

Effect of Contract Management on Achieving Value for Money in Public Sector in Rwanda: A Case of Ministry of Infrastructure

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ABSTRACT

The purpose of this study is to figure out the effect of the contract management on achieving value for money in the Rwandan public sector. To do this, the specific objectives of this study are; to determine how contract administration contribute to the achievement the value for money, to examine the role of staff competence on achieving value for money, to determine how organizational capability contributes to value for money and to assess the impact of relationship management on value for money. To get data, the study focused on a case study design and targeted a population of 92 employees. The total sampling technique was used where all the 92 staff have been used in the study. This study collected both qualitative and quantitative data. Quantitative data have been gathered through questionnaires, while qualitative data was gathered through interviews. Four theories used to guide this study: Resource-based theory, Principal-agent theory, and General System theory. To analyze data, a combination of descriptive analysis and inferential analysis were taken into consideration, with the help of Statistical Package for Social Science (SPSS). Descriptive analysis allowed this study to provide a clear description of the information provided by each respondent, including mean and standard deviation. Inferential analysis included correlation and regression analysis to establish the relationship between the variables of the study. From the findings, it was observed a positive effect between the contract administration and the value for money with a significant value of $p=.046$ p value was less than 5%, the staff competence and value for money with a significant value of $p<.001$, p was less than 5%. Also the results revealed that organizational capability has positive effect on achieving value for money with a significant value of $p<.001$ p was less than 5% and the study further revealed that relationship management is positively affect the achievement of value for money as evidenced by significant value of .047 which is less than 5%.The study concluded that both contract administration, staff competency, organizational capability and relationship management has significant effect on the achievement of value for money procurement within the organization as all variables had a significant value of $p=0.000$ $p<0.05$. The study recommended that MININFRA and other public procuring entities, policy makers, academicians as well as researchers should devote more efforts in ensuring that procurement contract management is executed by competent staff, organization is capable in terms of financial and capital resources and build strong relationship with internal and external procurement stakeholders in order to achieve value for money procurement. This study suggested among others, further study to be carried out on the challenges facing the implementation of contract management on achievement of value for money procurement.

Keywords: Contract management, Organization capabilities, Staff competence, Relationship management and Value for money

GENERAL INTRODUCTION

In world history, early societies relied on informal agreements and oral contracts, which were difficult to

enforce; the ancient civilizations of Mesopotamia and ancient Egypt developed some of the earliest known written contracts on clay tablets, Roman law introduced the concept of enforceable agreements and developed the basis of contract law, key Roman legal principles, such as consensus ad idem (meeting of the minds) and the requirement of consideration, have influenced modern contract law. Contracts in procurement processes can be traced back to ancient Rome when they engaged in trade with private suppliers and generated contracts with scribes. (Nwabuzor,2015). Nowadays, developing countries worldwide are realizing the importance of effective contract management in public procurement processes at both central and local government levels.

Procurement has become a critical organizational function and contract management is becoming increasingly important at the local level, especially in countries with decentralization and a wider range of functions performed by local governments (Caerlewy & Marshall, 2017).

In Africa, special public procurement bodies have been established to implement new regulations and monitor public procurement procedures. They aim to not only bring domestic legislation but also play a key role in the efficient implementation of the regulations. Additionally, training programs and manuals have been created to inform procuring entities and potential bidders on how to properly implement the law provisions (Rundquist, 2007).

The Government of Rwanda (GoR) has been working hard to improve the way it manages its finances. The goal is to make the system more competitive, transparent, and accountable, and to make sure that public money is being used wisely. One of the most important parts of this effort has been reforming the way the government buys things. This is important because it helps address some of the specific problems Rwanda has faced, and it also brings the country in line with international standards for government purchasing. These reforms are part of a larger effort to decentralize government and bring more of an entrepreneurial spirit to the way things are managed. By treating procurement as a business strategy and sharing some of the risks with other parties, the government hopes to improve performance and get better value for money.

So, basically, the reports from the Auditor General of State Finances (OAG) and the Rwanda Public Authority (RPPA) for the financial year that ended on June 30, 2018, showed that the Government of Rwanda is losing money because lots of public institutions aren't following the proper procurement procedures including poor management of contracts.

Based on RPPA's activity report for the 2018/2019 fiscal year, there were some pretty serious problems with how contracts were managed. For example, contracts were taking way too long to get executed and decisions weren't being made in a timely manner. The services, goods and works being delivered weren't meeting the requirements, and there weren't enough skilled staff members to manage the contracts. Contractors and suppliers weren't being held accountable for poor performance, and there were often changes to the specifications or deliverables during the contract execution, leading to additional costs beyond the planned budget (RPPA, 2020).

Transparency and accountability are essential for ensuring value for money. When there is a lack of transparency in contract processes, such as tendering and awarding contracts, it becomes difficult to assess if the government is obtaining the best deal. Similarly, without adequate mechanisms for accountability, there is a risk of mismanagement and corruption, which can compromise the value obtained from contracts (Caerlewy & Marshall, 2017). Effective contract management requires skilled personnel who can oversee the implementation, monitor performance, and ensure compliance with contractual terms and conditions. Inadequate capacity and expertise in contract management can lead to suboptimal outcomes, cost overruns, and delays, diminishing the value for money.

