International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

Significance of Sustainable Contract Management on Overall Performance - Case Study Using the Example of Zimasco Pvt Ltd.

Authors:

Evelyn Kumbirai Tapfuma (etapfuma@buse.ac.zw)
Bindura University of Science Education, Bindura, Zimbabwe

Abstract:

This paper was guided by the need for understanding why some suppliers fail to comply with set contracts as this negatively afftects the sustainability production processes of the extraction of chrome ore through to smelting for separation of chrome ore to attain chome mineral. The purpose of this research was to determine the significance of sustainable contract management overal organisational performance of Zimasco Pvt Ltd in Zimbabwe. The paper's goals were to determine how important sustainabe contract management is to overall performance, what obstacles the company is facing in this area, and how sustainable contract management and organizational success are related. A population of 200 workers was identified in the smelting plant and 132 was the sample size which was chosen at random from the; procurement,stores finance, and production. Data was collected through the distribution of questionnaires online. Data was analysed using the SPSS. The results showed that sustainable contract management and organizational performance are positively correlated. This research paper is in line with sustainable development goals; 7,8,9,12 and 17.

Keywords:

Contract Management, Sustainability, Performance, Objectives, Competitive Advantage

Submitted: 2025-08-07. Revised: 2025-08-17. Accepted: 2025-08-19.

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

Introduction

In the realm of business operations, sustainability has become a neccasity that is often associated with environmental initiatives and corporate responsibility. While reducing waste, conserving resources, and reducing carbon footprints are undeniably crucial aspects of sustainability, there is one underrated area where this ethos can truly shine. 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 sustainability production, based on a case study in a mining environment with the exact company being Zimasco Pvt Ltd which has mines in the great dyke specifically Shurugwi, Mutorashanga and some in Lalapansi. 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. Zimasco Pvt Ltd was established in 1926 as an exporter of chromite ore, smelting operations commenced in 1962, the majority shareholder is Sinosteel Corporation, a State Owned Enterprise of the People's Republic of China,largest integrated ferrochrome producer in Zimbabwe, Operational centres located in Kwekwe , Shurugwi , Mutorashanga and Harare ,has smelting operations at Kwekwe with installed operational capacity to produce 180,000 t.p.a of high carbon ferrochrome, Mining operations are carried out along and alongside the Great Dyke, Coalbed methane interests in Matebeleland North and Total Employment figures: 750 direct; 3000 indirect to date. Accordingly, this research paper seeks to evaluate the significance of contract management on organizational performance. The following research objectives shall be utilised;

R1: To assess the various sustainable contract management challenges currently faced by Zimasco.

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

R2: Is there a relationship between sustainable contract management and overal organisational performance.

Contract management can play a crucial role 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 Zimasco Pvt Ltd, to improve their contracting decision in order to find the cost reduction initiatives.It will also help to identify the quality of services that are being contracted. This research paper 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. 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. The non compliance to the contract clauses by the suppliers is a driving factor of this research paper and this is supported by the following sustainable development goals; 7,8,9,12 and 17.

Literature Review

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. 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 Zimasco 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.

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. 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

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

(2000) conducted interviews with IT managers to explore the validity of the partnership theory in IT contract management.

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).

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).

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).

Methods and Data

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. These departments included, procurement, stores, finance and production. The target population consisted of 200 people only with the sample size being 132 from the Table of sample size calculation. These were the people that came from the mentioned departments and they had much information concerning the research. 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 procurement, stores and finance department assuming that they have better knowledge on the research problem. The researcher used the questionnaire as research tools in collecting data. The researcher acquired information from several respondents in different departments using standardized questionnaires. The researcher employed both closed and open questionnaires to obtain data. The researcher opted to utilize questionnaires because they are more accessible, less expensive, and more convenient, and

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

respondents may complete them at a time that is suitable for them. 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 were used to demonstrate the study's results for a number of factors. 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.

