BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ECONOMICS

RESEARCH

TOPIC: THE IMPACT OF CONTRACT MANAGEMENT ON ORGANIZATIONAL PERFOMANCE: A

CASE STUDY OF FREDA REBECCA GOLD MINE (2019-2023)

BY

GONDWE MICHELLE

B200487A

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Student name: Michelle Gondwe

Registration number B200487A

Title of the research project: The impact of Contract Management on Organizational Performance.

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Student's signature **.......................................**

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The signatories below confirm that they have read and approved the Purchasing and Supply at Bindura University of Science Education for acceptance; a project titled "The Impact of Contract Management on Organizational Performance, a case study of Freda Rebecca Gold Mine," presented by Michelle Gondwe in partially meeting the necessities for a Bachelor of Commerce Honors Degree in Purchasing and Supply.

..

Supervisor name

..

Signature

...

Date

DEDICATION

This project is dedicated to my family as a special appreciation for their love and care that they have always showed since day one. They are the ones who kept my dreams constantly alive especially in compiling this research. Their desire for my success and their support will always be appreciated. God will continue to bless you.

ABSTRACT

The purpose of this study was to determine how contract management affected Freda Rebecca Gold Mine's organizational performance. The study's goals were to determine how important contract management is to Freda, what obstacles the company is now facing in this area, and how contract management and organizational success are related. Thirty workers were chosen at random from the manufacturing, finance, and retail departments. Data was collected through the distribution of questionnaires. The information was given as tables, pie charts, and graphs after being descriptively analyzed and interpreted. The results showed that contract management and organizational performance are positively correlated. It was suggested that Freda require its staff to get instruction and training on. Contract management policies must be introduced to ensure that employee obeys them.

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Table of Contents

List of figures

List of tables

CHAPTER I

INTRODUCTION

1.1 Introduction

This chapter will highlight the background of the study, statement of the problem, research objectives, research questions, significance of the study. The researcher will also define the terms that will be used in the study.

1.2 Background of the study

Contract management is defined as a process that organizations use to manage the execution, modifying, discussion and termination of contracts with different parties namely suppliers, contractors, employees and customers Hart, Oliver (2006/1995). It is simply the utilization of an external resource to achieve organizational objectives. As a business model, outsourcing has emerged as a significant strategic management tool for organizations to harness the advantages of market competitiveness along its supply chains. This research looks into the impacts of the various types of contract management on the overall organizational performance based on a case study in a mining environment.

Since the beginning of the industrial revolution, organizations have extensively capitalized on competitive dominance in realizing market growth and profits. In the beginning, the proportion of outsourced processes was significantly low due to lack of adequate technology across the supply chain. This led to the formation of early integral organizations that could retain, oversee and personally control their assets (Victor-Adrian Troacă, Dumitru-Alexandru Bodislav, 2014). Contracting of services has increased during these past years. In the years 2000 and 2015 the worldwide revenue expanded from $45.6 billion to $88.9 billion from contracting services (Feng et al 2019). Organization now specializes knowledge domain activities while outsourcing research and development improve the organizational performance.

With the advent of globalization, companies focused on cost- effective assessment due to economies of scale and charging less employment rates thereby, reducing the liquidity of the organizations. They contracting services such as security, human resources, plant maintenance and housekeeping.

According to Google scholar over an enormous number of articles listed about outsourcing. Adam smith proposed the theory of outsourcing in his book. (Smith A. An Inquiry into the Nature and Causes of the Wealth of Nations.Librito Mondi; 1791). Wiliamson (1985) pointed out on how to enhance the organization by taking into account production and transaction cost. This was a definite idea to underperforming organization that relies on outsourcing of products or services. The contracting out of services or goods was only formalized and identified as a business model until 1989 (Mullin, 1996).

Situated 87 kilometers Northeast of Harare that's where Freda Rebecca Gold Mine is located in Bindura. Freda Rebecca joined Kuvimba Mining House as a subsidiary grouping 2020. 65% of shares are owned by the government and investors on the remaining 35%. The Mine is overseen by the Managing Director and other leaders across different departments.

The Freda oxide and the Freda and Rebecca sulphide gold deposits were discovered in the year 1987. Mining operations commenced under Cluff Resources, utilizing two open pits for extracting oxides at Freda and sulphides at Rebecca. The first gold pour took place in 1988. Ownership of the mine was transferred to Ashanti Goldfields Zimbabwe in 1996, with underground operations commencing at the Rebecca site the same year. By 1998, the Freda pit was depleted, leading to the complete transformation of the Freda Rebecca Mine into an underground operation. Mwana Africa assumed control from Anglo-Gold Ashanti in September 2004.

Freda Rebecca Gold Mine (FRGM) continued function for over 17 years from 1988 before processes were left on care and maintenance in March 2007 as a result of the hostile economic and operating situations in Zimbabwe. During the first phase of the program 180oz was produced Operations were then restarted in 2009 and this was now the second phase of the program and output that was produced added up to 50,000oz per year. Currently, the mine comprises a shallow underground operation, currently mining at a depth of circa 200m and open pit operation and processes ore through a single facility utilizing a combination of crushing, conventional sag milling, combined gravity and CIL process, electro-winning and bullion smelting. FRGM broke the record in June 2021 of

300kg by producing 311kg. Last year before March it was producing 150kg per month. Since 2021 the mine is now maintaining the target of 300kg every month.

1.3 Problem statement

Freda Rebecca Gold Mine appears not to have an evaluation whether it is benefiting from contract management or not. It seems to have premature termination of contracts by suppliers due to late payments, failure of supplier to meet deadlines and poorly performed tasks. Accordingly, this study is going to find out on the evaluative factors of contract management and establish the extent of success that FRGM has achieved its contract management.

1.4 Research objectives

- To identify the importance of contract management to FRGM.
- To assess the various contract management challenges currently faced by FRGM.
- To recommend the relationship that exists between contract management and the overall performance of FRGM.

1.5 Research questions

- How important is contract management to FRGM?
- What are the contract management challenges that are being faced by FRGM?
- Is there a relationship between contract management and the organizational performance of FRGM?

1.6 Significance of the study

Contract management can play a crucial in improving organizational performance. Therefore, this research can help to identify factors for contracting and the impacts to organizational performance. This knowledge can be used by Freda Rebecca Gold Mine to improve their contracting decision in order to find the cost saving initiatives.it will also help to identify the quality of services that are being contracted. This study or research will benefit the following groups,

- **Freda Rebecca Gold Mine**

This is going to assist the organization to specifically understand the impact of contract management strategies on the performance of the organization. This will help them in making future decisions as well as in implementing new strategies.

- **To Bindura University of Science Education (BUSE)**

The investigation can also be helpful to BUSE as this copy will be used for future references by other scholars to amplify present bounded literature on the employee`s view of the effect of contract management strategies on the performance of Freda Rebecca Gold Mine. The research is set to benefit a various people from different groups such the ones highlighted below,

- **To the Student**

The researcher will also gain experience and knowledge through detailed research, so it serves as a basis for future tasks.