The Auditor General report found out that public entities are still facing issues with delayed and abandoned

contracts. As per the report, there are 86 contracts worth more than \$100 billion that are affected (Auditor General Report, 2018). This is a matter of concern, and there needs to be a proper policy and guideline in place to address this problem. Public institutions use public money from taxes paid by citizens, and it is important to prevent any unnecessary losses to the government. To achieve this, they must ensure that they follow the principle of value for money (RPPA, 2012)

Therefore, contract management in public procurement is vital for all public institutions in attainment of value for money. This includes managing contractual relationships and ensuring that deliverables are provided to the required standards within the agreed timeframe from the identification of need, preparation and procurement, transition and handover, proactive management and contract service review.

Problem Statement

In the 19th century, most of countries such as United Kingdom, United States of America, Sub-Saharan African countries as well as East Africa countries including Rwanda, the procurement was not operating efficiently where its performance was characterized with late deliveries which constrained achievement of value for money and that the public had lost a lot of money through shoddy deals arising from poor managed contract.

The Rwanda Public Procurement Authority report (2020), for 2018-2019 financial year showed that there were significant issues in contracts management, particularly for large contracts under works and services, when the numerous projects' designs were revised throughout their implementation and resulting in modification of scope of activities, then leading to the implementation time overrun. The procuring entities also faced budget constraints, as contracts were signed with the assurance of budget but the promised budgets were not disbursed on time, as evidenced by the large number of pending invoices and delayed payments, which sometimes resulted in the suspension of contract implementation. Poor planning and the unavailability of a supervising firm were also mentioned as challenges in contract management, where some procuring entities signed contracts for the execution without having a contract with a supervising firm, resulting in a delayed start of signed contract and an overrun of the planned implementation time.

The Auditor General Report (2021) found that there were 62 cases of delayed contracts in 38 public entities and projects. These delays were a result of poor contract management. The report shows that some government officials responsible for managing contracts did not follow up adequately. This was due to unclear roles and responsibilities, as well as a lack of proper supervision. As a result, the quality of deliveries was poor and the implementation of procurement contracts was not properly monitored. The report also found that some government suppliers were not paid on time by certain procuring entities. This failure to pay on time could be a source of corruption and goes against procurement principles, thus influence value for money.

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Objectives

1. To determine the effect of contract administration on achieving value for money at Ministry of Infrastructure.
2. To examine the effect of staff competence on achieving value for money at Ministry of Infrastructure.
3. To determine the effect of organization capabilities on achieving value for money at Ministry of Infrastructure.
4. To assess the effect of relationship management on achieving value for money at Ministry of Infrastructure.

LITERATURE REVIEW

Theoretical review

The theories that shaped this study are described in this section. Four theories, which are described below, served as the foundation for this study.

The Resource Based View Theory (RBV)

This theory was Developed by scholars such as Jay Barney, Birger Wernerfelt, and Gary Hamel in the 1980s and 1990s, The Resource-Based View Theory (RBV) is a strategic management framework that highlights the significance of a firm's internal resources and capabilities in achieving and sustaining a competitive advantage.

Dejmal (2004) asserts that an organization must look within to find the resources it can use to compete with its rivals. In other words, the theory places a lot of emphasis on the resources necessary for an organization to succeed. Intangible and tangible resources, such as skills, human resources, efficient systems, and many

others, can help the organization compete successfully. The foundation for a given firm's competitive advantage is the application of the variety of tangible and intangible resources at its disposal (Wernerfelt, 1984; Rumelt, 1984; Penrose, 1959). According to Teraf (1992), the firm's resources must be heterogeneous and not perfectly mobile in order for the short-term competitive advantage to be converted into a continuous competitive advantage. As a result, valuable resources are effectively scarce and difficult to replace Barney (1991). Additionally, through a clever and consistent bundling of actions, their mutual strengthening can help to add various individual capabilities.

This theory strengthens that an organization should have the necessary resources that can be used to manage procurement contracts effectively, including human resources that process various contract management skills, financial resources, and the ability to maintain relationships among the contracting parties. According to some of the literature, including Park and Kim (2018) explained that the contract management capabilities are formed by staff competence and organizational capabilities.

The principal agency theory

This theory was first proposed by Jensen and Meckling (1976), Sarens and Abdelhamid (2010) later on expounded it. The principal agency model was created by economists to address situations involving two parties; the principal and the agent in which the principal has the authority to persuade the agent to act in the principal's best interests, but not always the agent's (Health and Norman, 2004).