Results

The response rate constituted of 90 % 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 132 and only 8 people failed to respond to the distributed questionnaire. The chart illustrates that merely 38.2% 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, 30.8% of participants belong to the active age bracket of 26-30 years old.A mature and energetic demographic whose participation would yield accurate and reliable data beneficial for research purposes. Additionally, there was a subset comprising 31% of respondents aged over forty one years old a group possessing extensive knowledge regarding mining activities due to their experience and maturity level conducive towards providing valuable insights. According to the research, 20.8% of the employees have been with the company for less than years. Since 39% 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 Zimasco Pvt Ltd 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. 20% of customers strongly agreed that the contract management beneficial to the organization. This is a result of deadlines of projects being met and specifications. 65% 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, 10% of respondents had no opinion. Furthermore, 4.95% of the population disagreed that the organization's contract management system benefits them. 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.

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

Discussion

This shows a clear reflection of gender discrimination in the mining industry.This is due to an 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 Zimasco is a sustainable company that values in empowering women. Additionally, there was a subset comprising 37.5% of respondents aged over forty-one years old a group possessing extensive knowledge regarding mining activities due to their experience and maturity level conducive towards providing valuable insights. 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. 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. 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. 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. The limitation was mainly on contract management and overall organisational performance, there is still more room for further research. Sustainable contract management represents a shift in modern business practices, where the focus extends beyond mere transactions to encompass long-term environmental, social and economic impacts.

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

Conclusion

More than 80% of the respondents have the belief that contracts are the anchor of business reduced costs and profitability and this can also be supported by the findings from this paper. 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. 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. A contributing factor to flexibility was contract management. Additionally, contract management makes it possible to use specialized capabilities, which raises the standard of output. Recommendations were as follows;

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 40 and 50 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.

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.

The researcher suggests that more study be done on the subject of contract management. This resulted from the paper's emphasis on Zimasco Pvt Ltd. Further research questions may not limited but be as follows;Which AI (artificial intelligence) systems can aid in the success of contract management and Revitilisation of ERP (entreprise resourses planning) systems for improvement of company performance.

International Journal of Sustainability in Business and Economics (ISSN: 3052-6752)
an Open Access journal by Wohllebe & Ross Publishing, Germany.
Volume: 01 Issue: 02 Year: 2025
https://doi.org/10.51137/wrp.ijsbe.2025.etst.45876

References

Feng, T., Ren, Z.J. and Zhang, F. (2019), “Service outsourcing: Capacity, quality and correlated costs”, Production and Operations Management, Vol. 28 No. 3, pp. 682-699.

Gottschalk, P. and Solli-Saether, H. (2005) Critical success factors from IT outsourcing theories: an empirical study. Industrial Management and Data Systems, 105(6), 685-702. Emerald Group Publishing Limited.

Jennings, D. (2002) Strategic sourcing: benefits, problems and a contextual model. Management Decision, 40(1), 26-34, MCB UP Limited.

Lysons K and Farrington B, (2006), Purchasing and Supply Chain Management, 7th Edition Pearson Education Ltd, England.

Moschuris, S. J. (2008). Organizational participants in the make-or-buy process. Industrial Marketing Management, 37(2), 143-153.

O’Rourke, J. (2011), Sustainability Matters: Why and How Business is Widening its Focus to Consider the Needs of all Stakeholders, Oracle Corporation, New York.

Porter, M.E, and Kramer, M. (2011), Creating Shared Value, Harvard Business Review.

Puntra, J.S. (2012), IT Outsourcing: Benefits and Critical Success Factors, Accenture Bloggers and Journalist Coalition, Berlin.

Victor-Adrian Troacă, Dumitru-Alexandru Bodislav, (2014): Theoretical and Applied Economics, Volume XIX (2012), No. 6(571), pp. 51-58.

Zsidisin, G.A., Hartley, J.L., Bernardes, E.S. and Saunders, L.W., 2015. Examining supply market scanning and internal communication climate as facilitators of supply chain integration. Supply Chain Management: An International Journal.