



Influence of Trust on Contract Management

Martha J. Mushi¹ and Hamisi K. Sama²

¹Procurement Officer, The University of Dodoma, P.O. Box 259, Dodoma, Dodoma 41114,
Tanzania

²Procurement and Supplies Department, College of Business Education, Dodoma Campus, P.
O. Box 2077, Dodoma, Tanzania

E-mail: marthamushi89@gmail.com, E-mail: samakicheche@yahoo.com

Abstract

The study determined the influence of trust on contract management at the University of Dodoma. The study employed a case study research design and involved 118 participants. The data were collected using questionnaires and interview methods. Quantitative data analysis was used. Quantitative data were subjected to statistical analysis using computer-based software, Statistical Package for Social Scientists (SPSS) version 20. The findings revealed that trust has statistical significance with contract management. The multiple linear regression findings revealed that trust is significantly associated with contract management, which implies the need for improving certainty, credibility, intimacy, cooperation, certainty, shared goals, reliability and self-orientation to ensure trust in contract management. Therefore, the study recommends that the University of Dodoma have to improve degree of trust in contract management regarding the procurement process. This enhances user knowledge of what to do to ensure effective contract implementation during the procurement process. The University of Dodoma should create an environment that enables users, PMU staff and suppliers to work friendly by providing a communication platform whereby people can communicate and share information. As a result, it builds trust and shows commitment.

Keywords: Trust; Contract Management,



1. INTRODUCTION

Contract management refers to handling contract agreements from creation to execution, which also involves monitoring contract modification, changes and implementation (Mwakyelu, 2019). The Public Procurement Act of 2011 ensures that public procurement is fair, transparent and non-discriminatory. Also, the procurement act requires public institutions to procure works, goods, and services according to the Law (the United Republic of Tanzania, 2011). Araujo et al. (2005) and Mwakyelu (2019) reported that procurement of goods and services in public institutions face numerous challenges, including procurement cancellation of contract, influence over the procurement process and managerial interference because of a conflict of interest are just a few examples (Francis, 2013; Mwakyelu, 2019). Although the government of Tanzania has put down several procurement strategies to alleviate the problem, including developing the Public Procurement Act 2001, 2004, and 2011, the problem of abiding by public institutions' procurement procedures is still a problem (Mordecai, 2017; Mwakyelu, 2019).

Despite the fact that trust plays significant role in contract management, but little is known how it is performed towards achieving organizational goals in contract management (Mwagike, 2021). Therefore, this study established the influence of trust on contract management at the University of Dodoma.

1.1 Study Problem

Literature reports that contract management in a public institution is still a problem. For instance, it is reported that institutions' activities have come to a halt due to the delay in supplies of goods and services required to support critical functions of the institutions, which are caused by poor contract management (Mahuwi & Panga, 2020). For instance, Loice (2015) pointed out that trust, is amongst of issues that significantly affect procurement performance. Musodza (2009) indicated how buyer suppliers should work together to derive value for money. In addition, Kimario (2020) argued that the sizeable geographical distance between the actors, the lack of supplier reliability, and the procurement contract breach are the root causes of poor procurement performance in the organisations. In comparison, this empirical literature contributed valuable to understanding trust in contract management. However, these studies have focused on the buyer-supplier relationship in general and left out crucial information about the influence of trust on contract management. Therefore, this study aimed to assess the the influence of trust in the buyer-supplier relationship on contract management at the University of Dodoma.

2. METHODOLOGY

The study was conducted at the University of Dodoma. The study used case study design while the target population included the Procurement Management Unit (PMU), service providers and suppliers providing services and goods at the university, and users who are head of departments, units, and cost centres dealing with procurement activities in their respective units. Simple random sampling used to select the population that participated in the responding questionnaire. Also, purposive sampling has been chosen to participate in the interview session. The sample size for this study was 118 participants. From the sample size of 118 individuals, the respondents from each section (UDOM PMU staff, suppliers and Users) were proportionally distributed by using Pandey and Verma's (2008) formula as follows; $n = (n/N) n_1$. Whereby, $n =$ Allocation of sample size, $n =$ Sample size, $N =$ population of the study and $n_1 =$ population size of the given section.

About questionnaires were distributed to 118 respondents. The study used face-to-face interviews to collect data from the respondents. The respondents who were involved in this study include; the head of department, section or unit of the University of Dodoma and supplying organisation. These groups were selected to participate in the interview session because they are believed to be knowledgeable on the issues related to the study. Thematic analysis involved identifying patterns or themes embedded throughout research interviews by selecting the most suitable patterns for the study and including them in the report. The researcher also used coding organising the data. On the other hand, quantitative data were subjected to statistical analysis using computer-based software known as Statistical Package for Social Scientists (SPSS) version 20 and EXCEL. The binary logistic was used because the dependent variable was quantitatively measured.

