IMPLEMENTATION OF PERFORMANCE CONTRACTING STRATEGY AT THE TEACHERS SERVICE COMMISSION

BY

ANTONINA LENTOIJONI

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

NOVEMBER, 2010

DECLARATION

I declare that this management project is my own original work and has not been presented for a degree or any other award at any other university.

Signed .... Date. 15/11/ 2010 ....

Antonina Lentoijoni

D61/70825/2009

This management research project has been submitted to the school of Business for examination with my approval as University Supervisor.

Signed .... Date ... 15/11/2010 ....

Jackson Maalu

Department of Business Administration,

School of Business

University of Nairobi.

ACKNOWLEDGEMENTS

This study has been successfully accomplished due to the support and assistance from several individuals whom I am greatly indebted to.

Special appreciation goes to my supervisor, Jackson Maalu for his encouragement, selfless guidance, inspiration and unrelenting and continuous critical appreciation of the work.

My gratitude too goes to my MBA classmates for their support. Special recognition goes to Fridah Nambaka and Renee Kitagwa. Your informal discussions contributed immensely in shaping my work.

And finally very special and sincere thanks to my loving husband Josphat Leaduma, our children Edwin, Ian, Stacy and Linda for without your love, patience, prayers, inspiration and 'push', this work would have been impossible.

DEDICATION

To all of you who made me what I am today.

In a special way to my husband Josphat Leaduma and our beloved children Edwin, Ian, Stacy and Linda whose love, support and encouragement enabled me pursue this program.

ABSTRACT

The current study sought to achieve the following objectives; to establish the implementation process of performance contract at the Teachers Service Commission, to establish the challenges faced in the implementation and to determine the perceptions of the employees of the implementation process.

To achieve the aim of the study the researcher used a case study in which the Teachers Service Commission was the unit of study and also incorporated a descriptive survey to determine the perceptions of employee. Data was collected using interview guide and structured questionnaire. The questionnaires were dropped and later picked. The researcher carried out analysis using both content analysis and descriptive statistics using the frequencies, percentages and the tables to represent results.

The study established that TSC is on track in the implementation of performance contract process and this has been made possible by a number of factors. These were; the TSC supportive structure which has defined reporting procedures, well defined communication channels, departmental structures has enabled the commission to break up activities making them manageable. There is a specific section of Policy, Planning and Research which is mandated to facilitate the implementation process. Other factors include good leadership, the setting of clear, realistic and measurable goals, the policies & procedures, the use of Performance Appraisal & Monitoring and Evaluation team and good coordination and sharing of responsibilities.

In implementating performance contracts, it was however found out that the commission faces a number of challenges. The challenges pointed out were inadequate financial resources, shortage of staff, lack of relevant skills, lack of commitment, lack of teamwork, untimely release of funds, untimely budget approvals, lack of computers and resistance to change.

The study also shows that there are other shortcomings in the implementation process which have led to ineffective and negatively perceived process by the employees. These include; lack of involvement of all the employees in the setting of targets, majority of employees have not been trained on performance contracting concept, Monitoring & Evaluation and Performance Appraisal systems are ineffective and lastly the reward/sanction policy has not been implemented at the TSC.

The study also recommends that the TSC requires to successfully implement the performance contracts and therefore needs to consider its resources, employees skills/knowledge, effective Monitoring & Evaluation systems among others as this may have brought about poor ratings in the implementation of performance in the Performance Evaluation of public Agencies reports over the years.

The study also recommends that future studies in this area should replicate the study in other industries to establish their implementation practices, challenges and employee perception to establish whether the results found therein hold.