This theory describes an agency relationship between two parties: the principal, who assigns the work to the agent, who completes it (Eisenhardt, 1989). However, since the two parties (the principal and agent) may be misunderstood given their divergent interests, problems may worsen in such relationships. What is built in this relationship is the principal-agent relationship. The agency theory can be applied to other agency relationships and relationships like buyer-supplier and employer-employee. This theory is also applicable in situations where it is difficult to contract problems. By creating the most appropriate "contract" through behavior-based management efforts and outcome-based efforts, agency theory seeks to address this issue of ambiguity and loss of control (Eisenhardt, 1989). Real principal agent relationships, also known as vertical relationships, are found in purchasing, where the supplier serves as the principal and the purchasing organization acts as the agent. In order to carry out a specific task on behalf of the principle, the supplier organization should be technically competent and have the necessary skills (Nzanana & Kariuki, 2017).

Procurement contract management is in general based totally on the principal agent theory whereby the principal is the Government whose goal is to acquire the quality service, goods and works at the lowest viable fee with the cost for money and on the different hand the Agent is the provider or contractors whose aim is to make earnings and keeps on how to survive in the market (Rendon, 2010)

In the Agency theory, Procurement unit is considered as the link that exist between all the organizational individuals who are fascinated in working closer to attaining common procurement goals. In that case Procurement Management work toward developing environment friendly suppliers' relationship that will help the operations of the enterprise and leads to extended organizational effectiveness and efficiency. In this regard, Procurement business enterprise managers are the agent and the suppliers are the principal. So have confidence between these two parties can be accelerated considering the fact that the agent will be working in the direction of achieving the first-class procurement overall performance that will leads to the attainment of more organization value consequently lead to business enterprise overall performance in procurement activities. With this theory it acts as a guide in investigating the way procurement unit look at procurement policy and principles that directs the go with the flow of procurement practices.

Briefly, this theory connects with this study as it involves management of contract that involves having capability that not only on the organization level and individual level but how to manage the respectful and

trustworthy relationship so as to make sure that at the end there is a win – win situation that is both parties acquire what it intends without hurting the other part. (Roushidy,2015)

The general systems theory

Easton (1953) established the general system theory, which was initially applied to public policies. According to Bashuna (2013), this theory is heavily influenced by social science and is known as open system theory. In general, this theory has an impact on management science and it's crucial for understanding organizations. A system theory emphasis on gathering of parts unified to accomplish general goals. If one component is eliminated, the nature of the system is altered. A system can be thought of as having inputs (such as resources like raw materials, money, technologies, and people), processes (such as planning, organizing, motivating, and controlling), outputs (such as goods and services and services), and outcomes (such as improved customer productivity or quality of life). Each of these four system components receives feedback from the others. The system method is excellent for describing contract management procedures in government agencies. According to Thai (2001), public procurement is a component of the larger institutional framework. The public procurement system has a number of components that work together to ensure the highest level of performance for the procurement functions.

Bashuna (2013) pointed out that both internal and external processes have an impact on contract management. In this regard, the theory is appropriate for the study because the factors influencing contract management can be seen from the input level, the internal workings of the procuring entity, and also the way the results of the contract management activities reflect the performance of procurement in public organizations.

Transaction Cost Economics Theory

According to William (2007), the Transaction Cost Theory (TCE) is more concerned with the whole cost of the contract than a projected price and focuses on minimizing transaction costs. Transaction cost economics (TCE) theory provides a framework for understanding the costs and benefits associated with transactions or economic exchanges between individuals or organizations. It examines how transaction costs, such as information costs, negotiation costs, and enforcement costs, affect the choices made by economic actors.

The concept of value for money (VM) refers to obtaining the best possible outcome or benefit from a given expenditure or investment. It involves optimizing the relationship between the cost incurred and the quality or benefits received. There is a link between TCE theory and value for money, particularly in the context of procurement and contracting. TCE theory suggests that transaction costs can have a significant impact on the overall value for money achieved in a transaction. By considering transaction costs and their influence on decision-making, organizations can make more informed choices to maximize value for money, (William and Tadelis, 2010).

Briefly, TCE theory provides a theoretical framework that can inform decisions aimed at achieving value for money. By considering transaction costs and applying TCE principles, organizations can optimize their procurement processes, contract design, supplier selection, and relationship management, ultimately enhancing the value for money obtained from their economic transactions.

Conceptual Review

This sub section titled conceptual review attempted to throw some light on the process and important aspects of the already existing studies of different authors and scholars concerning the conceptual framework.

Value for money

Value for money is a concept that assesses the benefit or quality received in relation to the cost incurred. It's a measure of the effectiveness and efficiency of a product, service, or investment in delivering satisfactory results relative to its price. In essence, the concept of value for money is a holistic evaluation that takes into account not just the immediate cost, but the overall experience, satisfaction, and benefits derived over time. It involves a balance between quality, cost, and the alignment of the offering with the needs and expectations of the consumer or user. Here are the conceptual review relating to value for money:

In Tanzania, Athumani & Bisama (2018) carried out a study on the effectiveness of contract management on value for money in public procurement of goods: A Case of Ministry of Agriculture. The study concentrated on three components, which were to be assessed on how they affect value for money: contract document preparation, contract implementation, and contract administration. The study's findings showed that capacity building is essential for contract management that maximizes value for money. Offering training in the use of information technology is a key component of capacity building.

