tells that there is genuine relationship between pre award contract management and right price procurement performance indicator.

The result also shows a high positive relationship between pre award contract management and right price procurement performance indicator with a Pearson correlation coefficient of .535 ($r=0.535$) and significance value at 0.01. This significance indicated that for this study their data is statistically significant to conclude the relationship between pre award contract management deliveries with right price.

Similarly, in line with post contract close-out contract management there is moderate positive correlation with delivery with right price, with a Pearson correlation coefficient of .341 ($r=0.341$) and the significance value less than 0.05 This clearly shows there is a positive relationship between post contract close-out contract management practice and procurement performance indicator of right price.

4.4.1.4 Correlation Matrix between Construct of Contract Management Practices and right source

Table 4.14: Correlation Matrix between Construct of Contract Management Practices and right source

		Per award contract management	contract administration	post contract close out	Right source
Per award contract management	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	34			
contract administration	Pearson Correlation	.010	1		
	Sig. (2-tailed)	.957			
	N	34	34		
post contract close out	Pearson Correlation	.609**	.247	1	
	Sig. (2-tailed)	.000	.158		
	N	34	34	34	
Right source	Pearson Correlation	.108	.316	.549**	1
	Sig. (2-tailed)	.544	.069	.001	
	N	34	34	34	34
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Research Data (2020)

The result of correlation matrix between each contract management stage constructs and right source procurement performance are analyzed as follows:

As it is shown in the table 4.14 above, post contract close out contract management highly related to right source procurement performance construct with a Pearson correlation coefficient of 0.549 ($r=0.549$) and significance value of less than 0.01. This significance tells that there is genuine relationship between post contract close out contract management and right source procurement performance.

The result also shows a moderate positive relationship between contract administration and procurement performance with a Pearson correlation coefficient of 0.316 ($r=0.316$) and significance value is above 0.05. This insignificance indicated that for this study there data is not statistically significant to conclude the relationship between contract administration and right source procurement performance.

Similarly, in line with pre award contract management there is low positive correlation with right source procurement performance with a Pearson correlation coefficient of 0.108 ($r=0.108$) and the result is statistically insignificant, this insignificance indicated that for this study their data is not statistically significant to conclude the relationship between pre award contract management and right source procurement performance.

4.4.1.5 Correlation Matrix between Construct of Contract Management Practices and right quantity

Table 4.15: Correlation Matrix between Construct of Contract Management Practices and right quantity

		Per award contract management	contract administration	post contract close out	Right quantity
Per award contract management	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	34			
contract administration	Pearson Correlation	.010	1		
	Sig. (2-tailed)	.957			
	N	34	34		
post contract close out	Pearson Correlation	.609**	.247	1	
	Sig. (2-tailed)	.000	.158		
	N	34	34	34	
Right quantity	Pearson Correlation	.535**	.538**	.341*	1
	Sig. (2-tailed)	.001	.001	.049	
	N	34	34	34	34
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Research Data (2020)

The result of correlation matrix between each contract management stage constructs and right quantity procurement performance indicator are analyzed as follows: As it is shown in the table 4.15 above, contract administration is highly related to with a Pearson correlation coefficient of .538 (r=0.538) and significance value at 0.01. This significance tells that there is genuine relationship between pre award contract management and right quantity procurement performance indicator.

The result also shows a high positive relationship between pre award contract management and right quantity procurement performance indicator with a Pearson correlation coefficient of .535 (r=0.535) and significance value at 0.01. This significance indicated that for this study their data is statistically significant to conclude the relationship between pre award contract management delivery with right quantity.

Similarly, in line with post contract close-out contract management there is moderate positive correlation with delivery with right quantity, with a Pearson correlation coefficient of .341 (r=0.341) and the significance value less than 0.05 This clearly shows there is a positive relationship between post contract close-out contract management practice and procurement performance indicator right quantity.

4.4.2 Multiple Regression Analysis

The regression analysis was conducted to know by how much the independent variables explain the dependent variable. The regression was done between Contract management practice constructs (independent variable) and Procurement performance (dependent variable). With this linear regression model, the p-value (“sig” for significance”) of the predictor’s effect on the criterion variable, if less than 0.05 is generally considered “statistically significant”. The model specification is as follows: Linear Regression model:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ where Y = Procurement performance; β_0 = the Y intercept when X is zero; $\beta_1, \beta_2, \beta_3$, are regression coefficients of the following variables respectively; X1- Pre award contract management, X2- Contract Administration practices, X3- Post contract close-out contract management practice, and e is the error term. Therefore, based on this model the results of the regression analysis are presented as follows:

4.4.2.1 Multi Collinearity Test

Table 4-16: Multi collinearity test of independent variable

Model	Tolerance	VIF
Per award contract management	.608	1.645
contract administration	.907	1.102
post contract close out	.571	1.752

Source: Research Data (2020)

To detect the multicollinearity we use some indicator called variance inflation factors (VIF). When correlation exists among predictor's the standard error of predictors coefficients will increase and consequently, the variance of predictor's coefficients is inflated. The VIF is a tool to measure and quantify how much the variance is inflated. To interpret the value of VIF the following rule is used; VIF = 1 Not correlated, $1 < VIF \leq 5$ Moderately correlated, and $VIF > 5$ Highly correlated. (Jamal I. Daoud, (2017) Low tolerance levels indicate high levels of multicollinearity. Anytime a tolerance levels get somewhere below 0.40, then multicollinearity exist. (N.O Adeboye, et al 2014).

