

# Effect of Contract Terms Practice on Performance of Constituency development Funded School Infrastructure Projects in Uasin Gishu County

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**Abstract-** *The allocation of National Government Constituency Development Fund (NGCDF) to schools has indeed yielded positive outcomes. However CDF School funded projects in Uasin Gishu County encounter various performance challenges, including persistent delays in implementation, instances of financial mismanagement and the delivery of infrastructure that fails to meet expected standards. The study sought to assess the effect of effect of contract terms practice and performance of national government constituency development fund projects in Uasin Gishu County. The study was anchored on the contingency theory. The study adopted a descriptive research design. The study targeted CDF committee members from all the 6 constituencies in Uasin Gishu County. Each constituency has 9 CDF committee members therefore the total CDF committee members were 54. The study also targeted 136 project management committee members of continuing school infrastructure projects funded by CDF within Uasin Gishu County. Primary data was collected through structured questionnaires and interview schedules. Qualitative data was analyzed through thematic analysis while quantitative data was analyzed using descriptive and inferential statistics. Based on the findings the study concluded that there was a moderate positive and statistically significant correlation between contract terms management practices and performance of CDF funded school infrastructure projects in Uasin Gishu County ( $r=0.657$ ;  $p<0.05$ ). The study recommended that the government authorities and CDF board should ensure that contract terms are clearly defined and adhered to throughout the project lifecycle.*

**Indexed Terms-** *Contract Terms Practice, Performance of Cdf Funded School Infrastructure Projects*

## I. INTRODUCTION

Contract management involves the administration of contracts between organizations and their suppliers to ensure that both parties fulfill their obligations and achieve their objectives (Tanui and Moronge, 2021). Efficient contract management is crucial for enhancing transparency, minimizing legal disputes, and optimizing resource utilization (Schuhmann, & Eichhorn, 2020). As organizations engage in complex business relationships, the need for robust performance indicators to evaluate and monitor contract management becomes paramount. Performance indicators play a pivotal role in enhancing contract management effectiveness.

According to Mensah and Owusu (2020) major concepts of contract management practices include contract terms management practices, segregation of contracts, contract scheduling practice and contract monitoring practice.

According to the U.S. Government Accountability Office (GAO), effective contract management in educational projects is critical to ensuring taxpayer dollars are used efficiently and project goals are achieved (GAO, 2021). Collaborative efforts between educational institutions and contractors contribute to successful project outcomes (Haveman, 2020).

In Nigeria, school project management faces challenges due to factors like population density and diverse socio-economic conditions (Oladapo, 2020). Contract management practices emphasize the importance of risk assessment and effective communication. According to the Nigerian Institute of Building, (NIOB, 2022) the success of school projects often depends on the collaboration between educational authorities and contractors The Nigerian

government's commitment to educational development further strengthens contract management practices (World Bank, 2021). However, challenges such as corruption and bureaucratic hurdles pose significant obstacles that need to be addressed for improved project performance.

Kenya's commitment to contract management extends across multiple sectors, with a particular emphasis on driving infrastructure development, enhancing public service delivery, and fostering economic growth, (Bwisa & Etemesi 2019). Within this landscape, effective contract management is essential for ensuring that projects align with national development goals, (Ameyaw, & Chan, 2020). Key performance indicators (KPIs) serve as critical benchmarks to gauge the success of these endeavors, focusing on project timelines, budget compliance, and adherence to stringent procurement regulations. These indicators collectively represent the cornerstone of accountable, transparent, and efficient contract management practices in the country, (Ayieko & Kibet, 2021).

## II. OBJECTIVES OF THE STUDY

The study sought to establish the effect of contract terms practice on performance of CDF funded school infrastructure projects in Uasin Gishu County.

## III. THEORETICAL REVIEW

The study was based on contingency theory. Contingency theory was developed by Donaldson (1961) and further expanded by Lawrence and Lorsch (1967). The theory focuses on the idea that organizational effectiveness is contingent upon adapting to the unique circumstances of the external environment. The theory assumes that there is no universal best way to manage organizations, emphasizing that different situations require different approaches, (Burnes, 2009). Its strength lies in its ability to provide a framework for understanding how organizational structures and strategies should align with environmental conditions. Critics argue that contingency theory can be overly deterministic, neglecting the role of human agency and the complexity of internal organizational dynamics (Lawrence & Lorsch, 1967).

## IV. LITERATURE REVIEW

Rotich (2022) did a study on the contract management practice and operational performance of state corporations in Kenya. The study used a descriptive, cross-sectional survey research design, with a target population of all the 187 state corporations in Kenya. It also employed a simple random sampling method with a sample size of 50 state corporations. Data was collected using questionnaires, analyzed using SPSS and presented using charts, tables, and graphs. The study findings indicated that state corporations practice effective contract management, which has a positive effect on their operational performance. The implication of the study is that effective contract management improves operational performance of state corporations in Kenya.

