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ALVAN IKOKU FEDERAL UNIVERSITY OF EDUCATION, OWERRI
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E- ISSN: 3043 – 5463 ISSN: 1595 – 5842 VOLUME 2, ISSUE 2, 2025

RESEARCH ARTICLE

OPTIMIZING SALES CONTRACT FRAMEWORK FOR EFFICIENT PROCUREMENT OF GOODS: A STUDY OF DISTRIBUTORS OF FAST MOVING CONSUMER GOODS IN OWERRI

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ABSTRACT

This study examines how optimizing sales contract frameworks can improve procurement efficiency among fast-moving consumer goods (FMCG) distributors in Owerri, Imo State. The research addresses persistent challenges in contract structuring, pricing mechanisms, dispute resolution, and regulatory compliance that undermine procurement performance. Using a mixed-methods approach, the study combines quantitative analysis of survey data with qualitative insights from key informant interviews and document reviews. Descriptive statistics revealed low variability in contract structuring and automation, suggesting widespread but uniform adoption. Payment terms showed greater inconsistency, indicating instability in financial agreements. Pearson correlation results highlighted a positive relationship between structured contracts and automation (r = 0.742), while rigid contracts were negatively associated with effective dispute resolution (r = -0.786). Thematic analysis emphasized the importance of contract flexibility, legal compliance, automation tools, and adaptive pricing mechanisms. Document review confirmed that 65% of contracts included price stabilization clauses, and most payment terms ranged between 30–60 days. Dispute resolution typically relied on arbitration, promoting out-of-court settlements. The study concludes that well-structured, automated, and compliant contracts enhance procurement efficiency and supply chain stability. It recommends standardized contract templates, timely payments, and regular reviews to ensure responsiveness to market and regulatory shifts.

Keywords: Procurement Efficiency, Sales Contract Framework Optimization, FMCG, Legal Compliance, Automation

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Received: 23/4/2025; **Revised:** 28/5/2025; **Accepted:** 2/7/2025; **Published:** 30/7/2025

https://www-ajsspub-org.b12sites,com https://www.ajsspub2.org
E- ISSN: 3043 – 5463 ISSN: 1595 – 5842 VOLUME 2, ISSUE 2, 2025

1.0. INTRODUCTION

Sales contracts serve as the legal and operational backbone of procurement transactions, particularly in industries characterized by high volume and rapid turnover, such as the fast-moving consumer goods (FMCG) sector. These contracts regulate essential terms between buyers and sellers, including pricing mechanisms, delivery schedules, payment obligations, and conflict resolution procedures. In this context, procurement becomes more than a support activity; it plays a strategic role in enhancing supply chain efficiency and ensuring business continuity (Abdallah et al., 2024; Jama et al., 2023). The FMCG industry, which involves goods with short shelf lives and frequent purchase cycles, relies heavily on efficient procurement systems. As a result, the structure, flexibility, and enforceability of sales contracts significantly influence business performance.

Historically, procurement agreements were informal and trust-based. However, with the expansion of global trade and the increasing complexity of supply chain networks, these agreements have evolved into comprehensive legal documents. Modern contracts now include detailed clauses on price adjustment, just-in-time delivery, performance metrics, automation protocols, and shared risks (Govindan et al., 2013). Additionally, technological advances have transformed how contracts are created, executed, and monitored. The use of contract management software, digital signatures, and integrated procurement platforms has improved accuracy, reduced manual errors, and enhanced real-time decision-making (Althabatah et al., 2023; Attaran, 2020). Nevertheless, the adoption of such tools remains inconsistent in many parts of the developing world, including Nigeria.

Nigeria's FMCG sector presents a mix of opportunity and inefficiency. While it is growing rapidly due to population increase, urbanization, and consumer demand, procurement systems remain fragmented. Many distributors rely on rigid contracts that are poorly suited for the fast-changing realities of the Nigerian economy. Pricing models are often static, lacking flexibility to adjust to inflation or currency fluctuations. Delivery timelines are vague or unrealistic. Payment terms are either loosely defined or inconsistently applied. Furthermore, automation tools that could streamline procurement operations are rarely adopted. This leads to delays, errors, and miscommunication within the supply chain (Areguamen et al., 2022).