Boateng (2016) carried out a study in Ghana on the Measures of Ensuring Value for Money in Public Procurement. The study found that a well-functioning public procurement system is essential for the enhanced delivery of decentralized goods and services, works, and services, and that there must be a clear understanding of the term value for money for those who are implementing the procurement (Procurement officials). Most of people mistakenly believe that getting the best value for money means selecting the products or services with the lowest price. In reality, value for money requires selecting products or services based on their overall cost with their estimated life. For example, if a machine is being purchased, there are several factors to consider, including the cost of spare parts, the cost of serving the machine, transport cost, its estimated life, how it will be disposed of, and when it needs to be depreciated. Before purchasing the machine, all of these need to be taken into account.

Titus & Will (2016) conducted a study on the factors influencing the effectiveness of procurement in public institutions. A case of public entities in Homabay County demonstrated that in public institutions there must be for elements which greatly influence these processes for a procurement process to be efficient. These factors include procurement contract management, academic background and expertise, information and communications technology (ICT), and the procurement planning process. When these four variables are combined, it is possible to effectively complete the procurement processes and, as a result, get value for money.

Waigwa (2016) carried out a study on the Factors affecting management of procurement contracts in public security agencies: A case of Kenya Police Service. The study found a link between public procurement policy and public contract management in the public sector. Training is crucial for successful contract management and maximizing value for money.

Rasheli (2016), conducted research on procurement contract management in the local government authorities (LGAs) in Tanzania. The study found that contract management is crucial for achieving value for money, but there are costs associated with managing contracts as well. Therefore, in order to obtain value for money, both the supplier and the customer should successfully cut off contract management costs.

The researchers didn't cover the cost and quality of products for achieving value for money. Best value for money is defined as the most advantageous combination of cost, quality and sustainability to meet customer requirements. In this context: cost means consideration of the whole life cost, quality means meeting a specification which is fit for purpose and sufficient to meet the customer's requirements

Contract management

According to Aberdeen G. (2006), contract management is a systematic process for the formulation, execution, compliance, and analysis of business contracts with the goal of enhancing operational performance, cutting costs, and lowering risks. A legally binding agreement between a company (the buyer) and a supplier to satisfy a set of specified terms and conditions is known as a procurement contract. Building strong working relationships between the parties is a key component of effective contract management. Getting the goods or services as specified in the contract and getting the most value for your money by weighing costs and risks and actively managing the relationship are two of the main goals of contract management. Additionally, it strives to continuously enhance performance during the duration of the contract.

The mechanics of the relationship between the customer and the supplier, the application of policies regulating their interface, and the efficient performance of routine administrative and clerical tasks are all aspects of contract administration. On the other hand, successful contract management goes far further than just making sure that the contract's provisions are being followed; while this is an important starting step, it is only one among many (ANAO, 2007).

Contract administration

Contract administration is a crucial component of public procurement agreements. It serves as a manual for managing the contracts that have been written, identifying the important signatories needed to formalize contracts, and providing additional instructions for contract implementation. Additionally, contract administration plays a key role in establishing if the acquisition of the products, works, or services was carried out in conformity with the Public Procurement Act (PPA). The ministries and other government entities make sure that the government gets the best value for money with each contract it signs by using effective contract management procedures (Lynch, 2017). Therefore, contract administration is crucial for MININFRA and other governmental organizations and ministries, advising them on how to handle the contracts agreed upon.

In order to ensure that the terms and conditions of the contract are met, Lim (2020) notes that contract administration entails tight collaboration with the chosen vendors. Additionally, the procurement managers make sure that the government gets the goods and services it needs during contract administration. This means that the vendors can fulfill their obligations under the contracts by delivering the goods and services. Under the procurement department, a separate person or department may be responsible for ensuring effective contract administration. Thus, it is the responsibility of the contract administrator to make sure that the request is fully understood.

Staff competence

Park & Kim (2018), carried out a study on the evaluation of contract management skills needed for overseas construction projects. The study's findings concluded that these organizations' competencies need to be strengthened as well as the necessity of retaining a sizable team for contract management or emphasizing the hiring of engineering experts as being significantly more crucial than other forms of staff competency.

In Australia, McPhee (2006) wrote about contract management in the public sector from the perspective of ANAO better practices. The study found that the entities that effectively manage contracts have a good track record of investing in the capability of contract management, and that decision-making regarding investments in the competence is typically made by management rather than the contract manager.

In Kenya, Kibogo & Mwangangi (2014) conducted a study on the variables influencing contract management in the public procurement sector. The findings showed that effective contract administration in public procurement is influenced by information technology, management styles, and personnel competence.