Here we obtain all tolerance levels above .5 and VIF value below 1.8. hence, we can proceed to interpret the regression output of the model.

4.4.2.2 Coefficient of Determination, R^2

Table 4-17: Coefficient of determination, R square

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	With right quality	.770 ^a	.593	.552	.11479
2	at right time	.777 ^a	.604	.565	.56403
3	at right price	.770 ^a	.593	.552	.11479
4	from the right source	.634 ^a	.402	.342	.41453
5	right quantity	.770 ^a	.593	.552	.11479
a. Predictors: (Constant), Post contract close out, pre award contract, contract administration					

Source: Research Data (2020)

As it has been stipulated on the table 4.17 above the significant and positive β coefficient implies that contract management practices have a significant positive influence on procurement performance components. The coefficient of determination of right time, adjusted R^2 is 0.565, meaning that 56.5% of the variation in procurement performance is explained by the variation in pre award contract management, contract administration, and post contract close-out contract management practices. This shows there is causal relationship between contract management practices and procurement performance. The remaining 43.5% of the variation in right quality procurement performance cannot be explained by the above dimensions of contract management practices. Therefore, there are other additional factors that can explain the variability in the dependent variable.

The coefficient of determination of right quality, right price, and right quantity adjusted R^2 is 0.552, meaning that 55.2% of the variation in the three components of procurement is explained by the variation in pre award contract management, contract administration, and post contract close-out contract management practices. This shows there is causal relationship between contract management practices and the three components of procurement performance. The remaining 44.8% of the variation in procurement performance cannot be explained by the above dimensions of contract

management practices. Therefore, there are other additional factors that can explain the variability in the dependent variable.

The coefficient of determination of right source adjusted R^2 is 0.342, meaning that 34.4% of the variation in the components of procurement is explained by the variation in pre award contract management, contract administration, and post contract close-out contract management practices. This shows there is causal relationship between contract management practices and right source procurement performance component. The remaining 65.6% of the variation in right source procurement performance cannot be explained by the above dimensions of contract management practices. Therefore, there are other additional factors that can explain the variability in the dependent variable.

4.4.2.3 ANOVA test

Table 4-18: ANOVA test

Model			Sum of Squares	df	Mean Square	F	Sig.
1	a. Dependent Variable: With right quality	Regression	.575	3	.192	14.552	.000 ^b
		Residual	.395	30	.013		
		Total	.971	33			
2	a. Dependent Variable: at right time	Regression	14.574	3	4.858	15.270	.000 ^b
		Residual	9.544	30	.318		
		Total	24.118	33			
3	a. Dependent Variable: at right price	Regression	.575	3	.192	14.552	.000 ^b
		Residual	.395	30	.013		
		Total	.971	33			
4	a. Dependent Variable: from the right source	Regression	3.463	3	1.154	6.717	.001 ^b
		Residual	5.155	30	.172		
		Total	8.618	33			
5	a. Dependent Variable: right quantity	Regression	.575	3	.192	14.552	.000 ^b
		Residual	.395	30	.013		
		Total	.971	33			
b. Predictors: (Constant), Post contract close out, pre award contract, contract administration							

Source: Research Data (2020)

This study used ANOVA to determine the significance of the regression model from which an F-significance value of $p < 0.001$ was established. This shows that the regression model has a less than 0.001 likelihood (probability) of giving a wrong prediction. Hence, from the table 4.18 above, the

regression model is overall statistically significant, meaning that it is a suitable prediction model for explaining how Contract Management Practices affects the components of procurement performance.

4.4.2.4 Coefficient Results

Table 4-19: Coefficient Results of Multiple Regression Analysis (Right quality)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.500	.232		10.764	.000
	Per award contract management	.203	.047	.651	4.355	.000
	contract administration	.262	.055	.581	4.749	.000
	post contract close out	-.137	.106	-.199	-1.293	.206
a. Dependent Variable: With right quality						

Source: SPSS generated Research Data (2020)

On the above table the beta values show that the magnitude of influence between variables, higher values being an indication of strong influence. From the above table 4.19 coefficients results, the following regression analysis was obtained:

$$Y = 2.5 + 0.203X1 + 0.262X2 - 0.137X3 + \epsilon$$

The model shows that when all variables are held at zero (constant), the value of right quality would be 2.5. But when holding other factors constant, a unit increase in pre award contract management practice would lead to a 0.203 increase in right quality procurement performance, a unit increase in contract administration would lead to an increase of 0.262 in procurement performance construct of right quality, and a unit increase in post contract close out contract management practice would lead to a 0.137 decrease in procurement performance of right quality.

In this study, contract administration has highest Beta coefficient of 0.262. This result implies that contract administration Practice has highest impact on right quality procurement performance. Whereas, pre award contract management, is found to be the second most significant contract management practice dimension with Beta value of 0.203 implying that this dimension is related and strongly influence right quality procurement performance and is statistically significant. Then the influence on right quality procurement performance is followed by post contract closeout contract management practice with Beta value of (–) 0.137 which shows an inverse relationship.