Owerri, the capital of Imo State in southeastern Nigeria, exemplifies this imbalance. As a commercial hub and growing urban center, Owerri has become a key distribution point for FMCG products. Its strategic location provides logistical access to major cities in the South East, making it essential to regional supply chains. The city has experienced a surge in consumer demand due to demographic growth and rising purchasing power. Distributors operating in Owerri therefore play a critical role in ensuring that goods reach end users in a timely and reliable manner.

Despite these strategic advantages, the procurement systems in Owerri face major challenges. A primary concern is the outdated nature of many sales contracts. These agreements often fail to account for market fluctuations or the operational realities faced by distributors. For instance, contract clauses on pricing are frequently fixed and do not reflect inflation or supply shortages. Payment terms are inconsistent, leading to strained cash flows and disputes between buyers and suppliers. Furthermore, many contracts lack clear dispute resolution mechanisms. When conflicts arise, they escalate unnecessarily due to the absence of arbitration or mediation frameworks.

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E- ISSN: 3043 – 5463 ISSN: 1595 – 5842 VOLUME 2, ISSUE 2, 2025

Another significant issue is the reliance on manual procurement systems. Most distributors in Owerri still operate without digital tools, relying on paper-based contracts, handwritten records, and delayed communication. This limits their ability to manage inventory accurately, track supplier performance, or adapt to sudden shifts in consumer demand. It also increases the likelihood of administrative errors, duplicated efforts, and missed deadlines. These inefficiencies contribute to stockouts, customer dissatisfaction, and increased operational costs.

Legal and regulatory compliance is another concern. Many sales contracts in use do not align with Nigerian procurement laws or the Sale of Goods Act of 1893. Important clauses regarding jurisdiction, governing law, and liability are either missing or inadequately defined. This exposes businesses to legal risks, especially when contracts are challenged or disputed. Inconsistent application of procurement policies also creates an uneven playing field among distributors and suppliers. Businesses without standardized legal safeguards are more vulnerable to fraud, non-performance, or regulatory penalties.

Pricing volatility is perhaps the most visible challenge for FMCG distributors in Owerri. Contracts often ignore economic indicators such as inflation, exchange rate movements, and fuel price fluctuations. As a result, distributors are locked into unfavorable terms that reduce their profitability and purchasing power. Without clauses for price adjustment or renegotiation, businesses cannot adapt their procurement strategies to match changing market conditions. This reduces flexibility, weakens supplier relationships, and threatens long-term business sustainability.

Dispute resolution is also a recurring issue. In many cases, distributors and suppliers disagree on contract terms related to delivery schedules, product quality, or payment deadlines. Without a clear process for resolving such disputes, these disagreements often result in legal battles or business breakdowns. The lack of standardized arbitration clauses prevents quick and cost-effective resolutions, further destabilizing supply chains. Yet, despite these challenges, the FMCG sector in Owerri remains promising. Its economic potential, market size, and strategic location position it well for transformation. To unlock this potential, procurement systems must become more adaptive, transparent, and contractually sound. Well-structured sales contracts can improve trust between parties, reduce transaction costs, and promote faster dispute resolution. Incorporating automation tools can improve accuracy, speed, and data-driven decision-making. Aligning contracts with legal standards can reduce risk exposure and improve enforceability.

This study seeks to explore how optimizing sales contract frameworks can improve procurement efficiency among FMCG distributors in Owerri. It aims to examine the role of contract structuring, automation, pricing flexibility, legal compliance, payment terms, and dispute resolution mechanisms in enhancing operational effectiveness. By using a mixed-method approach that integrates both quantitative data and qualitative insights, the study will offer practical, evidence-based recommendations for stakeholders. These findings will be valuable not only for businesses in Owerri, but also for policymakers, legal practitioners, and supply chain managers across Nigeria who are working to modernize procurement systems. The research contributes to broader debates on governance, institutional reform, and economic development within emerging markets.

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2.2 Study Area

The research was conducted in Owerri, the capital of Imo State in southeastern Nigeria. Owerri serves as a major distribution center for FMCG products due to its central location, road connectivity, and growing consumer market. Despite its strategic relevance, procurement practices in the city remain underdeveloped, characterized by contract rigidity, inconsistent pricing strategies, and low levels of automation.