- **Other firms in the mining industry**

The research can enable useful contract management policies to be used to improve organizational performance and improve competitiveness. This will also assist other organizations in decision making by focusing on the key issues that affect an individual company and its results. Contract management is necessary for every company that rely on outsourcing services.

- **Other researchers**

Future researchers will greatly benefit from their study, especially those who find more interest in the same topic.

1.7 Delimitations of the study

The researcher will be focusing on the year 2019 up to 2023.

1.8 Limitations of the study

The study's constraints include the potential non-return of certain questionnaires by respondents. To mitigate this issue, the researcher will implement a strategy of sending reminders to participants. Additionally, the sensitivity of the information contained in the questionnaires may lead some respondents to withhold their answers. To address this concern, the researcher will include a cover letter guaranteeing the privacy and confidentiality of the respondents, assuring them that their identities will not be revealed to the public.

1.9 Assumptions

- All sectors specifically macro-environmental factors remain static during the legitimacy time of the research study.
- The information gathered is valid and precise in order for the researcher to draw accurate, truthful conclusions and recommendations; and
- Respondents co-operate and respond honestly in completing questionnaires by not giving biased information.

1.10 Definition of Key Terms

To enhance clear understanding and clarity, the terminology listed below has to be defined.

- **1.10.1 Contract management:** Is defined as a process that organizations use to manage the execution, modifying, discussion and termination of contracts with different parties namely suppliers, contractors, employees and customers Hart, Oliver (2006/1995).
- **1.10.2 Outsourcing:** is defined as the delegation of specific services and roles formerly conducted internally by an organization to an external supplier (Jenster and Pederson 2000, p147)
- **1.10.3 Supply chain management**: is the integration of key business processes of trading partners from the initial extraction of raw materials to the final or end consumer, including all intermediate processing, transportation and storage, as well as the final sale to the end customer of the product (Hugos 2018)

- **1.10.4 Performance**: According to Verboncu & Zalman (2005), defined performance as a specific result obtained in management, economics, marketing, etc., which prints characteristics of the competitiveness, efficiency and effectiveness of an organization and its procedural and structural components
- **1.10.5 Freda Rebecca Gold Mine (FRGM):** This is the organization that is under study and it is located in Bindura along Harare to Bindura Road. It mainly focuses on the extraction of gold and it is a privately owned organization.

1.11 Summary

The initial chapter primarily delves into the analysis of the problem at hand, while also expounding upon the significance of the study. It encompasses discussions on the research background, problem statement, objectives, and research questions. Moreover, it underscores the assumptions, boundaries, and constraints of the study. The elucidation of terms and abbreviations will be underscored. Chapter two scrutinizes both theoretical and empirical studies pertinent to contract management within the mining sector. Chapter three advances the research by identifying appropriate methodologies and scrutinizing the research conundrum. The presentation, analysis, interpretation, and discourse of the findings will be addressed in chapter four. Ultimately, the fifth chapter will encapsulate a synopsis of the research findings, along with presenting conclusions and advice derived from the analysis.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter examines the relevant literature review and theoretical review in order to give understanding into contract management systems used in an organization.

2.1 Theoretical Review

2.1.1 Contractual theory

The rights, obligations, and responsibilities of each party are spelt out in a legally binding contract. There is a specification of the arrangement's objectives, rules, and tactics. In order to facilitate trade and stop exploitation, outsourcing contracts are used. By preventing moral hazard in a cooperative partnership, contract structures can reduce the potential for opportunism and safeguard the knowledge of all parties involved. A full contract lessens the risk associated with taking advantage of part contracting and the uncertainty that faces decision-makers in business.

An unfinished contract can lead to ambiguity, fostering a culture of evading responsibility and attributing blame, increasing the risk of disputes, and impeding the organization's capacity to synchronize activities, optimize resources, and execute strategies (Luo, 2002). The theory posits that in order for FRGM to truly capitalize on contract management, it is imperative for the organization to ensure the presence of a documented contract outlining each party's roles and responsibilities.

2.1.2 The transaction cost theory

This theory postulates that the decision to outsource can be influenced by the nature of the assets required to complete a task, the level of interaction between the company and the supplier, the degree of uncertainty involved, and the likelihood of the supplier behaving diligently (Williamson, 1985). The underlying assumption is that organizations exhibit bounded rationality, much like individuals, and that potential contingencies in transactions are unpredictable. Negotiating, monitoring, and enforcing complete contracts for cooperation can become costly due to opportunistic behavior by one party, which may involve concealing information or engaging in deceptive practices.

Transaction costs result from the fact that it is frequently hard to draft contracts that are entirely complete, necessitating renegotiations whenever the power dynamics between the parties to the transaction change (Williamson, 1979). The power dynamics between the supplier and the client might change as a result of the need for early investments in specialized assets for transactions, such as human and physical capital, as these expenditures become sunk costs for the party making the investment. Transactions that happen seldom might lessen the possibility of reprisals and encourage cooperation in later phases. Rare transactions could be viable in situations where preserving a favorable image in the market is essential. But even long-term agreements could not have the appropriate adaptability and flexibility. The five transaction characteristics show possible outcomes.

Organizations that have considered transaction-related variables such as asset specificity, environmental unpredictability, and other transaction costs have rationally decided to outsource, according to the theory of transaction cost economics (Ang and Straub, 1998). Transaction costs, or the costs involved in creating, observing, and upholding contracts, are likely to be higher when an activity is carried out in an environment of great uncertainty or calls for certain assets. When compared to internal, hierarchical administration, outsourcing is seen somewhat inefficient in scenarios where transaction costs are considerable (SolliSaether, 2005). This implies that businesses might choose to outsource by carefully weighing the advantages and disadvantages of managing contracts that are outsourced against managing the same tasks internally.

2.1.3Neo classical economic theory

Neoclassical economic theory focuses on enterprises contracting out to benefit from suppliers' projected economies of size and scope (Ang and Straub, 1998). This theory has received greater empirical support in contract management choices than transaction cost economics. Every corporate organization is viewed as a production function under neoclassical economic theory (Williamson, 1981), with profit maximization as the driving goal. This means that organizations provide products and services to the market at a lower cost or with greater manufacturing efficiency. According to neoclassical economic theory, corporations will justify their sourcing strategy by assessing opportunities for production cost reductions. Thus, the question of whether or not to outsource is a question of the marketplace's ability to generate goods and services.

Neo-classical economic theory suggests that outsourcing can lead to lower costs compared to internal production. When it comes to materials contracting out, a company will opt to maintain its operations in-house if it offers cost advantages, aiming to attain economic, technological, and strategic benefits. Nevertheless, the argument for economies of scale and scope indicates that outsourcing may not be particularly beneficial for larger firms, as they have the ability to achieve economies of scale and scope internally by replicating supplier methods. As noted by Levina and Ross (2003), there are additional rationales for major corporations to engage in contract management, such as enhancing supplier efficiency to capitalize on the economic advantages stemming from the development of a cohesive set of core capabilities.

