

**FACTORS AFFECTING CONTRACT NEGOTIATION IN THE PUBLIC
SECTOR
A CASE OF RURAL ELECTRIFICATION AUTHORITY**

ANTHONY MUGENDI MIIRU

**A PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF A BACHELOR OF BUSINESS
MANAGEMENT DEGREE (PURCHASING AND SUPPLIES MANAGEMENT)
MOUNT KENYA UNIVERSITY**

MAY 2016

ABSTRACT

The general objective of the study was to establish factors affecting contract negotiation in the public sector with specific reference to Rural Electrification Authority. The specific objectives were to assess the effect of quality, product specification, government policy, lead time and ethical issues on contract negotiation in the public sector. The findings of the study will be useful to the Rural Electrification Authority management, to avoid the shortcomings that might arise due to concern put on procurement department. The management of the organization will be able to utilize the findings to streamline the procurement department. This will also help mitigate the challenges associated with the contract negotiation in the public sector. The study was carried out at Rural electrification Authority Offices along Mombasa road Nairobi. The study utilized descriptive research design to collect data from respondents. Descriptive research was used to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. The target population was 118 employees. The study used stratified random sampling to select a sample size of 50% giving 59 respondents. The study utilized primary data which was collected using questionnaires which were delivered and collected after a period of two weeks. After the fieldwork, before analysis, all questionnaires were adequately checked for reliability and verification. Editing, coding and tabulation was carried out. Quantitative analysis was used to analyze closed ended questions and qualitative analysis was used to analyze open ended questions. It was found out that government policy, lead time and ethical issues affect contract negotiation at the Rural Electrification Authority. The study findings showed that there is a clear and significant relationship between perceived usefulness, perceived ease of use, perceived risk, perceived convenience and a traveller's decision to buy e-tickets. The study recommends that there is need to enhance quality in the negotiation and ensuring that the design of government policy is in such a way that it does not impede the contract negotiation process at the Rural Electrification Authority. The study recommends that a similar study be done in other public sector firms to benchmark the findings