TABLE OF CONTENTS

DECLARATION....................i

ACKNOWLEDGEMENTS....................ii

DEDICATION....................iii

ABSTRACT....................iv

LIST OF ABBREVIATIONS....................vii

CHAPTER ONE: INTRODUCTION....................1

1.1 Background of the Study....................1

1.1.1 An Overview of Strategy Implementation....................1

1.1.2 An Overview of Performance Contracting....................3

1.1.3 The Teachers Service Commission of Kenya....................7

1.2 The Research Problem....................9

1.3 Objectives of the Study....................11

1.4 Significance of the Study....................11

CHAPTER TWO: LITERATURE REVIEW....................13

2.1 Strategic Implementation Process....................13

2.2 Challenges involved in Strategy Implementation....................18

2.2.1 Structural Challenges....................19

2.2.2 Cultural Challenges....................21

2.2.3 Leadership Challenges....................22

2.2.4 Resources and Capacity....................23

2.2.5 Organization Policies, procedures and Support Systems....................25

2.3 Performance Contracting....................26

CHAPTER THREE: RESEARCH METHODOLOGY....................................32

3.0 Introduction...32

3.1 Research Design...32

3.2 Population of Study..33

3.3 Sample Design...33

3.4 Data Collection..35

3.5 Data Analysis...36

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION..37

4.1 Introduction...37

4.2 Implementation of Performance Contracts Process...39

4.3 Challenges encountered in the Implementation of Performance Contracts............45

4.4 Employee Perceptions on the implementation of Performance Contracts.............50

4.4.1 Existence of Strategic Plan and is used to develop performance contracts......50

4.4.2 Involvement of Managers and Subordinates in setting of targets.................51

4.4.3 Training of employees...52

4.4.4 Targets are specific, attainable, realistic and time bound..........................53

4.4.5 The organizations structure is supportive 54

4.4.6 Performance Appraisal 55

4.4.7 Monitoring and Evaluation of performance contracts...............................56

4.4.8 Reward and Sanction policy...57

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS...59

5.1 Introduction..59

5.2 Summary of Study Findings..59

5.3 Conclusion..61

5.4 Recommendations...62

5.5 Limitations of the Study..64

5.6 Suggestions for further Research...64

REFERENCES...65

APPENDICES..71

LIST OF ABBREVIATIONS

AAPAM	-	African Association for Public Administration and Management
CEO	-	Chief Executive Officer
GOK	-	Government of Kenya
KNUT	-	Kenya National Union of Teachers
KUPPET	-	Kenya Union of Post Primary Education Teachers
MOU	-	Memorandum of Understanding
OECD	-	Organization for Economic Cooperation and Development
TSC	-	Teachers Service Commission

CHAPTER ONE: INTRODUCTION

1.1Background

Strategic management provides the overall direction to the whole enterprise (Gerry & Kevan, 2002). Although most organizations have good strategies, successful implementation remains a major challenge. These challenges must be identified and addressed as they can hinder even the best strategy from being implemented successfully.

Performance contracts are management tools aimed at improving public sector performance which is put in place using management indicators to measure mission productivity, quality and efficiency. Despite the successful implementation of the performance contracts in France, it should be noted that the optimal contractual form is the country and cultural specific. The TSC embraced performance contracts in the mid 2004 but according to the reports released on the Performance Evaluation of Public Agencies, TSC has been rated poorly over the years on performance contract implementation (Report on Evaluation of Public Agencies, 2006, 2007, 2008 & 2009). The previous studies on performance contracting which include Choke (2006), Obare (2006), Korir (2006) among others did not touch on the implementation of performance contracts at the TSC.

1.1.1 An Overview of Strategy Implementation

Strategic management is the process of formulating, implementing and evaluating organizations strategies to achieve its future goals. Strategy formulation is the process of determining appropriate courses of action for achieving organizational objectives thereby accomplishing organizational purposes. Strategy implementation is the putting of the formulated strategies into place by focusing on methods and procedures designed to execute them and the order in which strategies should be implemented in order to obtain the desired results. Strategy evaluation involves how strategy has been implemented as well as its outcome. This is to see whether the implementation process and steps are working correctly and whether the expected results have been achieved (Chandler, 1962).

Implementation of the strategy is a critical phase of strategy management process which involves translating the strategic plan into actions (Pearce & Robinson, 1997). Historically, various researchers in strategic management greatly emphasized on the strategic formulation process and generally considered strategic implementation as a by-product or invariable consequence of planning (Wind & Robertson, 1983). Although most organizations have good strategies, successful implementation remains a major challenge. The idea of strategy implementation might seem quite straight forward after a strategy is effectively formulated but to the contrary, transforming strategies into action is a far more complex, difficult and challenging undertaking and hence making it not a straight forward as many would assume (Aaltonen & Ikaralko, 2001). Organizations today face major challenges due to the changing environment that make strategy implementation more difficult and more complex than in the past. Harvey (1988) & Holman (1999), researched on the importance of strategy implementation indicated that 80% of organization directors believe that they have good strategies but only 14% believe that they implement them well. Studies have shown that between 70% and 90% of organizations that have formulated strategies failed to execute them (Parkinson, 2005).

David (1997) pointed out that only 10% of formulated strategies are successfully implemented while 90% of well formulated strategies fail at the implementation stage.

According to Pearce & Robinson (2002), the reasons that have been given for the success or failure of strategy implementation revolve around the nature of the strategy itself, the policies and the support systems, alignment of the strategy to the short term objectives and sub-strategies, the allocation of resources, the fit between the structure and the strategy, communication process, leadership and the culture of the organization.

The implementation of the appropriate strategies remains one of the difficult and challenging areas faced by the top management. A lot of emphasis, energy and resources are focused to the formulation of a strategic plan. Mintzberg (1994) stated that the plan, rather than the implementation comes in for scrutiny when a strategy fails because it is easier to analyze. But the major point of developing strategy is that it may be implemented successfully. Effective implementation results when organization resources and actions are tied to strategic priorities and the formulated objectives attained, and when the key success factors are identified and performance measures and reporting are aligned (Deloitte & Touché', 2003).