3.0. MATERIALS AND METHODS

3.1. Research Design

This study adopted a descriptive survey design complemented by mixed-methods analysis. The descriptive design was chosen to capture current practices in sales contract structuring and procurement among fast-moving consumer goods (FMCG) distributors and retailers in Owerri, Imo State. As Creswell (2014) suggests, such a design is suitable for studies aiming to describe patterns, behaviors, and relationships in natural settings without manipulation. The approach allowed for both quantitative analysis of procurement practices and qualitative insights from industry participants, ensuring a comprehensive understanding of contract-related procurement efficiency. The design was also practical for the context of Nigeria's FMCG market, which is dynamic, under-regulated, and increasingly influenced by macroeconomic fluctuations. A purely experimental or longitudinal design would not have captured the real-time complexities faced by procurement actors in such a volatile environment.

3.2 Population and Sampling Technique

The study population comprised FMCG distributors and retailers operating within Owerri metropolis. These actors are central to the procurement chain and directly influence or implement sales contract terms. Distributors were targeted for their role in contract negotiation and inventory sourcing, while retailers were included to assess contract execution, pricing enforcement, and delivery reliability. A stratified random sampling technique was used to ensure proportional representation of the key segments in the FMCG distribution chain. The sample was stratified into three categories:

i. **Large-scale distributors**: Direct suppliers from manufacturers or national importers
ii. **Medium-scale distributors (sub-distributors)**: Regional intermediaries
iii. **Retailers**: Supermarkets, small retail outlets, and open-market traders

This method ensured that the data reflected varying contract structures, payment systems, and procurement capabilities across different business scales.

3.3. Sample Size Determination

To determine the appropriate sample size, Taro Yamane's formula was used:

$n = \frac{N}{1+N(e)}$^2 Where n = sample size, N = estimated population (2,000 businesses), e = margin of error (5%). Applying the formula:

$$n = \frac{2000}{1+2000(0.0025)} = \frac{2000}{6} = 333.33$$

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The final sample size was rounded up to 500 to improve statistical power and allow for subgroup analyses. This was distributed proportionally:

i. Large-scale distributors: 4% (20 respondents)
ii. Medium-scale distributors: 10% (50 respondents)
iii. Retailers: 86% (430 respondents)

3.4. Data Collection Instruments

3.4.1 Structured Questionnaires

The main instrument for quantitative data collection was a structured questionnaire. It was designed to measure procurement efficiency, contract structuring, payment terms, price stability mechanisms, dispute resolution processes, and automation adoption. Most items were scaled using a 5-point Likert system, ranging from "Strongly Disagree" to "Strongly Agree". The questionnaire was pilot-tested on 20 respondents and refined for clarity. Face-to-face administration ensured high response rates and allowed for real-time clarification. The completed responses were coded and analyzed using SPSS (version 25) to generate descriptive and inferential statistics.

3.4.2. Key Informant Interviews (KIIs)

To supplement the quantitative data, 20 key informant interviews were conducted using a semi-structured guide. The participants included 10 distributors (5 large-scale and 5 medium-scale) and 10 retailers. These interviews explored themes such as contract flexibility, technology integration, dispute resolution practices, and compliance with procurement laws. Interviews were conducted in-person or via telephone based on participant availability. Conversations were recorded (with consent), transcribed, and analyzed thematically to identify common patterns and institutional challenges.

3.5. Document Review

Secondary data were sourced from actual sales contracts, internal procurement policies, and financial records. These documents provided a structural analysis of contract clauses and served as validation for the data gathered through questionnaires and interviews. Specific elements reviewed included:

- Price stabilization clauses
- Delivery schedules and penalties
- Payment terms and early payment discounts
- Dispute resolution procedures
- Legal compliance references (e.g., Nigerian Sale of Goods Act)

This triangulation allowed for a multi-angle understanding of how contracts are designed and implemented in practice.

3.6. Data Analysis Techniques

3.6.1. Quantitative Analysis

Data from the questionnaires were analyzed using SPSS. Descriptive statistics (means, standard deviations) were used to describe patterns in contract practices and procurement efficiency. Pearson correlation analysis was conducted to examine relationships between contract components and performance indicators. Significance was tested at the 0.05 level.