2.1.4 Partnership and alliance theory

Collaboration can mitigate the risks associated with insufficient contractual provisions, offering a sense of reassurance to clients considering outsourcing intricate and expensive tasks such as procurement. Nevertheless, in the dynamic between supplier and customer, the latter may place their trust in shared objectives and goals that are not necessarily aligned. Lambe et al. (2002) defined alliances as cooperative endeavors between two or more organizations, where resources are pooled to pursue mutually beneficial objectives that would be challenging to achieve independently.

Resources, in this context, encompass both tangible and intangible assets that a company leverages to stay competitive in its respective market. When inter-firm business relationships are characterized by cooperation rather than conflict, various forms of alliances can be identified. Hancox and Hackney (2000) conducted interviews with IT managers to explore the validity of the partnership theory in IT contract management. Despite the promises made in vendors' marketing materials, many clients expressed skepticism regarding the notion of partnership. The concept of partnership was more readily embraced in the realm of systems development, where suppliers were required to possess a deeper understanding of the organization, as opposed to operational contracting.

2.1.5 The Knight theory

It is about everchanging and uncertain world and also talks about profit when an organization is contracting out services. Knight (2021) emphasized that under perfect competition there will be no profit because demand and supply will be unequal. The prices of raw materials and production cost will be uneven. According to Coase (1993/1937, p. 419) it is important keep the contracts within the organization (make) until the costs of arranging another transaction inside the firm are equal to the costs of the same transaction by exchange on the open market or in another firm(buy). These transaction cost can be negotiated when signing a contract. These costs include:

- Decision costs: costs resulting from the different aims of the parties (e.g., time delay).
- Execution costs: costs of expired fulfilments and payments
- Bargaining costs: costs of negotiation
- Information costs: costs resulting from stopping the lack of information during negotiations.

  This helps contracting organization to make future decision and identify the possible outcome during negotiations and transactions.

2.1.6 Relational View Theory

McIvor (2005), the relational view theory describes how organisations develop and maintain competitive advantage by forming connections among themselves. Its central concept has been investigated to explain how organizations predict contractual partners and desired types of relationships. The idea has also been used to the research of transition, relationship management, and reconciliation stages.

2.1.7 The principal -agency theory

The agency theory emphasized on the relationship between managers and stakeholders but expanding on explaining also the relationship outsourcer and the supplier (Jensen and Meckling,1976). The sources of the agency theory problem are the adverse selection and moral hazards (Arrow,1985). These problems should be solved by securing and observing contracts. This theory can be applied in the preparation for contracting.

2.1.8 Resource-based theory

According to the resource-based theory of the firm, contract management is a strategic choice made to address shortfalls in an organization's resources and capabilities (Grover et al., 1998). Companies create unique resources adapted to their own needs and use them to respond to changes in the business environment. This idea focuses on an organization's internal resources, rather than external possibilities and challenges imposed by industry conditions. Løwendahl (2000) found that companies diversify their resource portfolios based on managerial actions that impact resource accumulation, growth trajectory, and utilization.

According to the resource-based theory, sustainable competitive advantage is achieved when a resource not only provides economic value but is also rare, difficult to imitate, non-substitutable, and not easily accessible in factor markets. This theory underscores two critical aspects: the pivotal role of resources in determining firm performance and the necessity for resources to possess rarity, value, uniqueness, and inimitability. For instance, FRGM may opt to outsource activities for which internal resources are insufficient, such as the hiring of specialized machinery for underground ore drilling.

2.2Empirical review

2.2.1Contract management and organization production performance

Contract management of operations can improve both service quality and efficiency (Dess et al., 1995), allowing the firm to save expenses and improve its competitive position (Gilley and Rasheed, 2000; Espino-Rodriguez and Robaina, 2004). According to studies, organizations that enter into contracts increase their performance by reducing risks, boosting quality standards, and increasing their capacity for innovation and adaptation. Kotabe et al. (2008) present a dynamic approach, positing an inverted U connection between contracting and performance. According to Gilley and Rasheed (2000), improvements in production performance may be caused by a variety of causes, such as the acquisition of non-strategic services, which forces the organization to focus on its core business processes, hence increasing performance and flexibility.

Over time, contracting yields positive returns per employee, leading to increased production performance and efficiency (Andreas and Bernd, 2002). By outsourcing services to specialized organizations for tasks not aligned with core competencies, companies can witness improvements in production performance (Kotabe, 1989). In their examination of the correlation between outsourcing core and non-core activities and integrated firm-level performance, Muhammad and Zhan (2013) found that contracting non-core activities positively impacts a firm's performance.

They also discovered that effective contract management bolsters the strategic, social, and economic performances of businesses, enabling them to thrive in uncertain business landscapes. According to Khakia and Rashidib's (2012) study on contract management and its influence on operational objectives and performance, outsourcing ensures reduced costs, enhanced quality, increased flexibility, improved financial and non-financial performance, and services.

Gilley et al. (2002) investigated the correlation within contract management of the area of human resources (activities and business performance by analyzing HR outsourcing practices and their impact on financial, innovation, and stakeholder performance measures across a diverse range of manufacturing firms. The findings revealed that some forms of HR contracting actions had a large, positive influence on business performance, with outsourced training improving both innovation and stakeholder performance.

Payroll outsourcing has also been found to have a favorable impact on a company's innovativeness. After examining 137 business process outsourcing (BPO) initiatives at 254 German banks between 1994 and 2005, Fritsch and Wullenweber (2007) discovered that outsourcers' profitability and cost-effectiveness considerably outperformed those of their industry counterparts who did not use BPO. This improvement was ascribed to higher worker productivity rather than staff cutbacks. They also showed how BPO governance ensures BPO success and how separately negotiated outsourced contracts lead to improved profitability and cost-efficiency measures.

2.2.2 Forms and sources of contracts

There are different forms and sources of contract management. Some contracts are standardized printed forms that may be available from stationery stores or libraries. These forms are used for leases or transfers of personal property. Customized contract, focus on the discussion about, "up front" expense; however, the investment is usually warranted in cases where the contract will govern a long-term relationship and it is necessary to specify in detail the rules and procedures applicable to each party. Lastly, contract form and content for certain transactions (Google Scholar).

2.2.3 Key aspects of contract management

According to Andrea Carvajal (2023) outline the key aspects of contract management at an organization. These includes contract preparation, negotiation, enforcement and performance and monitoring:

- **Contract preparation:** This stage, contracts are written and have detailed information which tells the other party what they will be doing. Clear language has to be used to avoid misunderstanding between organization.
- **Negotiation**: Before reaching a certain agreement on contracts, the parties have to reciprocally accept the terms and conditions of the contract they are about to engage on. This process involves clarifications until both parties reaches out to an agreement.
- **Enforcement:** This is the process when the contract is legally binding and have to adhere to the terms and conditions of the contract. The signature of the concerned have to be there in case there is a breach of contract.
- **Performance monitoring: When** carrying out the contract they have agreed monitoring has to be done to ensure the quality of work and ability to meet deadlines.