2.1 Reliability Test

For testing reliability of this study, Cronbach's alpha, also referred to as coefficient alpha, was used to assess the internal consistency of the structured instrument. As per Nunnally (1978), alpha values range from 0.0 to +1.00 but Coefficient having good internal consistency if Cronbach's alpha is in the vicinity 0.7 (Wilson, Magarey & Mastersson 2008), was used to assess the internal consistency of the structured instrument. In this study, the Cronbach Alpha test results of the constructs employed to quantify the reliability of the items in the measurement tool are shown in Table 1. This signifies that the study instrument used was reliable and suitable for data collection since all the study results were above 0.7.

Table 1: Reliability Test Results

Indicator	Cronbach's Alpha	Number of Constructs
Quality	0.823	8
Cost	0.747	6
Time	0.758	7
Source: Study Data		

Results in Table 2 revealed that, on average above 77.65% of the respondents in University of Dodoma agreed the need for Trust in Contract Management. They need Certainty, Credibility, Intimacy, Cooperation, Certainty, Shared Goals, Reliability and Self-Orientation to ensure Trust in Contract Management. The results in Table 2 also revealed that 83.6% of the study respondents in University of Dodoma agree to have Shared Goals highest impact indicator of Trust in Contract Management. The results in Table 2 also indicated that 82.8% of respondents agreed that Transparency has impact on Trust in Contract Management. While 80.1% of respondents agreed that University of Dodoma needs to have Reliability as Trust in Contract Management. The results in Table 2 depicted that 80.02% of respondents like Credibility, while Intimacy is needed by 78.2% of respondents, Cooperation is agreed by 72.8% of respondents, Certainty is agreed by 72% and 70.6% respondents like Self-Orientation to be indicators of Trust on Contract Management provided by University of Dodoma. The study shows that majority of the respondents agree to Trust on Contract Management.

Table 2: Research Instrument Profile of Trust Indicators

Trust Indicators	FREQUENCIES					Mean
	1	2	3	4	5	
Certainty	2(1.69)	14(11.86)	29(24.58)	57(48.31)	16(13.56)	3.60±0.93
Credibility Transparency	0(0.00)	5(4.24)	12(10.17)	63(53.39)	38(32.20)	4.14±0.76
Intimacy	0(0.00)	21(17.80)	10(8.47)	46(38.98)	41(34.75)	3.91±1.07
Reliability	0(0.00)	14(11.86)	8(6.78)	54(45.76)	42(35.59)	4.05±0.95
Self-Orientation	4(3.39)	25(21.19)	19(16.10)	44(37.29)	26(22.03)	3.53±1.15
Cooperation	2(1.69)	18(15.25)	23(19.49)	53(44.92)	22(18.64)	3.64±1.01

Shared Goals	1(0.85)	4(3.39)	10(8.47)	65(55.08)	38(32.20)	4.18±0.72
Credibility	4(3.39)	10(8.47)	8(6.78)	54(45.76)	42(35.59)	4.01±0.96

NB: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree

Source: Primary Data

3. RESULTS AND DISCUSSION

Findings revealed in Table 3 indicated that Trust is significantly and positively linked with Quality Efficiency at University of Dodoma. This shows that after Trust is not significantly related to Quality ($\beta = 0.705$, t -value = 1.057 and p -value = 0.000).

Table 3: Results of Regression Analysis of Role on Quality Efficiency

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of Estimate
1	0.705 ^a	0.497	0.001	11.73212
a. Predictors (Constant), Trust				

Results of Correlation value ($r = 0.705$, p -value = 0.000) in Table 3 and Table 4 respectively shows that Trust is less significantly positively linked to Quality Efficiency in Contract Management at University of Dodoma. This result demonstrates that the contribution of Trust is above average and it is positively linked to role of Quality Efficiency in Contract Management. This study finding is concur with the study findings by Uusitalo, et al., (2021) and Ahimbishibwe and Muhwezi (2015) who all confirmed that there is a strong and positive association of Trust and Quality Efficiency in procurement contracts. The study findings by Fernandez (2009) also found out that trust has an independent positive effect on overall contracting performance. In principle, the Trust in Contract Management focused on addressing the needs and desires for Quality Efficiency in Contract Management, as well as to Certainty, Credibility, Intimacy, Cooperation, Certainty, Shared Goals, Reliability and Self-Orientation to ensure Trust in Contract Management.



Table 4: Hypothesis Test on Quality Efficiency in Contract Management

Coefficients ^a						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sign.
		B	Standard Error	Beta		
1	(Constant)	17.186	12.578		1.606	0.15
	Trust	0.432	0.387	0.705	1.075	0.000

a. Dependent Variable: Quality Efficiency

Table 5 revealed that Trust is significantly positively linked with role of Cost Efficiency in Contract Management at University of Dodoma. This indicates that Trust is significantly associated to role of Cost Aspect in Contract Management ($\beta = 0.819$, t-value = 1.367 and p-value = 0.000). Correlation value ($r = 0.819$, p-value = 0.000) in Tables 5 and Table 6 indicated that Trust is significantly positively connected to Cost Efficiency in Contract Management at University of Dodoma.