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Key variables included Contract structuring, Automation in procurement Pricing mechanisms, Dispute resolution, Legal and regulatory compliance, Payment terms

3.6.2 Qualitative Analysis

Data from interviews were analyzed using thematic content analysis. Transcripts were reviewed and coded using open and axial coding to identify emerging themes. Patterns across distributor and retailer responses were compared to highlight shared challenges and divergent practices in contract management. Recurring categories included contract rigidity, pricing disputes, legal enforcement challenges, and technology usage.

3.7 Ethical Considerations

The study followed ethical research guidelines. Participants were informed of the study objectives and their rights to withdraw at any time. Verbal and written consents were obtained before questionnaire administration and interviews. Confidentiality of respondents and data was strictly maintained. Organizational permissions were obtained for document access, and data were anonymized during analysis and reporting.

4.0. PRESENTATION OF RESULTS AND DISCUSSIONS

This section presents both the quantitative and qualitative findings on the impact of contract structuring on procurement efficiency among FMCG distributors in Owerri, Imo State. The results are organized thematically in line with the study's objectives and draw on data from surveys, in-depth interviews, and document analysis.

4.1. Presentation of Results

4.1.1 Descriptive Statistics

Descriptive statistics reveal a generally consistent application of contract structuring and automation practices across the sampled organizations. The mean values for all variables cluster around 3.0, indicating moderate agreement among respondents. Notably, there is minimal variability in contract structuring and automation, whereas payment terms exhibit greater dispersion.

Table 3.1: Descriptive Statistics of Key Procurement Variables

Variable	N	Min	Max	Mean	Std. Dev	Kurtosis
Sales Contract Structuring	10	2.8	3	2.924	0.061	0.378
Automation in Procurement	10	2.9	3.01	2.96	0.033	-0.365
Price Stability Mechanisms	10	2.93	2.98	2.958	0.018	-0.813
Dispute Resolution	10	2.92	2.97	2.948	0.017	-0.795
Legal and Regulatory Compliance	10	2.92	2.99	2.957	0.022	-0.69
Payment Terms in Sales Contracts	10	2.78	3.09	2.922	0.091	0.044

Source: *Primary data collected from FMCG distributors in Owerri, Imo State (2025).*

Table 3.1 shows that all variables have mean scores close to 3.0, indicating moderate agreement among respondents on the presence of these procurement practices. Automation (M = 2.96), Price Stability (M = 2.96), and Compliance (M = 2.96) were slightly more emphasized. The lowest mean was for Payment Terms (M = 2.92), which also had the highest variability (SD = 0.091), suggesting inconsistency across firms.

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Standard deviations were generally low, showing strong similarity in responses. Kurtosis values indicate mostly flat distributions, meaning few extreme views were recorded.

4.1.2 Correlation Analysis

Pearson correlation analysis was conducted to explore the interrelationships between contract structuring practices and procurement efficiency metrics. Key correlations are summarized in Table 4.2.

Table 4.2: Pearson Correlation Matrix

Variable	Structuring	Automation	Price Stability	Dispute Resolution	Compliance	Payment Terms
Sales Contract Structuring	1	0.742	-0.362	-0.786	0.083	-0.226
Automation in Procurement	0.742	1	0.805	-0.158	0.181	-0.15
Price Stability Mechanisms	-0.362	0.805	1	-0.087	-0.266	0.62
Dispute Resolution	-0.786	-0.158	-0.087	1	-0.226	0.808
Legal and Regulatory Compliance	0.083	0.181	-0.266	-0.226	1	-0.453
Payment Terms in Sales Contracts	-0.226	-0.15	0.62	0.808	-0.453	1

Source: *Primary data analysis based on field survey of FMCG distributors in Owerri, Imo State (2025).*

Key findings include:

- A strong positive correlation between contract structuring and procurement automation (r = 0.742), indicating that more structured contracts are associated with higher levels of digitalization.
- A strong negative correlation between contract structuring and dispute resolution efficiency (r = -0.786), suggesting that rigid contracts may hinder conflict resolution.
- A strong positive correlation between payment terms and dispute resolution (r = 0.808), emphasizing the role of clear financial arrangements in mitigating procurement conflicts.