2.2.4 Benefits of contract management

The advantages of contract management encompass enhanced financial performance, alongside non-financial impacts such as the effects on core competencies. The pros and cons of outsourcing are elaborated upon below. Contracting organizations gain cost advantages in comparison to vertically integrated firms (Kotabe, 1989). Bettis et al. (1992) underscored that contract management leads to a decrease in manufacturing costs and potentially lower investments in plant and equipment. This reduction in investments has the potential to decrease fixed costs and subsequently lower the breakeven point. Thus, contract management emerges as an appealing approach to enhancing a firm's financial performance, particularly in the short term.

However, according to study by Fredrickson (2012), outsourcing companies' administrative expenditures caused their margin to rise from 6% to 35%. The method may not save as much money as first thought, especially when it comes to overseas vendors. Recurrent market-based transactions can have substantial transactional costs, particularly when they take place abroad. This demonstrates unequivocally that although outsourcing lowers production costs, managing outsourced contracts also leads in a significant increase in administrative expenditures.

Quinn (1992) elucidated that contract management fosters a heightened focus on the core competencies of an organization. Instead of depending on management teams in other companies, businesses may more efficiently deploy their managerial resources to areas where they thrive by outsourcing non-core functions. By focusing on their core skills and assigning non-essential tasks to outside parties, businesses may greatly profit from outsourcing, as evidenced by research conducted in UK manufacturing enterprises by Lonsdale and Cox (1994). There may be a shift in allocation, nevertheless, in favor of internal goods or operations. The apparent financial performance of the remaining goods or services may suffer as a result of these reallocations of overhead expenditures. This might thus result in the outsourcing of tasks that were previously functioning well prior to the introduction of contract management, designating them as prospective outsourcing targets. According to Prahaland and Hamel (1990), the importance of have asserted that the significance of defining and cultivating the core competencies of a firm has reached new heights and gained prominence.

The aforementioned discussion on the advantages and disadvantages of contract management clearly indicates that relying on outsourcing may not always be a feasible competitive strategy.

2.2.5 Contract management advantages and disadvantages

Table 1 Advantages of contract mgt 1

Advantages	Disadvantages
Offers significant cost savings nondifferentiated services as well as additional income opportunities	Requires a new and more complicated level of communication
Eliminates the need to invest in fixed Infrastructure	A brief period reduction in contracts with prolonged terms might lead to higher costs later on.
Allows for greater quality and efficiency	Assessing and appraising the performance of vendors poses a complex challenge.
Utilizing an outside supplier is a risk-free and economically feasible option for vendors to assess market demand for a service, compared to generating it in-house.	
Permits increased access to functional expertise,	

Source: Blumberg, (1998)

2.2.6 Managing contracts

Contracts can be managed using different techniques listed below:

- **Meetings:** Meeting are very crucial in order to increase the efficiency. They enable communication, collaboration and coordination amongst emerging issues. This helps organization s in forecasting and forward planning

- **Progress payments:** Due to late payments contractors can perform poorly in projects and resulted in termination of contracts. However, payments plan and negotiated to avoid such scenarios.
- **Claims:** Fairness should be used for contractors that still have a valid contract. If the size of claim increases disputes may arise amongst themselves.

2.3 Review

Shaw (2010) contends that the review phase is often overlooked, especially in the midst of extensive outsourcing activities such as those occurring during emergencies. Hence, the review phase holds significant importance and is guided by three primary objectives:

- A comprehensive evaluation with the end user or beneficiary to assess the fulfillment of initial requirements.
- An assessment of the supplier's performance. In emergency scenarios, the review process is typically deferred until later stages due to the immediate focus on acquiring necessary goods and services to address urgent needs (Shaw, 2010).

2.4 Summary

The content of this section explored the field of pertinent literature, with a focus on a thorough examination of works related to contract management. It covered an analysis of several contract management concepts in addition to the challenges that the area of contract leadership faces. The chapter also looked at strategies to guarantee the success of outsourcing projects. The study approach will be covered in detail in the next chapter.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter in particular is a crucial component of the research being conducted, therefore it helps to clarify the nature of the data and shows the techniques that will be used to generate relevant conclusions through adequate data processing. Methodology covers the type of research, population, sampling, data collection, data analysis, study dependability and validity by outlining the approaches to be used during the investigation. This chapter's main objective is to conduct an empirical analysis of the techniques utilized to gather data and information regarding contract management.

3.1 Research design

Kothari (2007) states that the rationale behind the necessity of research design is that it maximizes research effectiveness, makes research flow more smoothly, and produces the most information with the least amount of time, money, and effort. Research design, according to Burns and Grove (2003), is a method for carrying out a study with the greatest level of control over variables that might affect the validity of the findings. The correlation survey and descriptive research were the study's primary foci in order to authentically depict the issue as it actually occurs in the real world (Aggarwal 2019).

The study took a quantitative approach, measuring changes in costs, outputs, and profitability using closed-ended Likert Scale questionnaire questions. According to Saunders, Lewis, and Thornhill (2009), a quantitative method creates numerical data to clarify the topic being studied. The scientific nature of quantitative research and its quest for impartiality define it. As a result, the researcher took on the role of an unbiased analyst, providing dispassionate interpretations of the information gathered. On the other hand, because they are so important to the study process, qualitative research argues that it is difficult for researchers to remain impartial. In addition, the field of business and management is considered too complex to be regulated by explicit regulations, much like the natural sciences.

3.2 Population and sample

3.2.1 Target Population

The research targeted a few departments at FRGM. These departments included stores, finance and production. The target population consisted of 50 people only. These were the people that came from the mentioned departments and they had much information concerning the research. There are 15 employees from the department of production, 20 employees from stores department and lastly 15 employees from the finance department. This number constituted only the permanent employees and not the contractors.

3.2.2 Sampling technique

Since it can be too expensive and time-consuming to test or consult each person in the entire population. The researcher knew that it was impractical to deal with the whole population. In this study the writer used 50% of the target population. A small number of people was selected at random and it was a mixture of those at the management level and those from a lower level they were to represent the entire population. 50% of the target population was selected because it is a manageable number in terms of gathering data and it is likely to bring better and reliable results.

= 50*50%

= 25

The above means that 40 people were selected at random as a sampling technique from the target population.

3.2.3 Sampling procedure

The researcher employed probability sampling techniques. Primary sources are being utilized for data collection, the questionnaires were distributed to the selected group of employees and a simple random sampling method was used, whereby each participant had the same opportunity of being chosen or selected. The respondents were just picked at random and every employee had the equal chance of being selected. This can be accomplished through the use of a focused sample, in which the researcher will choose respondents from the stores and finance department assuming that they have better knowledge on the research problem.