Table 4-20: Coefficient Results of Multiple Regression Analysis (right time)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.729	1.141		-.638	.528
	Per award contract management	1.125	.229	.724	4.917	.000
	contract administration	.093	.271	.041	.344	.733
	post contract close out	.271	.522	.079	.518	.608
a. Dependent Variable: at right time						

Source: SPSS generated Research Data (2020)

On the above table the beta values show that the magnitude of influence between variables, higher values being an indication of strong influence. From the above table 4.20 coefficients results, the following regression analysis was obtained:

$$Y = -0.729 + 1.125X_1 + 0.093X_2 + 0.271X_3 + \epsilon$$

The model shows that when all variables are held at zero (constant), the value of right time procurement performance would be (-) 0.729. But when holding other factors constant, a unit increase in pre award contract management practice would lead to a 1.125 increase in right time procurement performance, a unit increase in contract administration would lead to an increase of 0.093 in right time procurement performance, and a unit increase in post contract close out contract management practice would lead to a 0.271 increase in right time procurement performance.

In this study, pre award contract management had highest Beta coefficient of 1.125. This result implies that pre award contract management Practice has highest impact on right time procurement performance. Whereas, post contract closeout contract management practice, is found to be the second most significant contract management practice dimension with Beta value of 0.271 implying that this dimension is related and strongly influence right time procurement performance. Then the influence on right time procurement performance is followed by Contract administration with Beta value of 0.093.

Table 4-21: Coefficient Results of Multiple Regression Analysis (right price)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.500	.232		10.764	.000
	Per award contract management	.203	.047	.651	4.355	.000
	contract administration	.262	.055	.581	4.749	.000
	post contract close out	-.137	.106	-.199	-1.293	.206
a. Dependent Variable: at right price						

Source: SPSS generated Research Data (2020)

On the above table the beta values show that the magnitude of influence between variables, higher values being an indication of strong influence. From the above table 4.19 coefficients results, the following regression analysis was obtained:

$$Y = 2.5 + 0.203X1 + 0.262X2 - 0.137X3 + \epsilon$$

The model shows that when all variables are held at zero (constant), the value of right price would be 2.5. But when holding other factors constant, a unit increase in pre award contract management practice would lead to a 0.203 increase in right price procurement performance, a unit increase in contract administration would lead to an increase of 0.262 in procurement performance construct of right price, and a unit increase in post contract close out contract management practice would lead to a 0.137 decrease in procurement performance of right price.

In this study, contract administration has highest Beta coefficient of 0.262. This result implies that contract administration Practice has highest impact on right price procurement performance. Whereas, pre award contract management, is found to be the second most significant contract management practice dimension with Beta value of 0.203 implying that this dimension is related and strongly influence right price procurement performance and is statistically significant. Then the influence on right price procurement performance is followed by post contract closeout contract management practice with Beta value of (-) 0.137 which shows an inverse relationship.

Table 4.4-22: Coefficient Results of Multiple Regression Analysis (right source)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.633	.839		3.138	.004
	Per award contract management	-.305	.168	-.328	-1.814	.080
	contract administration	.191	.199	.143	.962	.344
	post contract close out	1.466	.384	.714	3.820	.001
a. Dependent Variable: from the right source						

Source: SPSS generated Research Data (2020)

On the above table the beta values show that the magnitude of influence between variables, higher values being an indication of strong influence. From the above table 4.22 coefficients results, the following regression analysis was obtained:

$$Y = 2.633 - 0.305X1 + 0.191X2 + 1.466X3 + \epsilon$$

The model shows that when all variables are held at zero (constant), the value of right source procurement performance construct would be 3.633. But when holding other factors constant, a unit increase in pre award contract management practice would lead to a 0.305 decrease in right source procurement performance, a unit increase in contract administration would lead to an increase of 0.191 in right source procurement performance, and a unit increase in post contract close out contract management practice would lead to a 1.466 increase in procurement performance.

In this study, post contract closeout contract management had highest Beta coefficient of 1.466. This result implies that post contract closeout contract management has highest impact on right source procurement performance. Whereas, Contract administration is found to be the second most significant contract management practice dimension with Beta value of 0.191 implying that this dimension is related and influence right source procurement performance and is. Then the influence on procurement performance is followed by pre award contract management Beta value of (-) 0.305 indicating an inverse relationship with right source procurement performance indicator.

Table 4-23: Coefficient Results of Multiple Regression Analysis (right quantity)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.500	.232		10.764	.000
	Per award contract management	.203	.047	.651	4.355	.000
	contract administration	.262	.055	.581	4.749	.000
	post contract close out	-.137	.106	-.199	-1.293	.206
a. Dependent Variable: right quantity						

Source: SPSS generated Research Data (2020)

On the above table the beta values show that the magnitude of influence between variables, higher values being an indication of strong influence. From the above table 4.19 coefficients results, the following regression analysis was obtained:

$$Y = 2.5 + 0.203X1 + 0.262X2 - 0.137X3 + \epsilon$$

The model shows that when all variables are held at zero (constant), the value of right quantity would be 2.5. But when holding other factors constant, a unit increase in pre award contract management practice would lead to a 0.203 increase in right quantity procurement performance, a unit increase in contract administration would lead to an increase of 0.262 in procurement performance construct of right quantity, and a unit increase in post contract close out contract management practice would lead to a 0.137 decrease in procurement performance of right quantity.

In this study, contract administration has highest Beta coefficient of 0.262. This result implies that contract administration Practice has highest impact on right quantity procurement performance. Whereas, pre award contract management, is found to be the second most significant contract management practice dimension with Beta value of 0.203 implying that this dimension is related and strongly influence right quantity procurement performance and is statistically significant. Then the influence on right quantity procurement performance is followed by post contract closeout contract management practice with Beta value of (-) 0.137 which shows an inverse relationship.