Nyaga and Mwangangi (2019) did a study on the influence of contract management practices on performance of Kiambu County. The study adopted descriptive survey design and draw on a quantitative inquiry. This study picked a sample of 96 respondents. The study findings indicated that contract relationship management and contract cost management positively and significantly affect performance. As such, Kiambu County should embrace more contract relationship management.

Kariuki and Nyang'au, (2019) did a study on the influence of contract management practices on procurement performance of county government in Kenya. The study adopted both primary and secondary data analysis research design. Primary data was collected using semi structured questionnaires containing both closed and open ended questions to allow variety. The quantitative data was analyzed using descriptive statistics. In addition the study used multiple regression analysis to analyze the data. This study concluded that contract monitoring practice significantly and positively influenced procurement performance of County Government in Kenya. The study further concluded that managerial capacity has a significant and a positive effect on infrastructure projects in Kitui County. The study also concluded that contract relationship had significant and a positive effect on procurement performance of County Government in Kenya. The study finally concluded that Contract planning had a significant and positive

effect on the procurement performance of County Government in Kenya.

V. RESEARCH METHODOLOGY

The study adopted a descriptive research design. The study targeted CDF committee members from all the 6 constituencies in Uasin Gishu County. Each constituency has 9 CDF committee members therefore the total CDF committee members were 54. The study also targeted 136 project management committee members of continuing school infrastructure projects funded by CDF within Uasin Gishu County. Since the target population was manageable the study adopted census technique to include all the 54 targeted CDF committee members and 136 project management committee members. Primary data was collected through structured questionnaires and interview schedules. The pilot study was carried in Ainamoi

Constituency and Bureti Constituency in Kericho County to assess the effectiveness of the data collection instruments before venturing fully into data collection. An internal consistency technique was used to ascertain reliability Cronbach’s Alpha values of 0.7 or more was acceptable. Qualitative data was analyzed through thematic analysis while quantitative data was analyzed using descriptive and inferential statistics. After analysis qualitative data was presented in prose form while quantitative data was presented in table form.

VI. RESULTS

1.6.1 Descriptive Statistics

Below is an analysis of each statement based on the mean and standard deviation (STD) values. The findings of the study are shown in Table 1.

Table 1: Contract Terms Management Practices on Performance

Contract Terms Management Practices	SA %	A %	N%	D%	SD %	M %	Std
Clear and well-defined contract terms help ensure that all parties understand their roles, responsibilities, and the scope of work.	50	40	4	6	0	3.88	0.907
Setting appropriate terms of contract timelines helps ensure that the project is completed and schedule and minimize delays	32	53	5	11	0%	4.11	0.870
Setting appropriate contract terms on cost controls helps prevent cost overruns and ensures that project funds are managed efficiently.	42	50	5	3	0%	4.51	0.565
Clear contracts terms on how to handle changes to the scope of work helps manage project variations effectively and minimize disruptions.	47	34	8	11	0	4.50	0.621
Clear contracts terms on the role of various stakeholders helps build trust, enhance project acceptance	55	42	3	0	0	4.14	0.866
Clear contracts terms on project performance monitoring and reporting helps track progress, identify issues, and take corrective actions as needed	57	37	6	0	0	4.13	0.655
Clear contract dispute resolution terms ensure that conflicts are resolved efficiently and without causing project delays	39	44	11	6	0	4.51	0.712

According to the findings, 50% of the respondents strongly agreed that clear and well-defined contract terms help ensure that all parties understand their

roles, responsibilities, and the scope of work, 40% agreed while 4% while 6% disagreed with a mean of 3.887 and a standard deviation of 0.907. In addition,

32% of the respondents strongly agreed that setting appropriate terms of contract timelines helps ensure that the project is completed and schedule and minimize delays, 53% of the respondents agreed, 5% were neutral while 11% disagreed with a mean of 4.113 and a standard deviation of 0.870. Further the 42% of the respondents strongly agreed, 50% agreed, 5% were neutral 3% disagreed that setting appropriate contract terms on cost controls helps prevent cost overruns and ensures that project funds are managed efficiently with a mean of 4.516 and a standard deviation of 0.565. Moreover, 47% of the respondents strongly agreed that clear contracts terms on how to handle changes to the scope of work helps manage project variations effectively and minimize disruptions while 34% agreed, 8% were neutral while 11% disagreed with a mean of 4.500 and a standard deviation of 0.621.

The findings further indicated that 55% of the respondents strongly agreed that clear contracts terms on the role of various stakeholders helps build trust, enhance project acceptance with of mean 4.145 and the standard deviation of 0.866. In addition, 57% of the respondents strongly agreed, 37% agreed while 6% were neutral that clear contracts terms on project performance monitoring and reporting helps track progress, identify issues, and take corrective actions as needed with a mean of 4.136 and the standard deviation of 0.655. Moreover, 39% of the respondents also agreed that clear contract dispute resolution terms ensure that conflicts are resolved efficiently and without causing project delays with a mean of 4.513 and a standard deviation of 0.712. The study findings conquers with the findings of Kariuki and Nyang'au, (2019) who showed that clear contract terms outline the process for handling changes to the scope of work in a project. This clarity ensures that all parties involved understand their roles, responsibilities, and the procedures to follow when changes are necessary. It eliminates ambiguity and reduces the likelihood of misunderstandings or disputes arising from scope changes.