3.3 Research instruments

The researcher used the questionnaire as research tools in collecting data.

3.3.1 Questionnaires

The researcher acquired information from several respondents in different departments using standardized questionnaires. The researcher will employ both closed and open questionnaires to obtain data. The study questionnaires will be constructed to match the research aims, and the questionnaires were utilized in data collection since they are organized clearly and the information gathered from them can be simply tabulated. The researcher will opt to utilize questionnaires because they are more accessible, less expensive, and more convenient, and respondents may complete them at a time that is suitable for them. Appendix 1 shows the questionnaire.

3.3.2 Interviews

In order to corroborate survey results, managers were questioned. Both in-person and phone interviews were done. Interviews showed a variety of, occasionally contradictory, viewpoints about the subject of contract management and offered a multi-perspective knowledge of the topics under inquiry. Furthermore, the researcher was able to gather comprehensive data about sustainability in gold processing enterprises through interviews. The interview will be guided by the questions.

3.4 Procedures for Data collection

The researcher used primary and secondary sources to collect the data.

3.4.1 Primary Data

According to Mwamadzingo (2011), emphasized that primary data can be information invented by the investigator for use in a study or investigation taking place. It was easier for the researcher to acquire primary data by using questionnaires which were sent out to different individuals from stores, procurement, finance and other departments as they had better knowledge on the effect of contract management on the performance of the organization. Respondents were given the opportunity to provide additional information but only which is relevant.

3.5 Data collection procedures

The investigator generated survey instruments and dispersed them amongst respondents selected at random. The one of the chosen respondents received a tangible copy of the survey. The researcher will allow those who responded three days to finish the surveys. It was ensured through frequent follow-ups that the response rate was improved.

3.6 Data analysis and submission procedures

The descriptive and logical statistics methods were used in this research. The Statistical Package for the Social Sciences (SPSS) computer program is used for data analysis. Tables, pie charts, and graphs was used to demonstrate the study's results for a number of factors. It also was able to interpret all the data that was gathered. Following descriptive analysis, descriptive statistics such as mode, mean, and median was used to reflect the various properties of datasets. The Likert Scale was utilized to provide data using numerical values, and the responses were coded as indicated in the table below:

Table 2 Likert scale 1

Scale	Code
Strongly disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly agree	5

3.6.2 Ethical considerations

The word "ethics" describes a set of principles that have influenced actions and decisions in the past. According to Polit and Hungler (2013), ethics is a set of moral values concerned with how closely research procedures conform to professional, legal, and social duties. Permission for this study was granted by respondents and officials of Freda Rebecca Gold Mine. To guarantee that they do so voluntarily and willingly, the participants' freedom to enter and depart the activity has been made clear. To ensure that they do it voluntarily and willingly, the participants' freedom to participate in and stop the activity has been made clear. Every participant in this study receives equitable, respectful, and dignified treatment. Consequently, the participants will be informed about their privacy and secrecy, and that their personal data would not be used to identify them in connection with the results.

3.6.1 Validity and reliability

The information was kept private and was uniquely utilized for academic reasons. The instruments that were employed was reliable since the acquired data came from all levels of government. When the survey was done with, the researcher delivered them to an independent personal assessor to show the research tools' authenticity, correctness, and reliability (Hamann 2013). The main aim to this exercise is to check whether there were any questions that would make it difficult to grasp what the research attempt to describe. Changes in this activity will be made to reinforce the research questions. In trying to avoid the problems associated with typical surveys, the researcher will assess the questions on a small sample of the target population.

3.7 Chapter Summary

The goal of writing this chapter was to emphasize the study process. This chapter provides definitions for the research topic, methodology, employed structures, and methods of assessment. Both the data collecting procedure and the analysis approach—which includes definitions and data testing—are explained in this chapter. This chapter provides a basic overview of the investigations and data analysis that should be carried out in compliance with the fourth chapter.

CHAPTER IV

PRESENTATION OF RESULTS, ANALYSIS AND DISCUSSION

4.1 Introduction

The data analysis, presentation, and debates pertaining to the research questions included in the questionnaire are the main topics of this chapter. There are two aspects to it; the first portion examines the respondents' demographic data. The effect of contract management on the performance of organizations was examined in the second segment. The survey findings were given exactly as they were provided by the respondents in order to prevent biased information. Tables, graphs, and pie charts were used to display the data.

4.2 Questionnaire Response Rate

Questionnaires were issued to the respondents and the response rate is represented below.

Table 3 Questionnaire response rate 1

Respondents	**Questionnaire distributed**	**Actual response**	**Response rate %**
Stores employees	10	10	100
Finance employees	9	6	67
Production employee	11	8	73
Total	30	24	80

The response rate constituted of 80 % which proves that the respondents were cooperating. The stores department has a greater response rate of 100%. This was due to the interest in the study of the impact of contract management on organizational performance. This level of response rate was made easier by the follow ups that was made frequently and the language on the questionnaire was so clear to the respondents. According to Baruch (2008) when the response rate is above 50%, the findings can be used to represent the whole population. In this study a sample of population was 30 and only 6 people failed to respond to the distributed questionnaire.

4.3 Demographic characteristics of respondents

This is information such as age, gender and tenure employment and they are all reported as follows.

4.3.1 Gender distribution

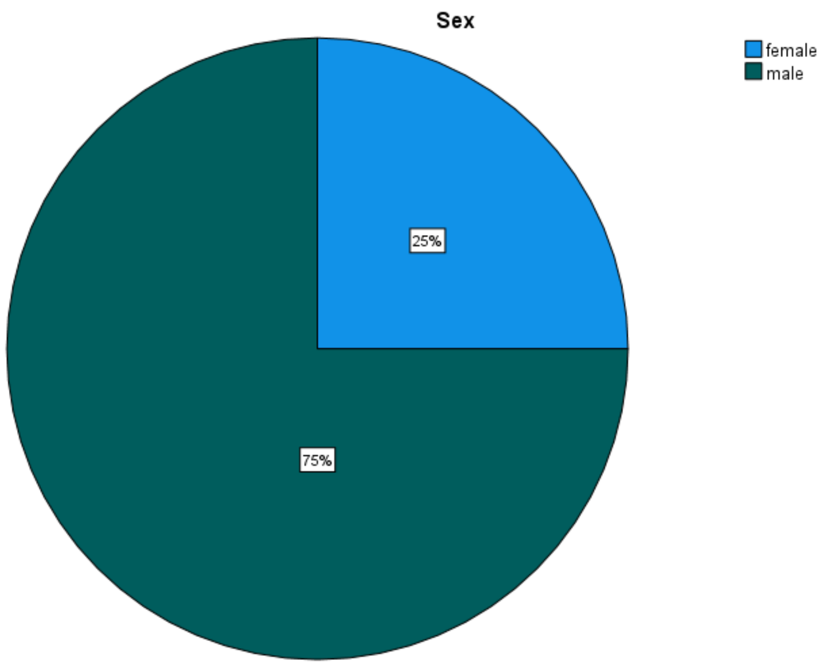

Figure 4.1 Gender of respondents

Source: IBM SPSS v27 output 2024.

