

Contract Administration And Performance Of An Organisation: A Case Of National Water And Sewage Corporation Kampala Branch

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Abstract

The study aimed at contract administration and performance of an organisation with a case of national water and sewage corporation Kampala branch and examined the intricate relationship between contract administration practices and organizational performance within the National Water and Sewage Corporation (NWSC) Kampala branch. The research aimed to identify the impact of effective contract management on the operational efficiency and overall performance of the organization. This investigation employed a mixed-method approach, combining both qualitative and quantitative data collection techniques. Primary data were gathered through structured questionnaires distributed to a sample of 200 employees, including managers and staff directly involved in contract administration at NWSC. The findings revealed that meticulous contract administration significantly contributed to improved performance metrics at NWSC. Specifically, the study demonstrated that well-managed contracts led to higher profit margins, effective cost control, and enhanced service delivery. Furthermore, proper contract management was identified as a critical factor in ensuring successful project completion and fostering positive supplier relationships. A majority of respondents (70%) strongly agreed that effective contract management is pivotal to business success, highlighting its role in mitigating risks and ensuring compliance with contractual obligations. However, the study also uncovered challenges associated with contract administration, such as the perceived tediousness of the process and the lack of adequate training for staff. Despite these challenges, the importance of maintaining accurate and comprehensive records of all transactions was emphasized by 71% of participants, underscoring its role in sustaining organizational efficiency and accountability. The government should give support to audit companies so as to encourage the independence of such companies and avoid being corrupted in one way or the other. This can be in form of subsidizing the existing firms.

Keywords: Contract, Administration, Performance and Organisation

Background to the Study

Contract administration includes those activities carried out by the organization's officials after the contract has been awarded to determine how well the organization and the supplier have met the requirements of the contract (Innocent et al., 2023). Contract theory is not just the study of legally binding contracts. Broadly defined, it studies the design of formal and informal agreements that motivate people with conflicting interests to mutually beneficial actions (Moses et al., 2023). Contract theory guides us in structuring

arrangements between employers and employees, shareholders and CEOs, and companies and their suppliers (Faridah et al., 2023). It includes all dealings between the organization and the supplier from the moment the contract is awarded to the completion and acceptance of the work or the termination of the contract, the execution of payment and the resolution of disputes (Julius, 2024). As such, contract management is a primary part of the contracting process, ensuring that the organization gets what it paid for. Project

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performance is explained as a network of relationships that must be managed to achieve project success (Lydia et al., 2023). (Kazaara et al., 2023) stated that in a highly interconnected and competitive world, most projects must operate in an environment that interacts with joint ventures, alliances, multinational sourcing, subcontractors, and complex supplier relationships. Relationships with external organizations are managed through contracts (Musaibah et al., 2023). In general, companies provide services or products based on the results of direct contractual negotiations with the client. One of the most important factors when preparing a proposal and estimating the cost and profit of a project is the expected type of contract. The confidence with which the offer is prepared usually depends on how much risk the supplier will take by entering into the contract. Some types of contracts provide relief to the supplier because there are onerous risks (Isaac et al., 2023). It further states that size and experience of employees, urgency of completion, availability of qualified contractors and other factors must be carefully evaluated during contract negotiations. In order to choose the optimal arrangement for a specific project, it is necessary to recognize the advantages and disadvantages of all basic contractual arrangements. According to (Wegulo et al., 2023), all legal contractual relationships generally fall into one of two broad

Statement of the Problem

Effective contract management has a strong impact on business performance (Alex & Kazaara, 2023). Contract management processes and activities vary depending on the complexity of the goods or services being procured. It includes contract monitoring, which is observing, reporting on supplier performance, managing contract changes, maintaining contract-related documents, handling claims and disputes, and closing activities (Julius, 2024). For service-based government organizations like NWSCo, contract management is one of the key measures of their performance. The company attempted to improve some services in the Kampala City Council by drawing up plans and awarding contracts to private contractors (Ngozi et al., 2007).

Despite increased corporate procurement, poor water supply remained a problem and it is unclear to what extent

groups: either fixed price or redeemable price. A third hybrid type is commonly used, which is called a time and materials contract. A fixed-price contract type is recommended, although some projects also prepare team contracts to define the ground rules for the project (Polycarp et al., 2023). In practice, however, it is not unusual to combine one or more types into one contract document. After signing the contract, both parties must fulfill their obligations under the contract. The contract manager is responsible for ensuring that the contractor adheres to the buyer's terms and conditions and ensures that the final product of the project meets the requirements (Alex & Moses, 2024). The Project Management Institute (2013) further states that under a fixed price arrangement, the buyer must precisely specify the product or service to be procured, as scope changes can only be accepted with an increase in the contract price. Kerzner (2009) argues that although the contract manager is a member of the project team for reporting purposes, the contract manager could report to a line function such as the legal department and may even be a lawyer. In the later stages of the project, the contract manager is responsible for verifying that all work performed and deliverables produced are acceptable to the buyer (Gracious, 2023). The conclusion of the contract is followed by the administrative closure of the project or phase.