Table 5: Results of Regression Analysis of Role on Cost Efficiency

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of Estimate
1	0.819 ^a	0.671	0.013	6.54843

a. Predictors (Constant), Trust

This means more improvement in Trust will help to increase Cost Efficiency in Contract Management. This result infers that the effect of trust on Cost Efficiency in Contract Management increases Certainty, Credibility, Intimacy, Cooperation, Certainty, Shared Goals, Reliability and Self-Orientation when ensuring Trust in Contract Management. The study results are not in line with study findings by Brown, et al., (2007), Jøsang, *et al.*, (2005) Dimitrakos, *et al.* (2004) who affirmed that there positive trust on the other hand is a like catalyst for Cost Efficiency as it enables public procurement practitioners to interact spontaneously and aids in smooth execution of Contract Management. In short, improvements in Trust appear to be contingent on how Cost Efficiency can aids in Contract Management.

Table 6: Hypothesis Test on Cost Efficiency in Contract Management

Coefficients ^a						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sign.
		B	Standard Error	Beta		
1	(Constant)	13.263	12.578		2.647	0.014
	Trust	0.456	0.278	0.819	1.586	0.000

a. Dependent Variable: Cost Efficiency

Study findings in Table 6 revealed that there is a strong positive relationship between after Trust and Time Management at University of Dodoma. Generally, findings indicates that Trust is significantly positively interrelated to Time Management in Contract Management ($\beta = 0.795$, t-value = 0.895 and p-value = 0.000).

Table 7: Results of Regression Analysis of Role on Time Management

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of Estimate
1	0.795 ^a	0.632	0.012	5.82112

b. Predictors (Constant), Trust

From Table 7 and Table 8, Correlation value ($r = 0.795$, p-value = 0.000) revealed that there is a very positive relationship between Trust and Time Management at University of Dodoma. This verifies that Trust at University of Dodoma is allocated and given so much attention so to enhance Certainty, Credibility, Intimacy, Cooperation, Certainty, Shared Goals, Reliability and Self-Orientation when ensuring Contract Management. Manishimwe (2020), Mchopa (2015) and Burki and Buvik (2010) acknowledged that there is a strong positive and statistically significant association between Trust and Time Management. These findings therefore are in line with the study findings of Brown, *et al.*, (2016) and Burki and Buvik (2010) that procurement contracts are time dependent and are subject to ‘the paradox of trust’ that catalyses exploitation contract management practices. In this manner, University of Dodoma should deploy strategic measures to influence Time Management as after Trust is offering significantly impact Contract Management.

Table 8: Hypothesis Test on Time Management in Contract Management

Coefficients ^a						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sign.
		B	Standard Error	Beta		
1	(Constant)	13.734	9.689		2.556	0.018
	Trust	0.548	0.376	0.795	0.895	0.000
b. Dependent Variable: Time Management						

4. CONCLUSION, RECOMMENDATIONS, LIMITATIONS AND AREAS FOR FURTHER STUDIES

4.1 Conclusion

As far as the objective is concerned, the study concludes that trust in contract management. The multiple linear regression findings revealed that working with key suppliers and having a long-term business strategy was significantly associated with contract management. Thus, for effective contract management, organizations need to work with key suppliers and have long-term business strategies.

4.2 Recommendations

The study recommends that the University of Dodoma have to inculcate public procurement practitioners on how to improve Trust in Contract Management. This is because contract management in procurement should be practical, implying that all objectives are expected to be fulfilled. In the other hand, trust is the key to contract management; in that regard, buyer needs to trust the supplier to deliver what was agreed. Without trust, there is no business, and thus the studied organization should work on that.

4.3 Limitations and Areas for Further Studies

The limitation of this study was the issue of respondents since the targeted respondents for this study were the Procurement Management Unit (PMU), service providers and suppliers providing services and goods at the university, and users who are head of departments, units, and cost centres dealing with procurement activities in their



respective units. This population was always busy with very little time to fill out the distributed questionnaire. To overcome this limitation, the researcher undertook sampling from the targeted population and ensured the sample size was enough to represent the entire population. In addition, the questionnaire was designed to be simple, straightforward, and, finally, the questionnaires were distributed through a Smartphone; this allowed the respondents to fill them out when they had time. The study collected data from respondents from the University of Dodoma and included only a sample of 128 participants.

In addition to that, this study focused on the influence of trust on contract management. The study proposes the following areas for further study;

- a. The assessment of moderating factors influencing buyer-supplier relationships on the procurement performance of public sector in Tanzania.
- b. The role of buyer-supplier relationships in achieving economic sustainability in the country

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