From the sample population ,men constitute 75% while women only represents 25%.Thiss shows a clear reflection of gender discrimination in the mining industry.This is due to am assumption that men a more active and better suitable for more physically demanding tasks. Only a few women can be employed to work in light areas where there is no lifting of heavy equipment. Women are represented by a small percentage but it’s a clear indication that Freda is a sustainable company that values in empowering women.

4.3.2 Age of the respondents

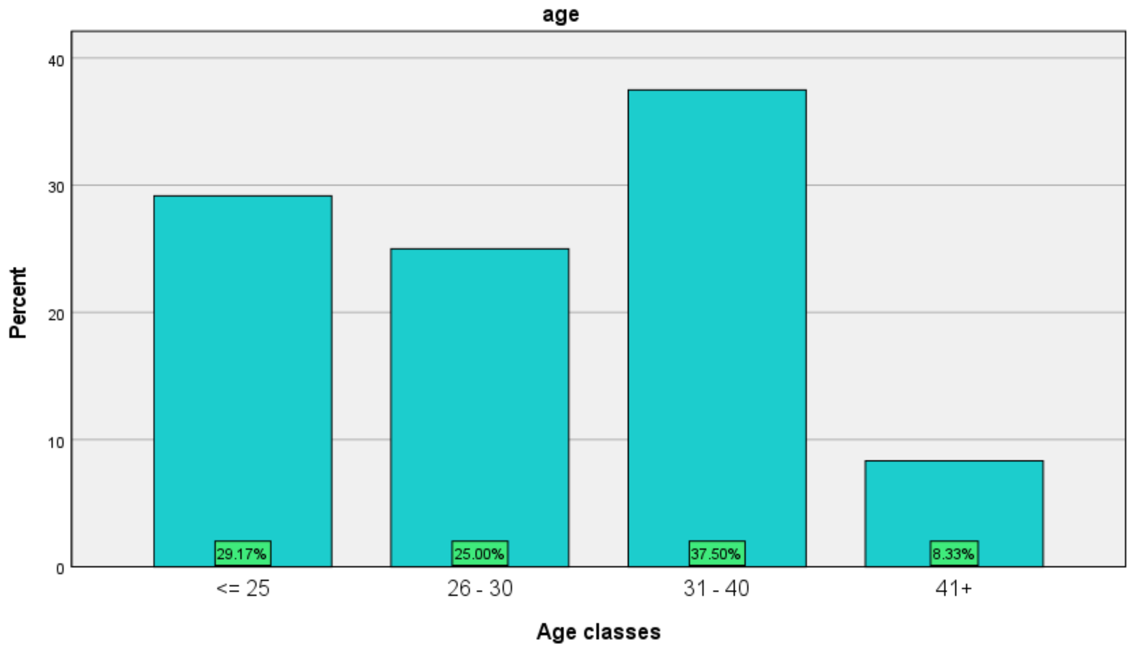

Figure 4.2 Age groups of respondents

Source: IBM SPSS v27. Output 2024.

The age groups shown on the pie chart serve as a clear indication that Freda is adhering to international labor organization regulations and refraining from engaging in child labor practice.According to Thomas (2011), who focused upon this issue in his article titled "Framework Agreements and the Regulation of International Labor Standards," it remains imperative to combat child labor, despite its decreasing prevalence. The chart illustrates that merely 29.2%of respondents fall within the age range of 18-25 years old, owing to the mine's preference employing experienced personnel; thus, young individuals are scarce.In contrast, 25% of participants belong to the active age bracket of 26-30years old a mature and energetic demographic whose participation would yield accurate and reliable data beneficial for research purposes. Additionally, there was a subset comprising 37.5% of respondents aged over fortyone years old a group possessing extensive knowledge regarding mining activities dueto their experience and maturity level conducive towards providing valuableinsights**.**

4.3.3 Tenure employment of the respondents

Table 4 Tenure Employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<2 years	5	20.8	20.8	20.8
	>10 years	4	16.6	16.6	16.6
	2<5 years	9	37.5	37.5	37.5
	5<10 years	6	25.0	25.0	100.0
	Total	24	100.0	100.0	

Source: IBM SPSS v27. Output 2024.

The Tenure employment of those employed at Freda Rebecca Gold Mine is displayed in the table above. Workers in the workshop flow as well as the management staff are included. According to the research, 20.8% of the employees have been with the company for less than years. Since 37.5% of the workforce has been employed for 5 years, they have extensive knowledge on the impact of previous achievements on quality. 25% of the workforce has been with Freda Rebecca Gold Mine for more than 10 years. They well versed in knowledge regarding their current operations, tactics they have implemented, and a greater understanding about the data needed for the study.

4.4 Descriptive statistics

This will focus more on analysis data and using the scale shown below.

1 = strongly disagree

2 = disagree

3 = Neutral

4 = agree

5 = strongly agree

4.4.1Benefits of contract management to Freda

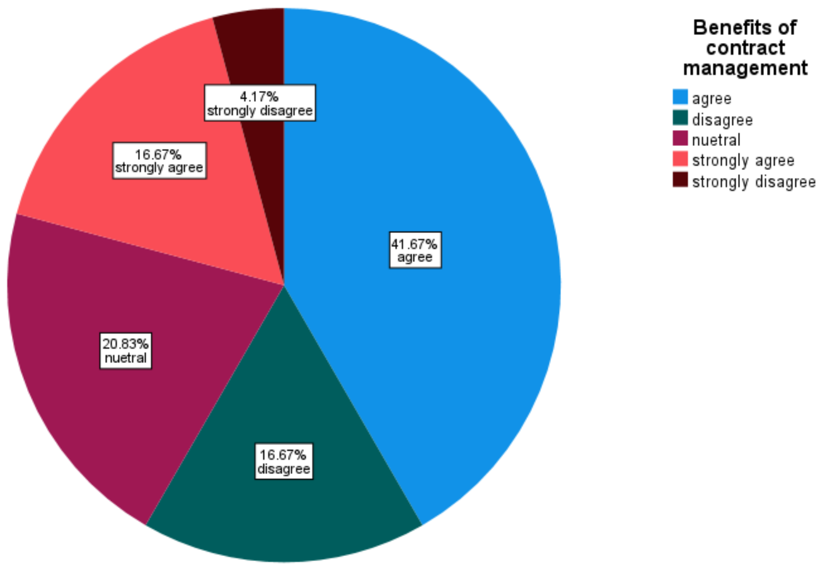

Figure 4.3 Benefits of Contract Management

16.67% of customers strongly agreed that the contract management beneficial to the organization. This is a result of deadlines of projects being met and specifications. 41.67% of customers agreed that the contract management had benefited them since their orders were fulfilled at the appropriate time, location, and form. Regarding whether they were benefiting or not, 20.83% of respondents had no opinion. Furthermore, 4.17% of the population disagreed that the organization's contract management system benefits them. This resulted from their complaints going unanswered and the quality and payments of the suppliers. Poor quality of work and products being returned for reworks or structures being condemned, which slows down organization productivity. As a result, other customers do not benefit from the use of contract management.