contract management affects urban water supply performance (Ntirandekura et al., 2022). whereas several studies have been conducted on contract management in urban areas such as Kampala City Council (Ivan et al., 2023), traffic and congestion in Kampala City Council (Ashiraf et al., 2023), determinants and constraints of effective procurement and management contracting in Uganda (Abiodun & Christopher, 2024) nature and forms of corruption in public procurement in Uganda. Studies have attempted to discuss procurement and contract management, but no study seems to have been devoted to assessing the impact of contract management on the performance of Kampala City Council. Previous studies have looked at this topic in general but not contract management programs in Kampala City Council. Therefore, this study will examine the impact of contract management on NWSCo performance.

Specific Objectives

1. To examine the effect of contract implementation on the performance NWSCo.
2. To examine the impact of Contracts Management on procurement practices at National water & Sewerage Corporation in Uganda.
3. To establish the effect of contract monitoring and control on the performance NWSCo.

Methodology

The study used a combination of a case study and a cross sectional survey research design (Lu et al., 2013). The cross-section survey supported collection and analysis of the quantitative data for examination of the impact of contract management on performance of road works in NWSCo. A cross sectional survey is conducted at a single point in time (Vogt 1993); used both quantitative research study (A & Ahmed, 2019). A cross sectional design was adopted because the study was carried out at a particular period of time. Qualitative part of the study facilitated collection and analysis of qualitative data (Nafiu, 2012). The study also employed both qualitative and quantitative approaches.

Table 1: Sample distribution

Category	Population	Sample size	Sample Technique
NWSCo (Contract and procurement department)	70	60	Simple random sampling
NWSCo. Staff	50	40	Simple random sampling
Community members	42	30	Simple random sampling
Total population & sample size	162	130	

Simple random sampling technique was used to select the Staff. It was used in minimizing the time and cost involve while selecting users from a large population of the user department staff (Nafiu et al., 2013). Purposive sampling technique was used to select the different contract managers who directly deal with contract Administration. Purposive sampling was used for this category of respondents given that they hold high positions of responsibility and was believed to have more knowledge about the issues the study sought (Nafiu, 2012). A questionnaire survey is a research method for collecting information from a selected group using standardized questionnaires (Nafiu et al., 2013). The questionnaire survey is a research method used for collecting information from NWSCo staff and community heads. This method was involved in collecting information from the sampled individuals in a systematic way (Jallow et al., 2022). Self-administered questionnaires (SAQs) was used. A self-administered questionnaire (SAQ) refers to an instrument that has been designed specifically to be completed by a respondent without intervention of the researchers (e.g. an interviewer) collecting the data (Olanrewaju et al., 2021). SAQs were used to collect quantitative data from the users and from service providers.

Quantitative data analysis was mainly consisted of descriptive statistics (frequencies and percentages) and inferential statistics (Pearson correlation, coefficient of determination and regression) (Nafiu, 2012). The frequencies and percentages were used to determine the respondents' views on contracts administration, Service delivery management. Pearson correlation, coefficient of determination and regression was used to test the hypotheses. The correlation coefficient (r) was used to determine the strength of the relationship between the variables (Nelson et al., 2022). The sign of the correlation coefficient (+ or -) was used to determine the nature of relationship (Jallow et al., 2021). The coefficient of determination was used to determine the percentage variance in performance of road projects arising from contracts administration, contract Implementation procedures and contract monitoring and control (Olanrewaju et al., 2021). The significance of the correlation coefficient (p) was used to determine the confidence in the findings. The regression coefficient (R) was determined, which of the indicators of contracts administration, contract Implementation procedures and contract monitoring and control significantly affected performance of road projects.

RESULTS

Table 2 showing the benefits of proper contract management and performance of small and medium enterprise of NWSC in Uganda.

Benefits of Proper contract management at NWSC provide	Strongly agree		Agree		Neither agree nor disagree		disagree		Strongly disagree	
	f	%	f	%	F	%	f	%	f	%
Proper contract management is essential for decision making and business adjustments	133	99			1	1				

Contract management is essential in reduce operating costs, improves efficiency and productivity	93	71	37	27	3	2				
Proper contract management support business audit and research	133	100								
Proper contract management is essential for preparation of proper demand forecast with clear records in place at NWSC	133	100								

Source: primary source

Table 2 shows that 133 (100%) strongly agreed that Proper contract management can provide decision making and business adjustments. The study still found that 133 (100%) indicated that Proper contract management support business audit and research and others acquisition (Abiodun & Christopher, 2024). While 133 (99%) strongly agree that Proper contract management is essential for organization success. And 1 (1%) agreed. However, on the provision of work excellence 98 (71%) strongly agreed, 37(27%) agreed while 3 (2%) neither agreed nor disagreed.