4.5 Summary and analysis of interview

Interview were conducted to obtain more insight which support the results of survey questionnaire with regards to procurement and contract management practices at SOS Children’s Village Ethiopia. One senior official at the Addis Ababa national office was interviewed.

As indicated, the interviewee holds senior position and has direct experience and strong knowledge in the organization's procurement and contract management policy and procedures. The responses to the interview questions are summarized below.

The interviewee was requested to describe the procurement process of the organizations. As explained by the interviewee the procurement process includes need identification, issuing PR, approving PR, and selecting appropriate the right sourcing method from the organization's procurement manual depending on the nature of the need, it's monetary value, etc.

The interviewee was also requested to describe the organizations' contract management practice; the organization's pre award contract management process don't have a clear set procedure, the organizations performs pre award contract management practices, to some extent, at the source identification and method selection stage of procurement listed above. The contract administration practice of SOS Children's' Village Ethiopia is conducted mainly by the procurement department, but according to the nature of the good or service being sourced a team is assembled and/or higher an outside consultant to oversee different quality and technical aspects of the deliverable good or service. Documentation, payment and disputes managements are performed according to the contract terms and conditions, and the necessary periodic input from the in-house team or outside consultant. Post contract close-out contract management practice is treated as an essential part of the contract management practice. Although evaluations of suppliers' performance are given high priority as an input for future references, the post contract close-out contract management practice is not given a clear strategy. And a side note the supplier evaluation is done only from the organizations' perspective only and input from the supplier should be included in the evaluation process.

4.6 Discussion of results

The first and second specific objective of the study was to empirically test a framework identifying the relationships among Contract management practices and right quality, right time, right price, right source, and right quantity constructs of Procurement performance of SOS Children's Village Ethiopia. The literature has suggested that there is a relationship between contract management practices and procurement performance. However, the dimensions used in expressing contract management practices and the measures of procurement, may not be directly the same with the framework used in the previous studies This study makes contributions by exploring the relationship between contract management practices and procurement performance.

The results of the study are discussed below:

As the test results indicate there is positive relationship between contract management process and right quality, right price and right quantity procurement performance constructs, with correlation coefficient of 0.535 ($r=0.535$) and 0.538 ($r=0.538$) pre award contract management and contract administration practice respectively with a significant level of $P>0.001$, and negative relationship for one component, post contract close out contract management practice, with correlation coefficient of - 0.341 ($r=0.341$) with significance value less than 0.05.

The test results also indicate there is positive relationship between components of contract management process and right time procurement performance with correlation coefficient of 0.773 ($r=0.773$) and 0.530 ($r=0.530$) pre award contract management and post contract close-out contract management practice respectively with a significant level of $P>0.001$, and positive relationship for contract administration with correlation coefficient of 0.068 ($r=0.068$) with significance value above 0.05.

In addition the test results also indicate there is minimal relationship between components of contract management process and right source procurement performance with correlation coefficient of 0.549 ($r=0.549$) post contract close-out contract management practice with a significant level of $P>0.001$, and positive relationship for pre award contract management and contract administration with correlation coefficient of 0.108 ($r=0.108$) and 0.316 ($r=0.316$) respectively with significance value above 0.05.

Pre award contract management practices covered in the scope of this research are; risk assessment before contract award, developing contract management strategy before contract award and developing contract management plan before contract award had a mean of 3.26, 3.01 and 2.67. And the effect of pre contract award contract management on procurement performance, 55.9% of the respondents stating having a moderate effect.

With correlation and regression coefficient of 0.535 and 0.203 respectively for right quality, right price and right quantity procurement performance constructs. Pre award contract management process has positive correlation and regression coefficients with significant level of $P>0.001$ indicating a direct relationship with this procurement performance constructs and pre award contract management. For procurement performance construct of right time the correlation and regression coefficients are 0.773 and 1.25 respectively with significant level of $P>0.001$ indicating a direct relationship with pre award contract management. While for the last procurement performance construct of right source the correlation and regression coefficients are 0.108 and (-) 0.305 respectively but both the results are statistically insignificant to reach conclusion.

Performing payments as scheduled on the contract, good claim and dispute management in contracts, a good record management, organization's change management in contracts, and performance management on open contracts were taken as the indicators of contract administration practice for this research purpose and had a mean value of 4.76, 3.97, 3.53, 3.5 and 3.03 respectively. And for the effect of contract administration on procurement performance, 97.1 % of the respondents agreeing a great extent.

With correlation and regression coefficient of 0.538 and 0.262 respectively for right quality, right price and right quantity procurement performance constructs. Contract administration has positive correlation and regression coefficients with significant level of $P>0.001$ indicating a direct relationship with this procurement performance constructs and contract administration. For procurement performance construct of right time the correlation and regression coefficients are 0.068 and 0.093 with significant level of $P<0.05$ indicating a direct but insignificant relationship with contract administration and right time procurement performance construct. While for the last procurement performance construct of right source the correlation and regression coefficients are 0.316 and 0.191 respectively but both the results are statistically insignificant to reach conclusion.