Organization capabilities

In Uganda Oluka & Basheka, (2012). The results of their study on the factors and barriers to effective procurement contract management showed that implementation of already-existing regulatory measures is necessary to avoid the pitfalls of an ineffective contract management process and ultimately subpar service delivery. The supervisors (contract managers) need to have experience with contracts. Therefore, the organization has to hire knowledgeable personnel to oversee the consultants and contractors. This should be accompanied by proper record keeping.

Crawford, (2019) carried out a study in South Wales on Ensuring contract management competency in government, Department of Education. The study liked the connection between effective contract management with regulations and procedures. In order for an organization to effectively manage contracts and obtain value for money, it is necessary to have policies and procedures in place, as well as qualified staff members who have knowledge, experience, and abilities in contract management.

According to London Office of Government Commerce, (2002) implementing the contract requires Procuring Entities to concentrate on making sure that the contract is completed on time, the quality is sufficient, risks are minimized, and costs are kept to a minimal. To ensure that all contract obligations are fulfilled by both parties to the expected standard using the resources at their disposal, this necessitates ethical behavior and professional practices in return.

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Relationship management

Effect of Relationship Management on Project Contract Performance in Rwanda was studied by Nzanana & Kariuki (2017). The results showed the necessity of having a reliable relationship between the two parties implementing the contract, and if at all possible, each project should have a relationship manager. It is crucial that both parties take relationship management seriously and ensure that information is communicated between them. Therefore, there is potential to investigate other relationships that are crucial given that contract management involves a number of stakeholders and that relationship management is the only way to ensure effective coordination between these stakeholders.

Handfield, Primo, Paulo, & Oliveira (2015) examine the role of effective relationship management in successful large oil and gas projects, and the study found that for contracts, in order to be successfully managed, there is a need for informed managers with MBAs and well-experienced workers, as well as the need to include all stakeholders when carrying out projects through relationship management.

In Tanzania, Amour (2014) did research on how procurement contract management affects the efficiency of project management for telecommunications companies. The findings showed that there is a strong reliance on effective contract management of suppliers in complying with contract conditions and close monitoring of suppliers during project implementation.

From July 25 to August 5, 2010, the Common Market for Eastern and Southern Africa (COMESA)

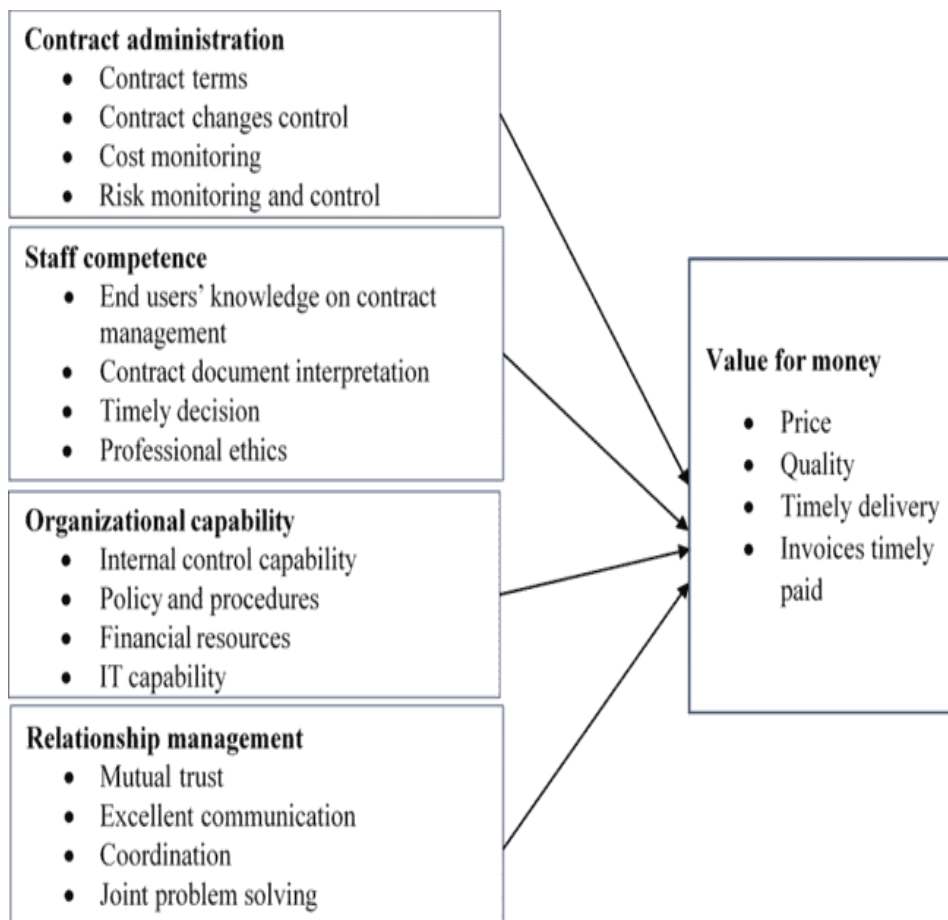
organized a workshop for trainers of trainers in Addis Ababa, Ethiopia, participants identified five main determining practices that can affect contract management, including with an emphasis on outputs and performance milestones, identifying and defining processes and creating a clear contract management plan; the contract manager is quite knowledgeable about the contract ;stating explicitly what are the responsibilities of the contract manager, and the contractor or supplier in the contract; suppliers receive consistent and routine performance feedback; users are aware of what the contract is supposed to provide and ensuring that payments are made to the supplier in accordance with the terms and conditions of the signed agreement.