4.4.2 Importance of contract management

Table 5 Importance of contract management

	N	Mean	Std. Deviation
Reduce costs	24	1.59	.644
Increasing profitability	24	1.62	.828
Improved accountability	24	2.03	.726
Effective communication	24	1.92	.924

Source: IBM SPSS v27

The table above is showing the mean and standard deviation resulting from the responses on the importance of contract management for Freda. Mean is used for measuring the average of the given data whilst the standard deviation is there to measure how data will be spread out.

The above table clearly shows that reduced cost and increased profitability has the smallest mean as well as the smallest standard deviation as well. The mean for reduced cost and increased profitability is 1.59 and 1.62 whilst the standard deviation is 0.644 and 0.828 respectively. Such a result implies that the respondents were strongly agreeing that inventory management may help in reducing cost and in increasing profitability. The above results were also discovered by Dumisani and Casper (2022) on his research. His research is very similar to this study as it also looked the mining industry and it also supported that contract management is important to organizational performance and that the two have a positive correlation. He concluded that there is a direct and indirect positive relationship between these two variables.

4.5 Challenges of contract management

The research proved that poor contract management challenges can lead to various challenges. The respondents strongly agreed that poor contract management may leads to over dependency on suppliers, cost escalation, inability to control supplier and leaking of confidential information as these are directly related to organizational performance.

Some of the respondent agreed that poor contract management can impact the organization reputation. According to Zsidisin (2015), he emphasized that the supply market environment is starting to get more complex. Some of these challenges have to do with contract management and they were also caused by Covid 19 which disturbed the supply chain. He went on to emphasize the fact that increases in cost and leaking of confidential information are the most challenges that any organization is likely to face especially when contracts are not well managed.

4.6 Strategies for Ensuring Success of contract management

Every single one of the twenty-four participants agreed that openness, responsibility, efficient communication, and expectations clarity are essential. The choice of the right service provider is essential to the effective administration of contracts. According to a study by Cullen et al. (2009), a business must consider contracting as a life-cycle process that includes selection, engagement, transition, management, regeneration, and extensive supplier due diligence rather than as a single transaction if it is to choose and use contracting service providers effectively. Cullen et al. (2009) also suggested that businesses give their suppliers' competencies top priority.

Freda Rebecca Gold Mine should possess a comprehensive understanding of the expenses associated with the contracted function. To avoid erroneous decisions, both immediate and long-term costs need to be taken into account. It was suggested by Franceschini and Galleto (2003) to take into account transactional costs (costs associated with negotiation and contractual opportunism) in addition to production costs (costs directly related to processes). In comparison to internal hierarchical administration, contract management is thought to be comparatively inefficient when transaction costs are high.

In addition, it is critical to assess the benefits and risks while developing a contract management strategy. According to Jiang (2005), management and decision-makers are better equipped to create mitigation and contingency plans and make well-informed choices when they are aware of the possible risks involved in contracting.

4.7 Conclusion

The chapter presents the data and analysis in a comprehensible manner, utilizing pie charts, tables, and graphs. The results indicate that contract management has numerous advantages, along with certain disadvantages. Additionally, the study provides suggestions to ensure effective contract management. The subsequent chapter will encompass a summary, conclusions, and recommendations.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the results, draws conclusions as well as giving recommending the findings of this study. The results attained were aimed at the research objectives.

5.2 Summary of findings

The main focus of this research was the impact of contract management on an organization's performance. The main objective of the study was to investigate these objectives.

- To identify the importance of contract management to FRGM.
- To assess the various contract management challenges currently faced by FRGM.
- To recommend the relationship that exists between contract management and the overall performance of FRGM.

5.2.1 To identify the importance of contract management to FRGM

More than 70% of the respondents have the belief that contracts is the anchor of business reduced costs and profitability and this can also be supported by the findings from this study. Most employees supported the fact that there are challenges that are faced due to premature termination of contracts management which in turn limits the firm from improving its performance in terms of efficient productivity.

5.2.2To assess the various contract management challenges currently faced by FRGM.

The most challenges identified by respondents which they were very certain of that they could affect the organizational performance are cost escalation, over dependence on supplier and leaking of confidential information. The respondents were strongly agreeing and without doubt that poor contract management may lead to these challenges. This means that the managers have to consider these challenges in decision making. These results are a clear indication that contract management has a direct relationship with organizational performance.

5.2.3To recommends the relationship that exists between contract management and the overall performance of FRGM.

The study's findings supported the literature by demonstrating the importance of openness in tendering and supplier selection procedures. Contract management of services may enhance both quality and service (Dess et al., 1995) while also allowing the organization to cut expenses and strengthen its competitive position (Gilley and Rasheed, 2000; Espino-Rodriguez and Robaina 2004).

5.2.4 Reasons for contract management

The rationales behind contract management encompass the imperative to concentrate on FRGM's core competencies, the necessity for adaptability, and the requirement for leveraging specialized expertise. Through the implementation of contract management, senior management was able to direct their focus towards strategic planning and oversight, thereby diverting their attention from mundane operational tasks such as maintenance and security. The research underscored the criticality of transparency, the significance of accountability, and the essentiality of effective communication in ensuring the success of contract management.

5.3 Conclusions

This study considered the research objective and the researcher managed to get the results reported below:

5.3.1 Importance of contract management to Freda

A contributing factor to flexibility was contract management. Additionally, FRGM was allowed to focus on its primary business, and production went up. Additionally, contract management makes it possible to use specialized capabilities, which raises the standard of output. Furthermore, contract management made it possible for FRGM to capitalize on core skills, which raised profitability.

5.3.2 Challenges faced in contract management

The handling of contracts presented several difficulties. These included rising prices, losing control over contractors' workers, and leaks of private data.

5.3.3The relationship that exists between contract management and the overall performance of FRGM

The study's conclusions supported previous research in indicating that supplier selection and tendering procedures require transparency. Contract management of services may help the business cut costs and strengthen its competitive position while also improving the quality and service (Dess et al., 1995). (Gilley and Rasheed, 2000; Espino-Rodriguez and Robaina 2004).

5.4 Recommendations

5.4.1 Adoption of professional procurement practices

Adopting competent procurement techniques is necessary. In actuality, assigning proper authority to procurement and tenders promotes effective resource management inside the company. The country's GDP would increase if businesses across all industries adopted professional procurement procedures, as input (buying) expenses account for between 30 and 40 percent of the costs of producing a finished good. This means that for organizations to invest in hiring the right people, effective resource management from a procurement perspective is a need.