The third component of contract management process is post contract close-out contract management process. For this components the following indicators were covered in the scope of the research; using a contract close out check list had a mean value of 2.3, and performing post contract review after contract close out had a mean value of 2.71. With 52.9% of the respondents saying post contract close-out contract management practice affects procurement performance to a great extent.

With correlation and regression coefficient of 0.341 and (-)0.137 respectively for right quality, right price and right quantity procurement performance constructs. post contract close-out contract management has positive correlation and regression coefficients with significant level of $P>0.05$ for the correlation coefficient but $P<0.05$ significant level for the regression results indicating a direct relationship with this procurement performance constructs and post contract close-out contract management. For procurement performance construct of right time the correlation and regression

coefficients are 0.530 and 0.271 with significant level of $P > 0.001$ for correlation and $P < 0.05$ for regression, indicating a direct but insignificant relationship with post contract close out contract management practice and right time procurement performance construct. While for the last procurement performance construct of right source the correlation and regression coefficients are 0.549 and 0.466 respectively with significant level of $P > 0.001$ indicating a direct and significant relationship with post contract close-out contract management and right source procurement performance construct.

Primary procurement performance indicators used for this research purpose were the 5R's procurement performance measurements. Procurement performance has been described as the degree of achievement of certain effort or undertaking. It relates to the prescribed goals or objectives which form the project parameters. It is all about meeting or exceeding stake holders' needs and expectations from a project. It invariably involves placing consideration on following major procurement elements i.e. time, cost, quality, quantity and source Aldhfayan, (2008) also Leenders, (1989:24) stated that the overall objectives of the purchasing function is that it should obtain the right materials in the right quantity, for delivery at the right time and place, from the right source with the right service (after and before sale) and the right price. Delivery of Right Quantity, Delivery with the right Quality and at the Right Price has the highest mean score with a value of 3.97. And from the right source with a mean value of 3.7, and at the right time with a mean value of 3.24. Indicating a performance level of "good" on the Likert scale with a group mean of 3.77.

The study also tried to assess other procurement performance indicators as a secondary measure to assess the overall procurement operation and performance at SOS Children's Village Ethiopia. From this measure suppliers' delivery of the correct goods and services and no delays in processing payments to suppliers has the highest score with a mean value of 3.97, followed by prices paid for goods and services procured under contract are in alignment with local and international prices with a mean value of 3.94. Suppliers deliver goods and services in time have a mean value of 3.76. And in the lower spectrum efficiency level of operations in procurement unit has a mean score of 2.62, good supply planning practices are being used/utilized has a mean score of 2.53, and finally there are no delays in executing procurements has the lowest score with a mean value of 2.5.

The evidence from the above discussion and review of literature shows that implementing a good contract management practices and procedures enable organizations, whether they are private, public or humanitarian to increase their procurement performance and overall operation performance. This relationship is supported by Titus and Dr. Willy (2016) in which contract management positively influence efficiencies in public procurement performance, the coefficient of this study were 0.682 and as stated by Cherotich (2014) Contract management practices cause a 0.324 increase in the operational performance of state corporations.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from chapter four, and it also gives the discussions, conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to investigate the effect of contract management on procurement performance at SOS Children's Village Ethiopia. The study was basically conducted by using primary data. The primary data for this study was collected through self-administered standard questionnaire. The study used 34 questionnaires distributed to personnel of the organization.

5.2 Summary of the Findings

The research indicated that there a relation and considerable causal effect between contract management and procurement performance. The following finding summary of the study was made based on the quantitative and qualitative data analysis.

The Contract Administration practice as one constraint of Contract Management was analyzed based on descriptive statistical analysis considering; good record management/keeping on contracts, conducting performance management on open contracts, performing payments as scheduled on the contract, good change management, and good claim and dispute management. The obtained mean value of these variables was 3.53, 3.03, 4.76, 3.5 and 3.97. SOS Children's Village has a good record management, regularly performs payment as per the schedule and agreement on the contract. Performance management on open contracts is implemented on some contracts, depending on the nature of the good or service being procure, with personnel, team or outside consultant dedicated for the task. Contract change management of the organization has been a potential area of dispute in the organization but utilization of good communication channel with suppliers and utilization of teams from different expertise has helped successes fully manage changes in contracts. The organizations dispute and claim management had the second highest mean score and this is due to the utilization of a procurement team in contracts. Generally, the group mean was 3.75 which states SOS Children's village have above average Contract administration practice.

Pre award contract management was another construct of contract management practice with a group mean of 3.01 which is at the neutral level. Performing risk assessment before contract award, developing contract management strategy before contract award, and developing contract management plan before contract award are the components of the per award contract management construct. The mean values for each component are 3.26, 3.09 and 2.68 respectively. This gap is highly reflected due to poor performance of compliance with developing contract management plan before contracts. Developing contract management plan set out how the obligations of all the parties should be carried out effectively and efficiently. contract strategy is designed to establish the form of the procurement and provide assistance in determining the formulation and award of the contract and the style and type of management to be adopted for the subsequent service delivery, relationship management and contract administration this also had a

man score of neutral and in turn had an adverse impact on the pre award contract management score. Finally performing risk assessment before contract award had a mean score above the other components but still a low score on the overall scale with a neutral score.

The other construct was post contract close out contract management practice, with a group mean of 2.505. The findings indicated that the items have below moderate level of performance which is below the group mean performance. The components are processing utilizing contract close-out check list, and performing post contract reviews after contract close out having mean values of 2.3 and 2.71 respectively.