1.1.2 An Overview of Performance Contracting

Performance contracts are management tools used within the public sector to define responsibilities and expectations between parties to achieve mutually agreed results (Armstrong, 2006). Performance contracting is aimed to facilitate performance evaluation bureaucratic rules & regulations. Performance targets are set and put in a format that can be monitored with the intention of evaluating performance and improve accountability in the public enterprise sector (GOK, 2004). From the beginning, state owned Enterprises failed to meet the expectations of their creators and funders.

The concept of performance contracts was first introduced in France in 1967 with an aim of improving public sector performance which was put in place using management indicators to measure mission productivity, quality and efficiency. Despite the successful implementation of performance contracts in France, it should be noted that the optimal contractual form is the country and cultural specific. This depends on many factors such as trust, type of transaction, objectives, legal and administrative limitations, risk management and institutional history. The socio-cultural, economic and political systems development levels in France are not only different but unique from those in Kenya (Kobia & Mohammed, 2006).

Although the overall design of the performance contracts meets international standards (legal requirements), performance contracts implementation has not always been an easy process as some of the challenges have become evident. It has been observed that despite all the efforts and best intensions of all the parties involved in contract implementation and compliance monitoring, there are certain conflict situations or risks for which no mitigation measures have been provided in the contract (Kobia & Mohammed, 2006). A contract may not regulate every single aspect of such complex relations. Therefore, the human factor such as the parties' willingness to corporate and find a solution is critical and necessary. It should therefore be noted that the smooth operations and implementation basically rely on sound contractual agreements.

Issues arise while implementing performance contracts, some of which lie with the difficulties of measuring performance indicators which may not be representative of the real performance of the operator over the service area because the control points may not be properly selected. There is also the lack of precision of certain aspects and terms in the contract. Although the contract could be rather comprehensive and covers all major issues, many amendments have to be made in order to suit a particular objective of the corporation.

According to Kobia & Mohammed (2006), most state corporations are not assigned adequate resources needed to meet performance contract targets. They suggested that some of the problems experienced during implementation of the performance contract include lack of adequate resources, resources not being released on time, some performance targets were highly ambitious and unplanned staff transfer.

Implementation of performance contracts have also failed in Swaziland. Here, the formulation of contract plans is at the prerogative &/or domain of outside consultants with little, if any, involvement of enterprise management and staff. This situation may be unfortunate since the management and staffs of these enterprises carry the burden of implementing the provisions of performance contract agreements (Musa, 2001). Swaziland used consulting firms to implement performance contracts and because of the widespread use of consultants in the formulation of contract plans, including the determination of mechanisms for their monitoring and evaluation, public enterprise management did not develop the necessary sense of ownership and commitment to the success of the enterprise contracts (Nelly, 2006).

Another challenge with regard to the formulation and implementation of contract plans in Swaziland is the role and commitment of the contracting partners. While public enterprise management appreciates the need of performance contracts, this is not the case with controlling the ministries which often do not show commensurate enthusiasm thus delaying the process of frustrating it altogether much to the detriment of the effective operation of the parastatal sector.

Another major challenge of performance contracting is politicking the idea where politicians and organizations managers go to great lengths to dismiss and question the integrity of performance contracts in order to win the support of the targeted persons by performance contracts, some politicians have argued that performance contracting programs are ill-motives of donor countries trying to manipulate a countries governance to their own advantage (Gulen, Makaryan, Volkov & Foss, 2006).

Shirley (1998) & Okumu (2004), stated that the causes of failure of performance contracting accrue from erosion of trust, lack of both intrinsic and extrinsic motivation, information asymmetry, insufficient commitment of both parties to the signed contract, poor incentives, impositions by the governments, no prior negotiations and contract terms willingly agreed to, managers who having various stakeholders which include politicians, which then brings about conflicting objectives.

The New Zealand public sector reforms have been concerned with structures and systems and also concerned with roles, responsibilities and relationships in the pursuit of performance improvement. Nearly ten years on, the performance contracting system in New Zealand has shown pleasing results and the systems continues to be reviewed and adapted to assist managers to improve their performance results and that of their organizations in meeting the governments' objectives. Therefore, the successful implementation is a challenge that demands patience, stamina & energy from involved managers. The key to success is an integrative view of the implementation process (Raps & Kauffman, 2005).

1.1.3 The Teachers Service Commission of Kenya

The TSC was established in 1967 by the act of Parliament Cap. 212 of the laws of Kenya. The commission is charged with the responsibilities of managing teachers in the public educational institutions, excluding universities. At inception, the commission provided services to 39,725 teachers serving in 6,501 educational institutions. Over the years, the number of educational institutions has substantially increased to over 22,000 primary schools and 5,200 post primary institutions. Currently, the commission is serving a total of 245,000 teachers. However, the Free Education and Free and Affordable Secondary Education program has substantially increased the teacher demand by 43,012 teachers for primary schools and 23,291 for post primary institutions bringing the total to 66,303 as at 30th June 2009 (TSC Strategic Plan, 2010-2014).