4.2 Qualitative Findings

Qualitative data were obtained from in-depth interviews with procurement managers and a review of internal procurement documents such as contract templates, supplier agreements, audit reports, and compliance logs. Thematic analysis revealed five recurring themes: contract flexibility, technology integration, supply chain resilience, regulatory compliance, and supplier relationship management. These themes are summarized in Table 3.3.

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Table 3.3 Thematic Summary of Interview and Document Insights

Main Theme	Sub-theme	Frequency	Source	Insight Summary
Contract Flexibility	Price and delivery adjustments	High	Interviews and Docs	Documents included clauses for renegotiating prices and adjusting delivery terms.
Technology Integration	Use of automation tools	High	Interviews	Respondents reported widespread use of procurement and contract management tools.
Supply Chain Resilience	Risk mitigation clauses	High	Interviews and Docs	Most contracts contained force majeure clauses and disruption contingency plans.
Regulatory Compliance	Adherence to procurement laws	Medium	Interviews and Docs	Contracts showed updates reflecting regulatory changes; compliance logs confirmed.
Supplier Relationships	Clear payment terms, trust-building	High	Interviews and Docs	Reviewed contracts included detailed payment terms and penalties for late payment.

Source: *Field interviews with FMCG procurement managers and analysis of contract documents (2025).*

Table 3.3 presents the thematic synthesis of qualitative data from interviews and document analysis. Five key themes emerged, each contributing uniquely to procurement efficiency:

i. **Contract Flexibility**: Frequently cited in both interviews and contract documents, this theme highlights the inclusion of clauses that allow price renegotiation and delivery adjustments. This adaptability is essential in responding to market volatility and logistical disruptions.

ii. **Technology Integration**: Interviewees consistently reported high adoption of automation tools for procurement and contract management. These technologies are credited with improving process speed, accuracy, and compliance tracking.

iii. **Supply Chain Resilience**: Both interviews and document reviews revealed widespread use of risk mitigation mechanisms such as *force majeure* and disruption planning clauses. These provisions enhance the ability of distributors to maintain operations during crises.

iv. **Regulatory Compliance**: Medium frequency of this theme was observed, with evidence from contracts showing regular updates aligned with changes in procurement regulations. Interview data confirmed active monitoring of legal compliance, often supported by internal logs.

v. **Supplier Relationships**: Strong emphasis was placed on building trust through clear, enforceable payment terms. Contracts reviewed contained specific timelines and penalty clauses, reinforcing mutual accountability and long-term partnership stability.

4.3 Integrating Quantitative, Qualitative, and Document Findings

Bringing together the numbers, interview insights, and contract reviews gives us a clearer understanding of how contract structuring affects procurement efficiency among FMCG distributors in Owerri.

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i. **Sales Contract Structuring:** The data shows a fairly high average score (2.92) with little variation, and a positive correlation with procurement efficiency. Interviews highlighted that contracts need to stay flexible, especially because inflation and supply chain hiccups often force renegotiation. Looking at actual contracts, most included clauses that allow price adjustments and flexible delivery schedules. So, all three data sources tell the same story: flexibility in contracts is key to keeping procurement running smoothly.

ii. **Automation in Procurement:** Automation scored well on the survey and correlated strongly with efficiency. Interviewees confirmed that automation tools help reduce errors and speed up processes, although they noted the importance of training staff to use these tools properly. Contracts also showed increased use of software for tracking and managing procurement. Its clear automation plays a big role in making procurement more efficient.

iii. **Price Stability:** Price stability mechanisms showed a positive relationship with procurement, though less strong statistically. Both interview participants and contract documents stressed the importance of price adjustment clauses to deal with market fluctuations. This confirms that having these clauses in place helps manage economic uncertainty.

iv. **Dispute Resolution:** Dispute resolution stood out with a strong positive link to procurement efficiency. Respondents preferred arbitration and mediation to avoid disruptions, and contracts typically included detailed dispute resolution clauses. This combination confirms that having clear ways to resolve conflicts keeps procurement stable.

v. **Regulatory Compliance:** While compliance scored high on average, its correlation with efficiency was negative, though not significant. Interviews and contracts showed that constant regulatory changes mean contracts have to be updated often, which can slow things down. This explains why compliance is necessary but sometimes a bit of a hurdle for efficiency.

vi. **Payment Terms:** Payment terms had a moderate positive relationship with procurement efficiency. Interviewees stressed that timely payments build trust and prevent supply issues. Contracts commonly had clear payment schedules, often with incentives for early payment. This supports the idea that well-structured payment terms help maintain good supplier relationships and smooth procurement operations.