All indicators of Procurement performance had a mean score of greater than 3.24, which implies to the fact that the organization achieves above moderate performance in the five indicators of procurement performance, which are right quantity, from the right source, at the right price at the right time and with the right quality. The study also found that majority of the respondents agreed with performance of the organization with regards to right quantity, from the right source, at the right price at the right time and with the right quality perspectives as shown by an average mean score of 3.774, which was closer to a good performance indicator which would mean that an average of the respondents agreed that the organization achieved a good procurement performance.

In general, from the whole construct of contract management practice of SOS Children's Village Ethiopia developing contract management plan, conducting performance management in open contracts, utilizing contract closeout check list, and performing post contract closeout reviews were poor with mean values of 2.68, 3.03, 2.3 and 2.71 respectively. The analyses from the interview and the organizations' procurement manual also supports the notion that this constraint of contract management practices are not clearly defined and given a clear procedure. For instance, the organizations utilize the performance of suppliers in a contract as an input for future procurement source selection criteria but they are done in combination with suppliers' performance review but each contract should be treated separately and experiences from each contract can be used to develop and choose a better contract and contract management strategy and plan.

This study also had the objective of testing relationship between contract management practices constructs and procurement performance. The test result indicated that contract management practices has a positive and significant relationship with right quality, right price and right quantity constructs of procurement performance with correlation coefficient ($r=0.538$) and ($r=0.535$) with contract administration and pre award contract management practices respectively at $P>0.001$ value and coefficient value of ($r=0.341$) for post contract close-out contract management at $P>0.05$ value.

For procurement performance construct of right time, a correlation coefficient of 0.773 and 0.53 for pre award contract management and post contract close-out contract management practices with a significant value of $P>0.001$, while contract administration has a coefficient value of ($r=0.068$) but the result is statistically insignificant to reach a conclusion.

For the final procurement performance construct of right source, a correlation coefficient of ($r=0.108$) and ($r=0.316$) for pre award contract management and contract administration contract management practices respectively but the result is statistically insignificant to reach conclusion, while post contract close-out contract management has a coefficient value of ($r=0.549$) with $P>0.001$ value.

With the regression model the study found that when all variables of contract management practice are held at zero (constant), the value of Procurement performance constructs right quality, right price, and right quantity would be 2.50, But when holding other factors constant, a unit increase in pre award contract management practice would lead to a 0.203 increase in this procurement performance, a unit increase in contract administration would lead to a 0.262 increase in this Procurement performance, and a unit increase in post contract closeout contract management practice would lead to a 0.137 decrease in this procurement performance. In addition, 55.2% of variability of procurement performance constructs of right quality, right price, and right quantity is explained by contract management practices. Specifically, there was a positive significant influence by contract administration practice 0.262 with a p value $>.001$ on this procurement performance constructs of SOS Children's Village Ethiopia.

With the regression model the study found that when all variables of contract management practice are held at zero (constant), the value of Procurement performance constructs right time would be (-)0.729, but when holding other factors constant, a unit increase in pre award contract management practice would lead to a 1.125 increase in right time procurement performance, a unit increase in contract administration would lead to a 0.093 increase in right time procurement performance, and a unit increase in post contract closeout contract management practice would lead to a 0.271 increase in right procurement performance. In addition, 56.5% of variability of procurement performance constructs of right time is explained by contract management practices. Specifically, there was a positive significant influence by contract pre award contract management practice 1.125 with a p value $P>0.001$ on right time procurement performance of SOS Children's Village Ethiopia.

With the regression model the study found that when all variables of contract management practice are held at zero (constant), the value of procurement performance constructs right source would be 2.633, but when holding other factors constant, a unit increase in pre award contract management practice would lead to a 0.305 decrease in right source procurement performance, a unit increase in contract administration would lead to a 0.191 increase in right time procurement performance, and a unit increase in post contract closeout contract management practice would lead to a 1.466 increase in right source procurement performance. In addition, 34.2% of variability of procurement performance constructs of right source is explained by contract management practices. Specifically, there was a positive significant influence by contract pre award contract management practice 1.466 with a p value $P>0.001$ on right source procurement performance of SOS Children's Village Ethiopia.

5.3 Conclusion

The increasing frequency in manmade and natural disasters in the world has demanded humanitarian organizations to give attention to their logistics and supply chain operation, which accounts to over 70% of their operation cost. Maximum efficiency and sustainable in procurement practices is one of the critical areas needed to be given attention in order to meet humanitarian organizations objectives, to save lives and better living conditions. And, in the current business environment of Ethiopia where there is a high volatility in the market and shortage of resources managing the supply chain and enhancing procurement performance is becoming an increasingly important practice to enhance overall operational performance. Based on the results of the study and the summary of findings, the study concludes SOS Children's

Village has moderate Contract Management practice. Specifically, appropriate Pre award contract management and post contract closeout contract management practices are not given emphasis by SOS Children's Village Ethiopia. The study concludes that there is a positive relationship between Contract Management and Procurement performance. In addition, the application of Contract management practices in SOS Children's Village Ethiopia has a positive influence on Procurement performance through price/cost, quality and delivery dependability in quantity and time.