The role of the commission is continuously evolving in response to the reforms taking place in the education sector. The commission faces a daunting task of serving the largest workforce not only in Kenya but also in East & Central Africa (Teachers Image, Vol. of 2004). Similarly there is unrelenting pressure from the government, customers, stakeholders in teacher management and Trade Unions (KNUT & KUPPET), all with varied and diverse needs on the commission to offer quality services to Kenyans.

TSC embraced Performance contracting in the mid 2004 as a directive by the central government. According to TSC Annual reports of 2007-2008, the commission has continued to fulfill its mandate of proving efficient and effective services to teacher management by adopting performance contracts as the contracts allowed the commission to specify the results it seeks to realize hence improving its performance (TSC Annual Reports, 2006/2007,2007/2008).

According to the reports released on May 2008 and December 2006 on evaluation of public agencies rated on the actual achievement against performance targets agreed upon, the TSC has been among the worst performing state corporation. In all the years, the commission did not fall in the category of good performers (Daily nation, 20th May 2008, 8th Dec 2006). Although research on the impact of performance contracting at the TSC has not been done, questions were on marks were awarded and the areas of assessments. The TSC is largely a service provider and not a production and profit making one where results can be quantified in concrete terms. The main objective of the study is therefore to determine whether performance contract is effectively implemented and the challenges experienced during implementation.

1.2The Research Problem

Strategy implementation has become a big challenge in many companies. The problem is illustrated by the unsatisfying low success rate of the already well formulated intended strategies. According to Mintzberg & Quins (1991), over 65% of organizational strategies fail to get implemented effectively. A fortune Magazine pointed out that 7 out of 10 CEO's fail to do so not because of bad strategy, but because of bad execution and one in three companies have been achieving significant success (Parkinson, 2005). This clearly shows that effective strategy realization is key for achieving strategic success.

The concept of performance contracting has been implemented in a number of countries in both developing and developed with the aim of improving the public sector performance. The countries implementing the process have obtained varied results and the concept has also been refined by the implementing nations to suit their specific needs (Gerry & Kevan, 2002). The TSC embraced performance contracting in the mid 2004 as a directive by the central government. According to the reports released on Performance Evaluation of Public Agencies, TSC has been rated poorly. In the financial year 2005/06 it was position 71 out of 116 State Corporations, in the financial year 2006/07 it was position 94 out of 124, in the year 2007/08, it was position 72 out of 130 and in the financial year 2008/09, the TSC was position 110 out of 139 State Corporations. Although research on the impact of performance contracting at the TSC has not been conducted, the TSC Annual Reports of 2007 and 2008 reported that the commission continued to fulfill its mandate of providing effective and efficient service on teacher management after the adoption of performance contract as the contract allowed the commission to specify the results it seeks to realize (TSC Annual Reports, 2006/07, 2007/08 & 2008/09). The TSC is a service providing institution where results cannot be quantified in concrete terms. Rating of organizations performance may be difficult as the organizations may be pursuing different objectives or the areas being compared might have different needs and even if the objectives are identical, the resources needed to deliver a standard level of service might vary. The organizations may also face different costs or could be using their resources with different levels of staff and managerial competence. This thus indicates that there may arise difficulties in interpreting public performance. This study therefore seeks to explore the implementation process of performance contracting, employee perception of the process and the challenges hindering the successful implementation of performance contracting within the commission.

A number of studies have been done in the area of performance contracting, these include; Choke (2006), who focused on the perceived link between strategic planning and Performance contracts in state corporations. The findings were that the top management plays a leading role in ensuring smooth implementation of Performance contract and that lack of effective implementation is as a result of inadequate resources and lack of explicit autonomy of duties and budgetary. Obare (2006), studied the implementation of strategic plans in the public sector and recommended that a link has to be established between strategy and planning during implementation. Korir (2006), focused on the impact of PC in state corporations at the East African Portland Company, the study found out that lack of ownership in the process may lead to failure in the implementation process. As observed, the above studies didn't touch on the implementation of performance contract at the TSC under its unique conditions. Thus the study will give insights on the areas that need to be reviewed in the implementation of performance contract to achieve the desired goals.

1.3 Objectives of the Study

The objectives of the study will be to;

(i). Determine the implementation practices of the Performance contract at the TSC

(ii). Identify the challenges of implementation of Performance Contract implementation at the TSC

(iii). Establish the employees perceptions of the process of implementation of Performance Contract by the TSC

1.4 Significance of the Study

The research findings will give highlights on the challenges of implementation of performance contracts at the TSC and how they can be avoided to enhance performance. This will therefore assist on how the commission can get the best performance from their employees enabling it to achieve the performance contracting objectives of improved internal management and accountability will become clearer. The findings of the study will give an understanding of value addition impact on performance contracting at the TSC.