4.0. Discussion of Results

This study has revealed important factors that influence procurement efficiency among distributors of fast-moving consumer goods in Owerri, Imo State. By integrating quantitative data, qualitative interviews, and document analysis, several key themes emerged related to contract structuring, automation, price stability, dispute resolution, regulatory compliance, payment terms, and contract review. These findings provide a nuanced understanding of the challenges faced and opportunities available to improve procurement practices in this sector.

A central insight concerns the structure of sales contracts, which appear to be crucial in determining procurement efficiency. The distributors generally rely on contracts with clearly defined terms, consistent with longstanding procurement theories emphasizing the value of clarity and predictability in contractual arrangements (Macneil, 1978). However, the rigidity of certain contract clauses, particularly pricing terms, undermines their usefulness in Nigeria's volatile economic environment characterized by high inflation, currency fluctuations, and supply chain disruptions. Such inflexibility often leads to procurement delays and increased costs, supporting Williamson's (2008) argument that contracts must incorporate adaptive features to effectively respond to economic uncertainty.

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Nigeria's recent macroeconomic trends, with inflation exceeding 15 percent annually (National Bureau of Statistics, 2024), mean that fixed-price contracts are often unviable. Participants in the study noted the frequent need to renegotiate contracts due to unexpected price changes, which is consistent with empirical findings that highlight flexibility as a critical risk management tool in unstable markets (Settembre-Blundo et al., 2023). Contracts that allow for price adjustments or periodic reviews help distributors maintain procurement flow and control costs, thus improving efficiency. This indicates that procurement contracts need to balance legal certainty with economic adaptability to remain functional.

Automation emerged as a significant driver of procurement efficiency. The findings show that automated procurement and contract management systems reduce human errors, shorten processing times, and enhance compliance monitoring. These results align with Sanders (2025), who advocates for the adoption of technology to improve transparency and accuracy in procurement processes. In many Nigerian procurement environments, manual handling of processes leads to inefficiencies and delays (Afolabi et al., 2023). Respondents who utilized automation reported better tracking of orders, more timely payments, and improved supplier coordination, illustrating how technology can address operational challenges.

Despite its benefits, automation adoption remains uneven because of infrastructure limitations and financial constraints. This digital divide is well documented in the African procurement context (Arakpogun et al., 2022). Nonetheless, distributors investing in digital tools are better positioned to operate efficiently and make data-driven decisions. Encouraging wider adoption of procurement technologies could enhance sector-wide performance. The study also examined how distributors manage price stability in contracts. Given the frequent changes in fuel costs, exchange rates, and inflation in Nigeria, many respondents include clauses that address price risks. These measures are essential for protecting profit margins and maintaining operational continuity, as highlighted by Abubakar and Okoli (2025). Transport costs, heavily influenced by fuel prices, directly affect delivery and procurement costs, underscoring the importance of adaptable pricing arrangements.

The contracts reviewed showed significant use of price adjustment clauses, reflecting best practices that promote risk sharing between buyers and suppliers (Algarvio, 2023). Such clauses contribute to maintaining stable supplier relationships and predictable budgeting. The study recommends that more distributors formally include these provisions to enhance resilience in volatile markets, confirming a wider consensus on the importance of price flexibility in emerging economies (Al Naimi et al., 2021).

Dispute resolution mechanisms also significantly impact procurement efficiency. Arbitration is the preferred method among distributors, reflecting a practical choice for faster, less expensive dispute management compared to court litigation. This preference is consistent with broader trends in Nigerian business, where court processes are often slow and costly (Ojo, 2023; Ewa, 2018). Arbitration clauses are common in contracts, confirming their status as standard risk mitigation tools.