The study conducted an interview from project management committee members on their roles and responsibilities in the management of school contracts. Majority of them indicated that they conduct needs assessment and feasibility studies to identify the scope

and objectives of the school project. They are also involved in contract management. One of the project management committee member stated that *“Monitor the contractor's work to ensure it adheres to the contract terms, project specifications, and quality standards”* Another member also stated that *“Ensure compliance with legal, regulatory, and safety standards throughout the project lifecycle”*

In addition the researcher sought to determine the payment terms outlined in the contract when implementing CDF funded school projects. The findings indicated that payment terms for implementing Constituency Development Fund (CDF) funded school projects in Kenya are designed to ensure accountability, transparency, and proper utilization of funds. One of the project management committee member stated that *“An advance payment, usually ranging from 10% to 20% of the total contract value, may be provided to the contractor upon signing the contract”* Another member also stated that *“Payments are made in installments based on the completion of specific project milestones or stages.”*

### 1.6.2 Regression Analysis

The research employed linear regression analysis to draw conclusions based on the descriptive analysis of the relationship between contract terms practices and the subsequent statistics were generated and presented using regression model summary table, Analysis of Variance (ANOVA) table and beta coefficients table.

#### Contract Terms Practice and Performance

The study conducted a linear regression analysis to help make inferences from the descriptive analysis between contract terms practices and the following statistics were produced as shown in tables 2, 3 and 3.

Table 2: Model summary for contract terms practice and performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.976 <sup>a</sup>	.953	.952	.23443	.199
a. Predictors: (Constant), CTP					
b. Dependent Variable: P					

Table 2 shows that the *R* value of .976, which implies that 97.6% of changes in performance by performance of CDF funded school infrastructure projects in Uasin Gishu County are explained by the independent variable, contract terms practices, while 2.4% is explained by the error term. The adjusted *R*<sup>2</sup> value of .953 shows that 95.2% changes in performance by performance of CDF funded school infrastructure projects in Uasin Gishu County is explained by the contract terms practices while the difference, 4.8% is captured by the error term hence showing a model with a good fit at 95.3% (Cohen, 1988).

Table 3: ANOVA for contract terms practice and performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126.502	1	126.502	2301.756	.000 <sup>b</sup>
	Residual	6.265	50	.055		
	Total	132.767	50			
a. Dependent Variable: Performance						
b. Predictors: (Constant), CTP						

Table 3 indicates that contract terms practices statistically had a significant effect on performance  $F(1, 50) = 2301.756, p\text{-value} < .005$ . The model is highly significant ( $p < .001$ ), indicating that CTP is a significant predictor of Performance. The *F*-statistic is very large, showing that the regression model explains a substantial portion of the variance in performance. The majority of the variability in Performance is explained by CTP (126.502 out of 132.767 total sums of squares). This indicates a strong relationship between CTPV and Performance.

Table 4: Coefficients for contract terms practices and performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.586	.091		6.434	.000		
Contra	1.098	.023	.976	47.977	.000	1.000	1.000
a. Dependent Variable: P							

The study revealed from the coefficients of regression that the correlation between contract terms practices on performance of performance of CDF funded school infrastructure projects in Uasin Gishu County was statistically significant  $r(97.6) = 1.098, p < 0.005$  an indication that companies with strong customer relations management are more likely to realize better performance.

The *t*-value for Contra is 47.977, and the Sig. value is 0.000, meaning that the relationship between Contra and P is highly statistically significant. Statistically, the null hypothesis, “There is no significant relationship between the contract terms practices and performance, was rejected since  $p < 0.05$ . Hence, the study accepted the alternative hypothesis that there is significant association between contract terms practices and performance in the performance of CDF funded school infrastructure projects in Uasin Gishu County in Trans Nzoia County.

The regression equation for predicting performance from contract terms practices was  $Y = 0.586 + 1.098X$  implying that contract terms practices has positive significant influence on (B=.586,  $p < 0.05$ ). The influence is significant as indicated by positive *t*-value (6.434) and probability value  $< 0.05$ . In quantitative terms, the regression estimates of 0.023 means that, holding other factors constant, an increase in contract terms practices by one unit, performance increase by 0.023 units.

## CONCLUSION

Based on the findings the study concluded that there is a moderate positive and statistically significant correlation between contract terms management practices and performance of CDF funded school infrastructure projects in Uasin Gishu County ( $r = 0.657; p < 0.05$ ). This implies that better contract terms management practices enhance performance of CDF funded school infrastructure projects in Uasin Gishu County.

## RECOMMENDATIONS

It is recommended that stakeholders in CDF-funded projects should place greater emphasis on the

formulation and enforcement of clear, precise, and comprehensive contract terms. This includes specifying deliverables, timelines, quality standards, and penalties for non-compliance. To enhance performance, it is also recommended to regularly review and update contract terms to reflect any changes in project scope, ensuring that all parties fully understand and agree to these terms before project initiation.

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