5.4.2 Training and Development

In accordance with research, those who are in authority for the management of contracts must continue to research on new methods that can be implemented to ensure that they operate efficiently (Aro-Gordon 2016). They also need to organize training opportunities for their employees as well as educating them on how to efficiently manage contracts so that they can become experts and can help to achieve the goal of improving its performance. This will help in acquiring new skills and developing a positive attitude in avoiding premature termination of contracts.

5.4.3 Transparency

Ensuring openness in the distribution of contracts is crucial. Contracts ought to be given to worthy businesses irrespective of their political affiliation or country of origin.

5.4.4 Decentralization

Decentralizing is necessary to enable prompt decision-making. Internal procurement procedures are hampered by multilayered bureaucracy at the ground level. Furthermore, centralized procurement policies have not worked to stop corruption—on the contrary, they have made it worse.

5.5 Further Research

The researcher suggested that more study be done on the subject of contract management. This resulted from the study's emphasis on FRGM. It would be ideal for a research Centre to do a more thorough investigation.

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APPENDIX I: QUESTIONNAIRE

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

Economics Departmennt

My name is Michelle Gondwe and I am a student at Bindura University of Science Education and currently studying for a Bachelor of Commerce Honours Degree in Purchasing and Supply. I am conducting a study titled "**The Impact of Contract Management on Organizational Performance at Freda Rebecca Gold Mine (2019-2023).**" Therefore, the researcher used this questionnaire to find the best contract management strategy used by Freda.

We hope for your support in completing the attached questionnaire. All your replies will be treated confidentially and the results will only be used for this research. We do value your cooperation.

Student Name: Michelle Gondwe **Supervisor: Ms Tapfuma**

Signature .... **Signature ....**

Date .... **Date ....**

Instructions for the respondent

a. Kindly respond to the following questions by putting a tick in the appropriate box on each next question.

b. More than one tick will be allowed when responding to some of the questions.

c. Kindly feel comfortable to give more information or a detailed explanation of your answer to the questions by putting a comment in the space below on some of the questions that are on this questionnaire.

Section 1: Personal Details

1.1Gender

Male	
Female	

1.2Age

Less than 25 years	
25< 30 years	
30<40 years	
Above 40 years	

1.3Tenure employment at FRGM

Less than 2 years	
2<5 years	
5<10 years	
Above 10 years	

3.A level of education has been reached ......

Advanced level ☐ Diploma☐ Degree☐ Masters☐ PhD☐

You may indicate on this space if there any options.

....

Section 2: Determinants of contract management at FRGM

2.1Which activities are being contracted at FRGM?

Activity	Reason for contract management

Section 3: Benefits of contract management

3.1 contract management reduces cost

1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree

Commentanswer………………………………………………………………………………

………………………………………………………………………………………

…………………………………………………………………………………………………

…………………………………

3.2Comment on improvement in terms of production output as a result of contract management

year	% increase in output
2019	
2020	
2021	
2022	

3.3Contract management resulted in improvement in quality

1. Strongly agree 2. Agree 3. Not sure 4. Disagree 5. Strongly disagree

Comment on answer………………………………………………………………………………………

…………………………………………………………………………………………………

…………………………………………………………………………………………………

Section 4: Challenges of contract management

Challenge	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Over dependence on suppliers					
Cost					

escalation					
Inability to control suppliers					
Leaking of confidential information					

Any other challenges and comments on answer………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

Section 5: Strategies for ensuring success of contract management

Strategy	**Strongly agree**	**agree**	**Not sure**	**Disagree**	**Strongly disagree**
Transparency in tendering					
Accountability					
Effective communication with contractors					
Clear specifications					
Expectations					

Any additional information………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………

Thank you for your time and effort

APPENDIX 2: INTERVIEW GUIDE

My name is Michelle Gondwe and I am a student at Bindura University of Science Education and currently studying for a Bachelor of Commerce Honours Degree in Purchasing and Supply. I am conducting a study titled "**The Impact of Contract Management on Organizational Performance at Freda Rebecca Gold Mine (2019-2023).**" Therefore, the researcher used this questionnaire to find the best contract management strategy used by Freda.

For the purpose of this study contract management is defined as a process that organizations use to manage the execution, Since the implementation of outsourcing what would you say was the impact of
outsourcing to the following ***modifying, discussion and termination of contracts with different parties namely suppliers, contractors, employees and customers Hart, Oliver (2006/1995).***

1. How old are you?

2. What educational qualifications do you hold at the moment?

3. What post do you hold in this organisation? Is it non managerial, managerial, senior executive or executive management post?

4. How many years, working experience do you have?

5. In order to obtain fruitful results from contract management relationship, how must an organization manage its relationship in order to obtain the endless positive results?

6. How best do you think FRGM can maintain its contractual compliance whilst maintaining
its relationship with the suppliers.

7. Since the implementation of contract management what would you say was the impact of
contract management to the following?

	Increase	Decrease	No Effect
a) Expenses			
b) Profits			
c) Service Provision			
d) Core Business			
f) Customer satisfaction			

8.Are there any other comments that you would want to make that might not have been raised by the presiding questions which could give the researcher a better understanding of the benefits of contract management at FRGM?

Yes ☐ No ☐ Not sure

THANK YOU FOR TAKING YOUR VALUABLE TIME TO PARTICIPATE IN THIS INTERVIEW.

Michelle Gondwe,B200487A,Final Dissertation,BScM 2024.doc

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BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
ECONOMICS DEPARTMENT

RESEARCH SUPERVISION PROGRESS REPORT

STUDENT'S NAME: Gondwe Michelle **REG. NUMBER:** B200487A

DISSERTATION SUPERVISOR: Ms Tapfuma **PROGRAMME:** Purchasing and supply

DISSERTATION TITLE: The impact of Contract Management on organisational performance. A case study of Freda Rebecca Gold Mine

DATE	STAGE OF RESEARCH	SUPERVISORS' COMMENTS
29/01/24	Proposal	Put more detail on background of study Proceed to chapter 1 & 2 USE: Identify, assess recommend for objectives
07/02/24	Chapter 1 & 2	Whilst Im correcting chapter 1& 2 Submit chapter 3 with research instruments
14/02/24	Chapter 3	Use futuristic tense Collect data and proceed to chapter 4&5 after approval
02/04/24	Chapter 4&5	Redo chapter 4 excel does not analyse data using SPSS Use of past tenses since data has been collected Findings and recommendations make sure if you have 4 findings, they match with 4 recommendations
22/04/24	Semi draft	Submit as final. Follow format I gave you
17/05/24	Plagiarism check	Attach the screen shot at at the end of your dissertation and rename as final dissertation 2

OVERALL COMMENTS BY THE SUPERVISOR:

Student showed intrest in the chosen research study area and followed instructions through out the research study. Dissertation done well.

STUDENT'S SIGNATURE: Gondwe **DATE:** 24/05/24

SUPERVISOR'S SIGNATURE: Tapfuma **DATE:** 25/05/24