However, many contracts do not sufficiently cover extraordinary disruptions such as strikes, political unrest, or economic shocks. This gap suggests the need for contracts to include force majeure and emergency provisions suited to Nigeria's complex business environment. Such provisions would complement arbitration and enhance the ability to resolve conflicts quickly, reducing disruptions and improving procurement efficiency (Adegoke, 2020).

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Legal and regulatory compliance emerged as a mixed factor affecting procurement outcomes. Most distributors demonstrated awareness of procurement laws, yet inconsistent application was common. Nigeria's Public Procurement Act is intended to ensure transparency and accountability, but enforcement remains uneven due to corruption and bureaucratic challenges (Sarawa & Mas' ud, 2020); Uchechukwu et al., 2023). This inconsistency exposes businesses to risks such as fines and supply chain interruptions.

While compliance is necessary, it can also slow procurement if not well integrated into operations. This dual effect explains the negative correlation observed between compliance and procurement efficiency in the quantitative data. Similar findings have been reported by Patrucco (2016), who note that strict regulations may hamper efficiency when enforcement is weak. Participants suggested that targeted training and stronger oversight could improve compliance without negatively affecting procurement speed. Building institutional capacity to balance regulatory requirements with operational needs remains a critical challenge.

Payment terms emerged as a key issue affecting procurement efficiency. The study revealed diverse payment practices, with some contracts offering early payment discounts, while others experienced payment delays that disrupted supplier operations. These findings align with Raj (2023), who emphasize that predictable cash flow is essential in the FMCG sector to ensure uninterrupted supply.

Late payments damage supplier relationships, cause stockouts, and reduce operational efficiency. The study highlights the importance of clearly defined and consistently enforced payment terms. Contracts with explicit timelines and incentives for early payments help foster reliable supply chains and smoother procurement processes. This conclusion is supported by Wu, (2023), who stresses the importance of financial discipline in supply chain resilience.

Finally, contract review and continuous adaptation are vital to maintaining procurement efficiency. Most distributors conduct contract reviews, but the frequency and thoroughness vary. Given Nigeria's dynamic regulatory and economic context, regular updates to contracts are necessary to reflect changing conditions. Rane et al., (2022) highlight continuous contract assessment as a strategy for organizational agility. The participants confirmed that periodic contract reviews help them respond to market shifts, incorporate legal changes, and adopt new technologies. Failure to update contracts risks rendering them obsolete, reducing their effectiveness and harming procurement efficiency. Formalizing review schedules would help distributors remain compliant, competitive, and responsive.

This study contributes to the growing literature on procurement efficiency in emerging markets by synthesizing quantitative, qualitative, and documentary evidence from FMCG distributors in Owerri. The findings underscore the necessity of flexible, well-structured contracts that incorporate price adjustment and dispute resolution mechanisms, the critical role of automation in driving operational improvements, and the importance of compliance balanced with pragmatic process management.

Additionally, clear payment terms and frequent contract reviews emerge as vital components of procurement success. The research highlights how established procurement principles (Macneil, 1978; Williamson, 2008) intersect with local realities such as Nigeria's economic volatility and regulatory challenges, informing tailored strategies that foster resilience and efficiency. For practitioners, this means investing in adaptable contract design, embracing procurement technologies, and strengthening

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supplier relationships through financial discipline and legal compliance. Policymakers should support these efforts by improving regulatory enforcement and promoting capacity building.

5.0. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

The findings of this study have offered deep insight into the dynamics that shape procurement efficiency among fast-moving consumer goods distributors in Owerri, Imo State. At the core of the analysis is a clear pattern: procurement performance is closely tied to how well key elements such as contract structuring, automation, payment arrangements, legal compliance, and pricing mechanisms are managed. The data drawn from both qualitative and quantitative sources show that these factors, though often treated separately, interact in complex ways that ultimately influence procurement outcomes. Distributors who handle these elements in a thoughtful, systematic, and adaptive manner tend to experience greater efficiency and fewer disruptions in their supply chains.