Conceptual Framework

This study will assess the effect of contract management for goods and services in achieving value for money in public sector in Rwanda. The independent variables include; staff competence, organizational capability, and relationship management. Then, the dependent variable is value for money. A conceptual framework is a scheme of concepts (or variables) which the research operationalizes in order to achieve set objectives Chakraborty, (2009)

Independent variable

Dependent variables



Source: Researcher (2023)

Research gap

This session has reviewed the available literature on the subject under consideration. Despite the fact that numerous studies have demonstrated the importance of procurement contract management in delivering value for money; they didn't show how to monitor and control risks that can occur within contract

administration and can affect value for money, the decisions to be taken timely were not talked about, while procurement procedures required to take decisions timely. Professional ethics for staff who dealt with contact management is a critical issue as it helps the staff to fight against corruption and other related bad behaviors within staff competence, and also financial resources within organization capabilities were ignored by the cited researchers. This gap was covered by this study in effect of contract management for achieving value for money, particularly in Rwanda's public sectors via contract administration, staff competence, organization capabilities, relationship management and value for money as variables.

METHODOLOGY

Research Design

Descriptive research design was used in this research. The data was collected, compiled, and presented using the descriptive study design. It was used to provide an overview picture about the research population. As opposed to this, Correlational design examined the relationship between two or more variables without manipulating them. It determines the degree of association or correlation between variables. It was in particular help the researcher to measure the correlation and the effect between procurement contract management and value for money.

Study population

This study focused on contract management and its effect on achieving value for money in public sectors in Rwanda. In particular, the study was carried out in the Ministry of Infrastructure (MININFRA). Therefore, the target population was the staff working MININFRA. It is therefore, made up of a total of 92 who comprise the employees at MININFRA. distributed as follow: procurement management unit: 15, tender committee members: 7, user departments: 43, accounting and finance department: 05, legal department: 06 staff from MININFRA projects: 16.

Sampling Technique

According to Creswell (2017), sampling techniques are the methods that the researcher uses to choose sample elements from the population. The use of the total sampling technique in this research is suitable given that the entire target population is involved.

Data Collection

This study included both primary and secondary data. A well-structured questionnaire was utilized to collect primary data. The closed-ended questions in the questionnaire was designed to gauge respondents' views on the procurement contract management of goods, services and works on achieving value for money. The questionnaire was structured in a way that it contained statements that measure the procurement contract management along the identified four indicator variables, namely contract administration Staff Competence, Organization Capability, Relationship Management. Interviews was also used by the researcher to gather primary data. Key informants who have been chosen from the target population was taken part in the interview. The open, in- person interview was made easier by the interview guide. Finally, the secondary data was examined using a documentary review. The study made using of secondary information from reports on the procurement procedures and management collected from MININFRA.

Documentary review was also used to collect secondary data within the MININFRA. Documents related to Procurement such as contract documents, tender documents, different procurement manuals, auditing report. The information which was reviewed at MININFRA includes the influence of contract management on value for money at MININFRA, the Auditing Report that were presented by RPPA for the last four financial

years, tender documents which are being prepared at MININFRA and the Procurement manuals which are being used in the procurement.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This research used 92 staff who participated in responding all questions related this study. The majority of the participants who filled were male represented by 64.1% of the participants, majority were in the 41-50 years of age with 41.3% and 44.5% had a working experience of between 1 and 5 years. 72.8% of the participants were at bachelor’s level.

First of all, this study aimed to assess the effect of procurement contract management on achieving value for money in public sector in Rwanda. Specifically, the study aimed at determining the effect of contract administration on achieving value for money, to examine the effect of staff competence in achieving value for money, to determine the effect of organization capability in achieving value for money and to assess relationship management in achieving value for money. The findings of the study relating with first objective revealed there is strong and positive relationship between contract administration and achievement of money with the significant value ($P < .001$) which is less than 0.05. Findings concerning the second objective revealed that there is a positive relationship between staff competency and achievement of value for money with significant value ($P < .001$) which is less than 0.05. Findings concerning the third objective of this study indicated that there were positive and significant relationship between organization capability and the value for money with significant value less than 0.05. The results relating with the fourth objective found that relationship management have positive and significant contribution to the achievement of value for money within the organization. Results from the document reviewed, showed that contract administration, relationship management, organization capability, and staff competency all contributed positively to the achievement of value for money in effective and efficiency contract management. Results from respondents who were interviewed indicated that contract management, relationship management, staff competency, and organization skills enable organizations to get value for money in their procurement.

Contract administration on achieving value for money

The researcher identified three sub variables included contract terms, contract changes control, cost monitoring and risk monitoring and control.