The government and other service providing state corporations may use the research findings to improve the efficiency and effectiveness of management in state corporations in order to meet the expectations of both the public and the government. The research findings will help identify the intervention points to foster the implementation process enabling the government to make informed decisions and therefore improving the lives of the beneficiaries who are general public. The public will receive quality results since performance contracting process is customer focused and result oriented.

Academically, this study will contribute to the body of knowledge in the area of performance contracting and therefore will form a basis reference material and also as a basis for further research by other researchers. To the TSC the findings will form a basis of comparison or benchmark in improving performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Strategy Implementation Process

Strategy is the plan of action an organization prepares in response to or anticipation of changes in its external environment. Strategy is designed to transform the firm from the present position to the new position described by objectives, subject to constraints of the capabilities or the organizations potential (Kaplan, 2005).

Strategic decisions determine the organizational relations to its external environment and encompass the entire organization and depend on input from all of functional areas in the organization. They have a direct influence on the administrative and operational activities and are critically important to the long term survival of the organization (Shirley, 1982). Strategies must be well formulated and implemented in order to achieve organizational objectives and that strategy implementation process included many components of the management and had to be successfully acted upon to ensure that the desired results are achieved (Schermerhorn, 1989). This therefore means that effective and successful strategy depends on the achievement of good 'fits' between the strategies and their means of implementation.

Robbins & Coulter (1996, noted that no matter how effectively a company has planned its strategies, it may not succeed if the strategies will not be implemented properly. Beer et al (1990) and Woolridge and Floyd (1990), emphasized that the strategy implementation process could be more that strategy formulation. Harrison & Pelletier (1998) stated that the real value of a decision is only realized only after its implementation. This means that it may not be enough to select a good decision but also requires that the decision is adequately implemented to be able to attain good results.

Wessel (1993) emphasized that there are certain barriers to strategy implementation. This may include too many and conflicting priorities, insufficient top team functions, a top down style of management, inter-functional conflicts, poor vertical communication and also inadequate management development and inadequate resources. McGrath et al (1994) singled out that the political turbulence might be the critical issues facing the implementation of a strategy. Lingle and Schieman (1994) emphasized that the people, market conditions, finance, operation, adaptability and environmental factors play an important role to the long-term successful strategy implementation.

Christensen and Donovan (1998) indicated that the intended strategies would be successfully implemented as they have been envisioned if three conditions have to be met. First, the employees in the organization must understand each important detail in the managements intended strategy. Secondly, if the organization is to take a collective action, then it needs to make much sense to the members in the organization as they view the world from their own context as it does to the top management. Finally, the collective aims must be realized with little unanticipated influence from the outside political, market forces, and the technological factors.

Mckinsey's (1982) model describes the seven factors critical for effective strategy execution. The model helps focus managers' attention on the aligning of all the organizational variables and the processes that lead to successful strategy execution. The various elements of the 7-s framework identify the seven factors as the strategy, structure, systems, skills, style/culture, and the shared values. Strategy therefore is designed to transform the organization from the present position to the desired position (Kaplan, 2005).

On the other hand the structure refers to the way tasks and people re specialized and divided, and the authority is shared, how activities and reporting relationships are grouped and the different ways in which the organizations activities are coordinated (Kaplan, 2005). Organizations are structured in different ways, depending on their objectives and culture. Waterman et al (1980) stated that the structure of the company often dictates the way it operates and performs. Historically, the businesses have been structured in a hierarchical way with many divisions and departments responsible for specific tasks and responsibilities like marketing, human resources, production among others. Many layers of management controlled and managed the operations, but all are answerable to the upper layer of management. Although this is still practiced, the modern trend of the organizational structure is towards a flat structure where the work is done in teams of specialists rather than fixed departments. The main reason for this is to make the organizations more flexible and devolve the power by empowering the employees and eliminate middle management layers (Boyle, 2007).

According to Kaplan (2005), systems refer to the formal and informal procedures used to management control systems, performance measurement and reward systems and management information systems. Organizations develop systems or internal processes to support and implement the already formulated strategy and run day to day activities. These processes are normally strictly followed and are mostly designed to achieve maximum effectiveness. Traditionally, organizations have been following a bureaucratic style model process where most decisions are done at higher levels. In the recent trend, organizations are simplifying and modernizing their process making by innovation and use of new advanced technology to make the decision making process quicker. A lot of emphasis is on the customers with the main aim is to make the processes that involve customers as user friendly (Lynch, 2005).

Kaplan (2005), defines staff as the people, their backgrounds and competences, how the organization recruits, selects, trains, socializes, manages the careers and promote employees. Organizations are made up of the people who strive to ensure the organization is successful in the increasingly competitive environment and the ever changing needs of the customers. Leading organizations put more emphasis on hiring of the best staff, providing them with training and mentoring support and encourage them to achieve professional excellence and hence this forms the basis of the organizations strategy and the competitive advantage over their competitors. Therefore, the idea is for organizations to strive to instill confidence among the employees about their future in the organization and their future career growth as an incentive for hard work (Purcell & Boxal, 2003).