Therefore, it is concluded that SOS Children's Village Ethiopia keen on enhancing procurement performance, should seek to adopt and integrate Pre contract award and post contract close out contract management practices in to its already good contract administration practices and enhance its overall contract management. In addition, from the questionnaire analysis, we can conclude that even though SOS Children's Village Ethiopia is applying Contract management practices moderately and achieving good procurement performance, it's hard to say that there are no issues on the procurement performance of SOS Children's Village, the respondents has raised some flags regarding internal operation of the procurement unit; delays in executing procurements, good supply/procurement planning, and efficiency level of operation in procurement unit all had a score below a neutral and SOS Children's Village Ethiopia needs to assess this issues more closely.

5.4 Recommendation, Research Limitation and Areas of Future Research

- **Recommendation**

Although, SOS Children's Village is doing moderately in implementing contract management practices, there is also some deficiencies. Therefore, recommendations are forwarded below.

- ✓ Most of the Contract Management practice constructs (Pre award and post contract closeout) have moderate level of performance/practice; therefore, SOS Children's Village is advised to work on to establish effective pre award contract Management practice by developing contract management strategy and plan.
- ✓ Most of the Contract administration practice constructs (good record management/keeping on contracts, conducting performance management on open contracts, performing payments as scheduled on the contract, good change management, and good claim and dispute management) have good level of performance/practice except one component; therefore, SOS Children's Village is recommended to work on to establish a tool for conducting performance management on open contracts so that it could be on par with other components.
- ✓ Contract close out check list and performing post contract review after contract close out, it is recommended to be improved and done separately from supplier performance measures. The organization can take lessons from each contract on how to manage contracts and which areas to give attention to in managing future contracts.

From the study it could be concluded that contract management is only a limited factor on achieving good procurement performance and other factors should be examined to gather a holistic view on the organization's procurement performance level as well to identify challenges.

- **Research Limitation**

This research was limited to a small sample; future research should attempt to sample from a larger population of multiple humanitarian organizations in an attempt to increase sample size and diversity. A larger and more diverse sample will enable future research to integrate a greater number of statistical analysis techniques, improve the reliability and validity of the instrument, and generate more significant findings in the humanitarian sector.

The current outbreak of COVID 19 has hindered the researcher to conduct in person interviews and access secondary data, which are major factor to this research. Finally, time and other resources were limited to the study.

- **Implication for Future Research**

It should be noted that the Procurement performance may be influenced by other contextual factors, such as the type of goods and service procurement, and factors like procurement planning, supplier relationship management, resource allocation, staff competency and procurement procedures. For example, the level of staff competency, measured by skills and experience of the employees, with higher staff competency level may result in organizations procurement performance. a better supplier relations management in organization can help in identifying better quality of goods services, better delivery time, etc also may help in identifying problems and coming up with solutions early.

The future study can also test the relationships/dependencies among other dimensions of procurement performance influencers at SOS Children's Village Ethiopia and other humanitarian organizations in Ethiopia.

This study focuses on showing relationship between contract management practices and procurement at one humanitarian organization, future research can study additional logistics and supply chain issues in humanitarian organizations at the supply chain level i.e. downstream and upstream and the setup of the organizations' supply chain and logistics unit.

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Annex I Questionnaire

ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
MASTER OF LOGISTICS AND
SUPPLY CHAIN MANAGEMENT PROGRAM

Dear Respondent,

This questionnaire is designed for the purpose of gathering information on the study under the title “Effects of contract Management on Procurement Performance of Relief Operation”. This study is being carried out as a requirement in partial fulfilment for award the Degree of Master in Logistics & Supply Chain Management. Please note that, the study is purely for academic purpose thus does not affect you in any case. You are hereby assured that the information will be treated with the strict confidence. No one other than the researcher will see your completed questionnaire. Therefore, your genuine, frank and timely response is vital for fruitfulness of the study.

General Instructions:

- It is not expected to write your name.
- Base your answers on your own actual work experiences
- Please make tick mark (✓) in the appropriate box for answer options that are provided.
- This questionnaire will take approximately 10 to 15 minutes based on your answers.

Please don't hesitate to contact me for any inquiry, I am available as per your need at mobile:

0911- 02-95-37/0944-71-13-52 or e-mail: ermi5358@gmail.com

Thank you in advance for your committed cooperation, time and consideration!!!

Sincerely Yours,

Ermias Getahun

Section B: Contract management and procurement Performance

1. Pre-award

What is your opinion on the following statements Pre award contract management phase at your organization?

In the scale of 1 – 5 (Where **1= Strongly Disagree** **2 = Disagree** **3 = Neutral** **4 = Agree** and **5 = Strongly Agree**)

	1	2	3	4	5
My organization performs risk assessment before contract award					
My organization develops contract management strategy before contract award					
My organization develops contract management plan before contract award					

To what extent pre award contract management influences relief procurement performance?

Extent	Tick Where appropriate
Very great extent	
Great extent	
Moderate extent	
Little extent	
No extent at all	

2. Contract Administration

What is your opinion on the following statements on contract administration performance in your organization?

In the scale of 1 – 5 (Where **1= Strongly Disagree** **2 = Disagree** **3 = Neutral** **4 = Agree** and **5 = Strongly Agree**)

	1	2	3	4	5
My organization has a good record management on contracts					
My organization conducts performance management on open contracts					
My organization performs payment as schedule on the contract					
My organization change management in contracts is good					
My organization claim and dispute management in contracts is good					

To what extent contract administration influences relief procurement performance?