Views on the Contract Administration

Statements	N	Mean	Std. D
Contract terms influence the achievement of value for money	92	4.23	.447
Contract changes control support the effective contract management	92	4.33	.516
Cost monitoring and control help the effective contract management	92	4.32	.490
Risk monitoring and control contribute to the contract management	92	4.26	.489
Valid N (listwise)	92		
Overall Mean and Std. Deviation		4.28	.485

Source: Field data, (2023)

The respondents agreed that contract terms are an important factor that affect the contract management and the value for money with a mean score of 4.23(std=.447) indicating that there was a high level of agreement among the respondents on the importance and effect of contract terms. On whether the contract changes control support the effective contract management, a mean score of 4.33(std=.516) which indicated that

there was high level of agreement among the respondents. On whether the cost monitoring and control help the effective contract management, the respondents were agreed with the statement giving a high mean of 4.32(std=.490). On whether risk monitoring and control contribute to the contract management, a mean of 4.26(std=.489) implied that the respondents were in agreement though with divergent views. The Pearson correlation analysis between contract administration and achieving value for money. The results showed that contract administration correlation ($r=.868, P<.001$) was strong positive correlation. It was also statistically significant which implied that good contract administration in the contract management practices would help the public institutions in Rwanda to significantly maximize the achievement of value for money.

Staff competence on achieving value for money

In this endeavor, the researcher identified four sub-variables, namely, end users’ knowledge on contract management, contract document interpretation, timely decision and professional ethics.

Views on staff competence

Statements	N	Mean	Std. D
End users knowledge on contract management	92	4.22	.465
Staff members are trained in contract document interpretation	92	4.18	.467
Effective contract management is influenced by the Ministry timely decisions	92	4.28	.499
Professional ethics at MININFRA guide the contract management.	92	4.32	.490
Valid N (listwise)	92		
Overall mean and standard deviation		4.25	.480

Source: Field data, (2023)

On whether end users and tender committee members and contract managers have knowledge on procurement contract management, a mean score of 4.22(std=.465) indicating that there was high level of agreement among the respondents. On whether MININFRA’s staff have capability to analyze contract documents, a mean of 4.18 and standard deviation of .467 indicated the respondents were in agreement. According to statistics a mean of 4.28(std=.499) indicated that the respondents were in agreement about the statement of contract management decisions are timely made to facilitate the contract management. For the professional ethics on procurement and related activities a mean 4.32 and standard deviation of .490 showing a high level of agreement of professional ethics at the ministry. The overall mean for all the responses obtained in regards to staff competence was 4.25(std=0.480) showed that even though there were divergent views, most of the respondents were on agreement. The Pearson correlation analysis between staff competence and value for money, the results showed there was a positive correlation ($r=.912, P<.001$) between the two variables. The correlation was also statistically significant which implied that efficient and effective use of staff competence in the contract management would help the public institutions in Rwanda to significantly maximize the achievement of value for money.

Organization capability on achieving value for money

In this endeavor, the researcher identified three sub-variables under organization capability, namely, internal control system, policy and procedures, financial resources and IT Capability.

Views on the organization capability

Statements	N	Mean	Std. D
MININFRA has strong Internal control system	92	4.21	.481

Policy and Procedures at MININFRA support effective procurement contract management.	92	4.25	.483
Financial resources at MININFRA support effective contract management	92	4.23	.471
MININFRA Information Technology support effective procurement Contract Management	92	4.26	.489
Valid N (listwise)	92		
Overall mean and standard deviation		4.24	.481

Source: Field data, (2023)

On whether MININFRA has strong internal control system, a mean score of 4.21(std=.481) showed agreement among the respondents. Regarding the policies and procedures at MININFRA to support effective procurement contract management, a mean score of 4.25(std=.483) showed that most of respondents were agreed with the statement. A big number of the respondents were in agreement on whether financial resources support effective contract management at MININFRA. This is attested by a high mean score of 4.23(std=.471). Lastly, the respondents agreed that MININFRA’s Information and Technology system supports effective procurement contract management as all needed information are kept and archived in Umucyo and all processes are done clearly attested by a high mean score of 4.26 and standard deviation of .489. The Pearson correlation analysis between organization capability and value for money showed there was a positive correlation ($r=.880, P<.001$) between the two variables. The correlation was also statistically significant which implied that efficient the organization capability would help the public institutions in Rwanda to significantly maximize the value for money through the regular internal control, using policy and procedures as they have been approved and using well the resources and also technology.

Relationship management on achieving value for money

For this objective, the researcher identified four sub-variables under relationship management, namely, excellent communication, mutual trust, coordination and joint problem solving.