Skills is the other element of the 7-s framework which refers to the unique competences of the organization, and what the organization can do best along the dimensions such as its people, management practices, processes, systems, technology and customer relationships (Kaplan, 2005).

Culture/style refers to the leadership style of managers. This is what they focus attention on, how they make decisions, how they spend time, what questions they ask of employees and also the organizations culture that is the dominant values and beliefs, the norms, the conscious and unconscious symbolic acts taken by leaders (job titles, dress codes, executive rooms, informal meetings with employees) (Kaplan, 2005). Each organization has its own distinct culture and management style which differentiates it from any other. This includes distinct values, beliefs and norms which develop over time and this creates features of organizational life. This may entail the way the managers interact with employees and the way they spend their time running the organizations activities. Culture has remained an important consideration in the implementation of any strategy in organizations (Martins & Terblanche, 2003).

Shared values are fundamental set of values that are widely shared in the organization and mostly serve as guiding principles of what is important; vision, mission and mission statement that provide a broad sense of purpose for all employees (Kaplan, 2005). Members of the organization share some common fundamental ideas or guiding concepts around which the organization is aimed to be. These values and common goals keep the employees focus towards the common destination as a team and are important to keep the team spirit alive. Martins & Terblanche (2003), stressed that the organization with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues which eventually lead to misplaced priorities in the organization.

According to Kaplan (2005), the hard components of the Mckinsey model are strategy, structure and systems are normally feasible and can easily be identified in an organization as they are mostly well documented and are seen in the form of tangible objects such as corporate plans, organizational charts etc. While the soft components include capabilities, values, corporate culture. These are difficult to comprehend because they are continuously developing and are altered by people at work in the organization. This may mean therefore that it is only possible to understand these aspects by closely studying the organization through observations, conducting interviews (Waterman et al, 1980). Waterman et al (1980) emphasized that the soft components of the model are difficult to change and are the most challenging in the implementation of any strategy. Changing the culture and overcoming the staff resistance to strategic changes in the organization, especially in altering the power structure and the inherent values of the organization is difficult to manage.

2.2Challenges involved in Strategy Implementation

Successful strategy implementation depends largely on how a firm is organized. Developing a logical approach to strategy implementation represents a real challenge to the management. A host of factors such as politics, inertia, and resistance to change can get into the way of strategy implementation. There are many organizational factors that make implementation of a strategy difficult. These can either be institutional or technical. According to Thomson and Strickland (1989), the main challenge in the implementation of a strategy is to create a series of tight fits between strategy and the organizations competences, capabilities and structure, policies, strategy and the internal support systems, strategy and reward structure, and the link between strategy and corporate culture. The four 'soft' S in the MacKinsey model that is staff, style, shared values and skills are considered key to business success.

2.2.1. Structural challenges

Lorsch (1967) suggested that the organizations should be structured in such a way that they are flexible and adaptable so that they can respond to pressure to change from the environment and to be able to pursue any appropriate opportunities which are spotted. Thompson & Strickland (1980), emphasized that while strategy formulation requires the ability to conceptualize, analyze and judge, implementation involves working with and through other people and institutions of change. Of importance therefore is that in designing the structure and making it operational, certain aspects need to be considered and these are employee empowerment, motivation and reward. The organizations structure is a firm's formal role configuration, procedures, governance, central mechanisms, authority and decision making process. The structure is aimed to breakdown how work is to be carried out in the organizational units and departments. Structure helps an organization to identify its activities and the way in which it coordinates them to achieve the firms' strategic objectives. It helps pull the employees together in their activities that promote effective implementation of the strategy. It provides managers with a tool to exploit fully the skills and capabilities of the employees with minimal possible costs and at the same time enhance the firms' capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce & Robinson, 2007).

Successful strategy execution depends greatly on good internal organization and competent personnel. Developing an internal organization that is responsive to the needs of strategy, building and nurturing the skills and the competencies in which the strategy is based, and to oversee that the organization has the managerial talents, technical know how and the competitive capabilities (Thompson & Strickland, 1989).

Organization structure and behavior should support the strategy implementation. According to McCarthy et al (1996), the major challenge in strategy implementation is matching the structure to strategy. That the major challenge for the managers is the selection of the organizations structure and control that will help implement the chosen strategies effectively. The symptoms of an ineffective organizational structure include too many levels of management too much attention being directed toward solving inter-departmental conflicts, too large span of control and too many unattained objectives (David, 1997). The managers should understand and use the organizations structure for the success of the organization.