Extent	Tick Where appropriate
Very great extent	
Great extent	
Moderate extent	
Little extent	
No extent at all	

3. Contract Close-out

What is your opinion on the following statements of contract close-out practice in your organization?

In the scale of 1 – 5 (Where **1= Strongly Disagree** **2 = Disagree** **3 = Neutral** **4 = Agree** and **5 = Strongly Agree**)

	1	2	3	4	5
My organization Process final payments in time					
My organization use contract close out Check list					
My organization performs post contract review after contract close out.					

To what extent do you think post contract reviews affects relief procurement performance.

Extent	Tick Where appropriate
Very great extent	
Great extent	
Moderate extent	
Little extent	
No extent at all	

Section C: Procurement Performance

1. Considering goods and services procured under contract for your organization’s relief operation, please indicate the procurement performance attributes achieved.

In the scale of 1 – 5 (Where **1 = Strongly Disagree**, **2 =Disagree**, **3 = Neutral**, **4 = Agree** and **5 = Strongly Agree**).

	1	2	3	4	5
Prices paid for goods and services procured under contract are in alignment with local and international prices					
Supplier delivers the correct goods and services					
Supplier delivers goods and services on time					
There are no delays in executing procurements					
There are no delays in processing payments to suppliers					
Good supply planning practices are being used					
Level of efficiency of operations in procurement unit is good					

2. How do you rate (evaluate) the SOS Children’s Village procurement performance based on five “R” of Purchasing.

In the scale of 1 – 5 (Where **1= Very Poor**, **2 = Poor** , **3 = Neutral**, **4 = Good** and **5 = Very Good**).

Procurement performance Rating with regard to 5 R's	1	2	3	4	5
With Right Quality					
At Right Time					
At Right Price					
From the Right Source					
Right Quantity					

Annex II Interview questions

1. Please briefly describe your organizations' procurement procedures.
2. Please briefly describe your organizations' contract management cycle (procedures or steps)
 - a) Pre award
 - b) Contract administration
 - c) Post-contract
3. The number of contract in the operation year of 2018 and 2019.
4. Number procurements competed as per the contract agreement or as per the contract terms (delivery time, quality, etc.)
5. Number of contracts that had disputes in the operation year of 2018 and 2019.
 - a) If there are disputes, please specify the cause
6. Number of contracts that defaulted in this period
 - a) If there are defaults, please specify the reasons
7. Any other information/data/comment on Contract Management and/or Procurement Performance of your organizations relief operation that not covered by the questions above, please specify hear.

Annex III Interview Summary

Interview summary

Mr. Mikael Hailu

Position National HROD Manager

- On the procurement process

The first stage of any procurement procedure in SOS Children's village Ethiopia is identifying the need. Whether the need is a good or services the need is identified through an individual or department &/or unit. According to the need, the person who identified the need for procurement has to prepare a PR. At these two stages the proper paperwork, according to the organizations' procurement policy and procedure, the necessary documentation and paperwork should be filed.

Then the PR is approved by the manager or department head. After the approval of the PR the procurement/purchasing or the approving manager or department head has to select the appropriate sourcing method according to the good or service kind, the urgency of the need, and the monetary value of the procurement the decision is made according to the thresholds that are already stated in the procurement policy.

The categories of the sourcing policy are; direct purchasing by collecting three Performa invoices. Limited tenders; by inviting suppliers with past work experience with SOS who has proven performance. And open tenders; which are announced by different media and which are open to all suppliers. Tenders could be either local or international, although SOS has never announced international tenders in the past.

Currently, we have announced a call for local suppliers to submit their list of goods and services to prepare a vendor list system, by keeping potential and eligible suppliers by conducting a preliminary evaluation of their capacity and profile for the different goods and services we need to source we can collect offers or invite offers in a limited tender method. This will minimize the sourcing process by minimizing the evaluation process, also ensure we get offers suppliers who are capable of delivering the goods and services we need.

For emergency procurements in case of disasters or the urgency of the need the above procedures may not necessarily going to be followed to save human suffering, this procedure has its own set of criteria starting from identifying disasters, who can authorize the sourcing as well as measures to audit the procurement.

- On the contract management

A contract is developed with the help of our legal department and qualified personnel of our organization or outside consultant for items that require technical and professional qualifications for goods and services that require technical expertise.

- The pre-award contract management process

The type of contract and contract management plan procedures are set first with the source identification stage for standard contracts, and at the contract development stage for special contracts that require technical expertise to identify key points and stages of the deliverable good or service.

- Contract Administration

At SOS we conduct contract administration practices according to the contract document and the procurement manual of the organization. Documentation, payment, dispute management, and all other issues are done as per the contract terms. A team is assembled from the procurement department, legal team and according to the type of the good and service a technical team or consultant to follow up and administer the contract delivery and other terms.

Payment is processed according to the contract terms and according to the periodic inspection, evaluation, and approval of a technical team or consultant.

- Post closeout contract management

We perform contract reviews in line with the procurement performance index. We always check whether the goods and services under the contract are delivered according to the terms and conditions stated in the contract. Whether the goods are delivered according to the timeline stated on the contract, if goods and services are according to the quality and technical standards stipulated in the contract. We take these reviews and evaluations of suppliers into consideration when we prepare for future procurement and sourcing decisions. There are suppliers which are blocked and will not be considered in any way to supply goods and services to our organization. Contrary to this, suppliers with a good performance on past contracts are given priority in future sourcing decisions.