Views on the relationship management

Statements	N	Mean	Std. D
At MININFRA there is a clear line of communication with suppliers	92	4.23	.471
MININFRA maintain trustworthy relationship	92	4.24	.454
There is effective coordination within departments at MININFRA.	92	4.24	.429
MININFRA attends immediately to dispute with their client outside the Ministry.	92	4.20	.474
Valid N (listwise)	92		
Overall mean and standard deviation		4.22	.457

Source: Field data, (2023)

The respondents agreed to the statement that relationship management is important to achieve value for money. On whether MININFRA has a clear line of communication with suppliers, contract management teams, end users and other procurement partners, a mean score of 4.23(std=.471) confirmed this level of agreement. Contract management helps to maintain strong relationships between parties and mutual trust is viewed as a relationship management tool showed by the mean score of 4.24 and standard deviation of .454. A mean of 4.24 (std =.429) confirmed the high level of agreement that effective coordination between departments influence value for money success in an organization. On whether MININFRA resolve contractual disputes with their suppliers immediately and collaboratively, the respondents agreed with the statement, attested by a mean score of 4.20 and the standard deviation of .457. The Pearson correlation analysis between relationship management and value for money showed there was a positive correlation

($r=.879$, $P<.001$) between the two variables.

The correlation was also statistically significant, implying that good relationship management in contract management would help Rwandan public institutions significantly to achieve value for money by creating and maintaining clear lines of communication with suppliers and maintaining trustworthy relationships, and effective coordination within departments helped the achievement of value for money and then avoid conflicts.

Correlation Analysis between variables

Value for money		CA	SC	OC	RM	
Value for money	Pearson Correlation	1	.868**	.912**	.880**	.879**
	Sig. (2-tailed)		<.001	<.001	<.001	<.001
	N	92	92	92	92	92
Contract administration	Pearson Correlation	.868**	1	.878**	.841**	.634**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001
	N	92	92	92	92	92
Staff competence	Pearson Correlation	.912**	.878**	1	.943**	.758**
	Sig. (2-tailed)	<.001	<.001		<.001	<.001
	N	92	92	92	92	92
Organization capability	Pearson Correlation	.880**	.841**	.943**	1	.732**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001
	N	92	92	92	92	92
Relationship Management	Pearson Correlation	.879**	.634**	.758**	.732**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	
	N	92	92	92	92	92

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field data, (2023)

CONCLUSION

This research sought to assess the effect of contract management practices on achieving value for money in public sector in Rwanda. To conduct this research, the researcher identified four key areas of concern, namely, the contract administration, the staff competence, organizational capability and the relationship management. The findings of this study are very crucial for being considered by both procuring entity and the suppliers who are going to execute procurement contract as well as the third part who involved in that contract so as enable the procuring entity to minimize cost and deliver goods on time which fit the purpose for use. The empirical findings are also the body of knowledge in understanding the contract management on achieving the value for money.

Contract administration process helps organizations control the costs and therefore reduce the probability of

cost escalations in all transactions. Since procurement is one of the biggest spending activities of governments all over the world, effective management of contract would see the governments save a lot of costs that are usually inflated in the process at the cost of the government for achieving value for money. It is imperative therefore to ensure that the public sector delivers quality services to the public while at the same time doing so at reasonable costs with needed quality and quantity and also avoiding all risks in contract management thus resulted the achievement of value for money.

Because they are well educated and trained, MININFRA's employees have professional ethics and good understanding of contract management, as well as knowledge and experience with contract management, which allows them to comprehend the terms and conditions of the contract and taking decision on contract management matters timely results the achievement of value for money.

The organizational capability at MININFRA has a significant effect on the achievement of value for money. MININFRA implements risk management techniques by identifying potential risks during contract execution, and it is financially efficient and has streamlined its procedures and policies to ensure that risk is monitored and controlled early to ensure that the organization meets its procuring objectives.

MININFRA created a contract management team for each contract that includes the user department and procurement management unity, which has always monitored relationship activities and ensured that disputes are solved amicably and jointly resulting in timely delivery of goods, works, and services, relationship management is observed to be a good tool in contract management when procuring goods, works, and services so as to use effectively and efficiently the public funds resulted the achievement of value for money.

RECOMMENDATIONS

From the study finding, it is recommended that organizations should make sure that procurement contracts for goods, services, and works are well managed, and there should be a good distribution of the workforce in contract management.

The contract management team is necessary for each contract. Organizations should also train their employees to improve their skills in contract interpretation. It is believed that employees with experience in contract management would perform well and help organizations to achieve value for money. This can be effectively done through frequent planned trainings.

Based on the findings, it is imperative that each public procuring entity use risk register with a team in charge of risk management to help the effective of contract administration and the achievement of value for money.

In order to improve relationships, which are crucial in contract management and get value for money, Public institutions should make the most use of the e- procurement system and avoid offline tenders; and payment of invoices should be done within the agreed terms of contract and it is part of professional ethics to pay supplier invoices on time.

SUGGESTIONS FOR FURTHER STUDIES

The study suggested further study to be undertaken on the challenges facing the implementation of contract management on achievement of value for money, to assess on the contractual management activities in procuring goods and their influence on achieving value for money and the contribution of suppliers and

other external agents on achieving value for money in the public sector in Rwanda.

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