2.2.2. Cultural Challenges

Organizational culture is a set of important assumptions that members of an organization share in common that is shared values and beliefs (Pearce & Robinson, 1997). According to Thompson and Strickland (1989), each and every organization has its own unique culture and that it is not always visible, but it controls the form and the functions of what the organization ends up being. Culture affects the employees, customer behavior as well as the community relationship. Organizational culture has a powerful impact on the employees' morale and productivity. The managers create a positive or negative climate in their organization and their values can influence the direction of the firm. Therefore, to be able to effectively implement the performance contract, there should be a fit between the new changes and the firms' culture. Ansoff (1965) observes that behavior is not value free and that people show preferences for a certain behavior and may persist with it even if it leads to sub optimal results. For a strategy to be successfully implemented, it requires an enabling cultural setting.

According to Thompson and Strickland (1989), creating a fit between a strategy and culture usually becomes a strong challenge to the strategy-implementers. The top managers have to diagnose which facets of the present culture are in line with strategy and which one is not. Therefore one has to develop ways to make the needed changes in culture, use available opportunities to make the incremental changes that improve alignment of culture and strategy, insist that the subordinate managers take actions of their own and to proactively build and nurture the emotional commitment of both the managers and the employees.

Thompson et al (2007) stated that there are four types of unhealthy cultures; cultures that are highly political and characterized by empire building, those that are resistant to change, those that are insular and inwardly focused and the cultures that ethically unprincipled and are driven by greed. David (1997) stated that changing a firms' culture to fit the strategy is usually more effective than changing the strategy to fit the existing culture. That changing the company's culture is tough and time-consuming and therefore requires a competent leadership at the top. Clement (1994) emphasized that managers must recognize that changing culture is not easy or quickly since cultures are broad and are resistance to changes. That the key to successfully change culture is leadership that communicates openly and that can use power and politics in positive ways and to paying attention to its employees, customers and stakeholders and thus ensuring that the culture can change when the strategy changes.

2.2.3. Leadership Challenges

According to Jones and Hill (1997), leadership is the key to effective strategy implementation. The role of the CEO is fundamental because a CEO is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. Parkinson (2005) defines leadership as an ability of an individual to influence, motivate and enable others to contribute towards the effectiveness and success of the organizations. That leadership is the ability to influence the attitudes and the opinions of others to achieve a coordinated effort from diverse groups. That leadership style should always be situational that is appropriate to time, place, culture and the people involved.

Jones and Hills (1997) stated that leadership is to the key to effective strategy implementation and that the managers/CEOs actions and the perceived seriousness to a chosen strategy will influence subordinate managers to commitment to implementation of the strategy. That the top management willingness, goodwill and ownership to drive the process is critical to effectively implement the strategy.

According to Goleman (2000), the most successful leaders have strengths in, one, in the emotional intelligence, two, in their competencies, three, self awareness, four, self regulations, five, motivation, six, empathy and lastly in their social skills. Leadership runs through the entire process of translating the strategy into results and is necessary to engaging the hearts and minds of the employees. Efficiency is achieved with little supervision which enables the staff to be effectively responsible. Leaders must give their employees an opportunity to develop quality decision making skills and learn to trust them. Low efficiency results from the disconnect between the top management and the staff. According to Hills and Jones (2001), all members of the organization need to focus their effort in the same direction. Such unity of direction is critical for successful implementation of the strategy. The CEO should be at forefront in providing leadership. He should provide vision, initiative, motivation and inspiration and at same time cultivate team spirit and act as a catalyst in the whole strategy implementation process.

2.2.4. Resources and Capacity

David (2003) emphasized that resource allocation is a critical management activity that enables strategy to be successfully implemented. That it should be possible to implement the chosen strategy with the available resources. That organizational resource includes the physical resources, financial, technical and human resources. It is not possible to implement a strategy which requires more resources than can be made available by the company. That too little resource will tend to stifle the ability of the company to carry out the strategic plan. On the other hand, too much funding waste company's resources and hence impairs financial performance (Porter, 1985). Thompson et al (2007), stated that effective strategy implementation depends on the competencies of the personnel and the effective internal organizational systems. That no organization can hope to implement the activities required to implement the strategy without attracting, motivating and retaining talented managers and employees with the suitable skills and intellectual capital.

Campell et al (200) stated that resource allocation is central management activity that allows successful strategy execution and therefore attention should be geared towards evaluating the resource implications of the strategy. Thompson et al (2007) argue that putting together a talented team with the right mix of experiences, skills and abilities to get things done is one of the first strategic steps in its implementation. Bryson (1997) advised that people's intellect, creativity, skills, experiences and commitment are crucial in creating order, culture, systems and structures that focuses and channels efforts towards effective implementation of a strategy. Training and re-training are important when a company shifts to a strategy requiring different skills, competitive capabilities, different managerial approaches and different operating methods.

2.2.5. Organizational Policies, Procedures and Support Systems

Policies refer to the specific guidelines, methods, rules, forms and administrative practices established to enable, support and encourage work towards the organizations intended goals. Procedures describe a step by step breakdown of the organizations activities or operations. They aid in the implementation of policies (David, 1997). According to Kaplan (2005), support systems refer to formal and informal procedures used to manage the organization, including the management control systems, reward systems, planning budgeting and resource allocation.