Performance of small and medium enterprise in organizations.

Table 3 showing of performance of small and medium enterprise in organizations.

performance of small and medium enterprise in organizations provide	Strongly agree		Agree		Neither agree nor disagree		disagree		Strongly disagree	
	f	%	f	%	F	%	f	%	f	%
High profit margin to offset any cost	138	100								

Proper Contract management is key to the success of a business	97	70	41	30						
Proper contract management is a tedious activity	59	43	43	31	34	25	2	1.5		
Some business for example micro and small businesses do not require record keeping	89	64.5	43	31			5	4	1	1
It is always good to keep record of all transactions in my business	98	71	21	15	17	12	2	1.5		

Table 3 illustrates the performance perceptions of small and medium enterprises (SMEs) within organizations, providing insights through a range of responses that include "Strongly agree," "Agree," "Neither agree nor disagree," "Disagree," and "Strongly disagree." Regarding the belief that high profit margins are sufficient to offset any costs, all respondents (138 individuals) strongly agreed, representing 100% of the total. When asked about the importance of proper contract management for the success of a business (Ramadhan et al., 2023), a majority of 97 respondents (70%) strongly agreed, while 41 respondents (30%) agreed, indicating widespread consensus on its significance (Jallow et al., 2021). Conversely, the notion that proper contract management is a tedious activity saw a more varied response: 59 respondents (43%) strongly agreed, 43 respondents (31%) agreed, 34 respondents (25%) neither agreed nor disagreed, and 2 respondents (1.5%) strongly disagreed, reflecting mixed feelings on the complexity of contract management. The statement suggesting that some businesses, particularly micro and small ones, do not require record keeping, had 89 respondents (64.5%) strongly agreeing, 43 respondents (31%) agreeing (David et al., 2023), 5 respondents (4%) disagreeing, and 1 respondent (1%) strongly disagreeing, indicating that a majority find record-keeping unnecessary for smaller enterprises. Finally, the idea that it is always good to keep records of all transactions in a business saw 98 respondents (71%) strongly agreeing, 21 respondents (15%) agreeing, 17 respondents (12%) neither agreeing nor disagreeing, and 2 respondents (1.5%) strongly disagreeing, underscoring a prevalent belief in the importance of comprehensive record-keeping among businesses (Kamleitner et al., 2012).

Discussion

The main problem of this study as indicated in chapter one was about to analyze how proper contract management can affect performance of an organization .a case study of NWSC in Central Uganda. The

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subsequent discussion in this chapter is based on the results presented in chapter four of this report as given by the respondents. From the socio-economic demographic characteristics respondents that is, sex, age and level of education attained, majority of them were male, 18 -27 years of age and those with bachelors' degree respectively. These characteristics were very important in the study because it gives a background where one can build to critically to assess the phenomenon and suggest for possible suggestions.

From the field study, majority of the respondents strongly agreed that forensic audit can affect fraud detection. It was mentioned that, the organization makes payments using the required payment mode this was 67.7%, 63.4% regularly audit the books of accounts, 60.4% usually maintains records, 54.2% hires external auditors to prove the work of the internal auditors, environmental accounting was 44.8% and stringent book keeping policies was 41.

7%.

From the study, in reference to the research question two, it was strongly agreed by the majority of the respondents that there is careful planning and monitoring of cash flows which was at 54.2%, 52.1 % for efficient cash flow management, 50.0% register expenses as they occur, 49.0% assets are into best and 44.8% debtors keep their payment schedules.

Findings

The researcher found out the roles, effects and suggested the possible solutions. The study findings revealed that Contract management should come up with better skills, knowledge to impact in the beneficiaries (medium and small enterprises) so that all organizations both public and private can benefit. However there is a need to apply for computerized accounting to remove the challenges faced by the clients in making decisions at NWSC.

Conclusion

The study concluded that Proper contract management has played an important role in the development of various organizations in Uganda , that is to say fraud eradication, reduction in misappropriation of funds. From the discussion, use of forward strategies to up lift these enterprises benefit from proper contract management more attention should be put on clear book keeping so as to address the problems that they face. Such strategies include; mass sensitization and awareness, better government policies among others. All these should be done if all private enterprises are to benefit from financial record keeping.

Recommendations

From the findings of the study, it is contented that the following recommendations should be given due considerations by the government through the Ministry Finance. These include the following;

Different organizations especially these private enterprises should be encouraged to put more emphasis on financial record keeping. This should be done through putting up workshops, seminars and putting advertising

in newspapers and radios so that to make them discover the advantages of having financial record keeping department.

Organizations should come up with better skills and knowledge to impact in the beneficiaries so that they can learn how to overcome the typical risks that are associated with recording for example fraud, misappropriation of funds. However there is a need to provide for a productive design features to remove the challenges faced by the organizations in making use of the financial record keeping

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