One of the clearest observations relates to the role of standardized yet flexible contracts. The quantitative data showed a strong correlation between well-structured sales contracts and procurement efficiency. At the same time, interviews revealed that contracts often lack the flexibility needed to deal with shifting market conditions such as inflation or supply chain interruptions. Many participants emphasized that without clauses that allow for periodic adjustments, particularly in pricing and delivery schedules, even the most meticulously written contract can quickly become a constraint rather than a support. Document analysis confirmed that most contracts in use do attempt to incorporate price stability provisions, but these are not always sufficient to cope with Nigeria’s volatile economic environment. This underscores the importance of developing agreements that are both standardized for consistency and flexible enough to accommodate external shocks. The ability to adapt in real-time, while maintaining contractual integrity is what separates efficient procurement systems from those that struggle.

Timely payments also emerged as a critical factor in determining procurement efficiency. Across all data sources, delays in payment were consistently linked to tension in supplier relationships and disruptions in supply continuity. Contracts that clearly specified payment terms, especially those that included incentives for early payment or penalties for delay, tended to contribute to more reliable supply arrangements. Participants made it clear that when suppliers can predict their cash flow, they are more likely to prioritize those buyers in their delivery schedules. On the other hand, irregular payments often result in reduced trust and a higher likelihood of late or missed deliveries. In the fast-moving consumer goods sector, where time-sensitive distribution is central to performance, financial discipline is not just a matter of accounting, it is a strategic necessity. Procurement systems that embed clear, consistent, and fair payment policies tend to foster stronger supplier partnerships and smoother operations overall.

Another theme that repeatedly surfaced was the importance of legal alignment in contract design and procurement practices. While many distributors demonstrated some awareness of procurement laws, the actual application of these standards varied widely. Quantitative data suggested that legal compliance had a more complicated relationship with efficiency, with some firms perceiving it as a burden. However, the qualitative insights revealed that this perception often stemmed from limited understanding rather than the nature of the laws themselves. When contracts were designed in line

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https://www-ajsspub-org.b12sites,com https://www.ajsspub2.org
E- ISSN: 3043 – 5463 ISSN: 1595 – 5842 VOLUME 2, ISSUE 2, 2025

with existing legal frameworks and regularly updated to reflect new regulations, procurement activities were more consistent and less vulnerable to external scrutiny or legal penalties. The findings suggest that legal compliance, far from being an administrative obligation, can act as a safeguard that protects firms from reputational and operational risks. When properly integrated into procurement practices, it creates a more predictable and transparent environment in which both buyers and suppliers can operate confidently.

Equally vital is the growing role of automation in shaping procurement outcomes. The study revealed that distributors who had embraced digital tools for contract management, order tracking, and supplier communication experienced notable improvements in accuracy, speed, and decision-making. Quantitative results showed a strong positive correlation between automation and procurement efficiency, while interviews and document reviews confirmed that digital systems help reduce human error and facilitate better data oversight. Still, the adoption of such technologies remains uneven. Many businesses continue to rely on manual processes, often due to limited resources or lack of technical know-how. Yet the advantages of automation were consistently evident across all forms of data: those using automated systems were better equipped to respond quickly to changes, track contract compliance, and manage supplier relationships more effectively.

Altogether, the study presents a cohesive picture in which procurement efficiency is not driven by any single factor, but rather by the careful alignment and integration of several key practices. Distributors who pay attention to the structure and adaptability of their contracts, commit to timely and predictable financial arrangements, align their activities with legal standards, and adopt automation where possible are better positioned to manage uncertainty and sustain efficient operations. In a commercial environment as complex and unpredictable as Nigeria's, these practices are not just best practices, they are essential for survival and success.

5.2. Recommendation

The following recommendations are based on the study's findings and are intended to guide key stakeholders in improving procurement efficiency in the fast-moving consumer goods (FMCG) sector.

1. FMCG suppliers and distributors should adopt standardized sales contract templates that integrates clear structuring including provision for price adjustments and adaptable dispute resolution.
2. Procurement departments in FMCG distribution firms should adopt digital contract management tools to reduce manual processing, improve accuracy, and enhance transparency across procurement activities.
3. Legal and procurement teams within FMCG companies should conduct biannual contract reviews and legal audits to maintain relevance, manage risk, and ensure ongoing compliance with current regulations.
4. FMCG distributors should standardize payment terms across their contracts, ensuring clear payment schedules and incorporating early payment discount to enhance cash flow, and strengthen financial stability within the supply chain.

Competing Interest

The authors have declared that no conflicting interest exist in this study.

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