Policies help to communicate specific guideline to action and assist in controlling organizations activities. Changes in strategy in most cases call for some changes in how internal activities are conducted and administered. Process of changing from old ways to the new ways has to be developed and managed. Gerry & Kevan (2002) noted that there may occur resistance to such changes and therefore needs to be managed effectively.

According to Jones and Scholes (2002), the role of new and revised policies and procedures is to establish standard operating procedures which will facilitate implementation of the strategy and counteract any tendencies of the organization to resist or reject the new chosen strategy. That manager also needs to be inventive in establishing policies that can supply vital support to the company's strategies. According to Hill and Jones (2001), well connected policies will help enforce strategy implementation by channeling all efforts, actions, behavior, decisions and practices in the direction which promotes strategy accomplishment. Policies should therefore be routinely being examined to be aligned to the current strategy.

According to Thompson et al (2007), enough policies should be prescribed to give organization members clear direction in the implementation of the new strategy and place desirable boundaries on their actions and then empower them to act within the confined boundaries. The a company's policies, procedures and support systems can either assist in the cause of a good strategy implementation or be a barrier. That managerial effort to identify, put in place and adopt the best practices can be a powerful tool for promoting operating excellence and better strategy implementation.

2.3. Performance Contracting

In Kenya, Performance contracts can be traced to the early 1990s when a few state corporations attempted to develop and implement performance contracts. Among them were the Kenya Railways, National Cereals & Produce Board and Mumias Sugar which were unsuccessfully implemented. However the performance contracts were re-introduced in 2003 by the government and the main reason for re-introduction was from the perception that the performance of the public sector has been consistently falling below the expectations of the public. Performance contracting is just but one of the public sector reforms aimed at improving efficiency and effectiveness in the management of the public services (OECD, 1999).

The definition of performance contracting has been a subject of considerable debate among scholars and human resource practitioners. Performance contract is a freely negotiated performance agreement between the government, organization and the individuals on one hand and the agency itself (AAPAM, 2006). It is therefore an agreement between two parties that clearly specifies their mutual performance obligations and the agency itself. According to Kobia and Mohammed (2006), performance contracting is a branch of management science referred to as Management Control Systems. Shirley (1998), stated that different names are used to refer to performance contracts. These are Contract Plans, Memoranda of understanding, and signaling systems but they all have a common feature, which is all are negotiated. They are agreements between governments and managers of state corporations which specify targets that management pledges to achieve in a given timeframe and define how performance will be measured at the end of a specified period. It is a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results (OECD, 1999).

Benn and Kant (1999) stated that performance contracting is based on three assumptions: One, it entails an effective way to get a contractor to help accomplish a specific public task. That the contractor is only paid when she/he actually does something that contributes to achieving that purpose. This means that a performance contract only pays for the production of specific results. Secondly, that the best way to motivate the employees who will implement the task is to let them design it. This would make the implementers to be willing to devote the energy and intelligence necessary to make their own ideas to work. According to Jone et al (2008), performance contracts will help in establishing the obligations and commitment of the two or more parties. Performance contracts will help to establish performance goals and therefore leads to improve the efficiency of the service delivery regardless of the sector. That a performance contract contributes to creating a result-oriented culture in the public sector and provides accountability and possible transparency. Public institutions have been forced to adopt performance contracts because of the changes in the political environment in terms of securing better value-for-money in public services, encouraging greater openness and accountability and for service improvements in dealing with the general public and consumers.

Performance contracting is known for its rigorous attempts to instill discipline and hard work in the public service and therefore transform the institutions from a tax collection and public administration unit into a result-oriented sector. It is becoming a practice in various governments to use performance contracts to track and gauge the achievements of public institutions over a given time. The gains of the public service reforms and performance contracting have begun to be realized (Kobia & Mohammed, 2006).

According to Shirley (1997), performance contracting assumes that governments' objectives and targets can be maximized and performance improved by setting targets that take into account the constraints placed on managers. That for this to occur, the principals must be willing to explicitly state their objectives, assign them priorities and weights, translate them into performance. National Partnership for Reinventing Government Performance (1995), argue that competitive advantage of nations largely depends on public sector performance therefore the adoption of performance contracts is a tool of remedying the situation of multiple objectives by agreeing on the preferred objectives.

Tropati (1992), explained that performance contracting prevent confusion arising due to multiplicity of objectives since having multiple principal may cause 'denial syndrome' and in the event things are not working as expected no one wants to take responsibility for failure. Therefore performance contracts enables employers to be accountable for contract outcomes and the process is frequently a series of jointed activities with clear ownership. Kiboi (2006), established that performance contracts helps in clarifying vision and mission of an organization, has enabled organizations to meet their performance targets and have kept pace with performance emerging trends.

Korir (2006) in his study on the impact of performance contracting in East African Portland Cement indicated that about 90% of managers interviewed rated the organizations financial performance as excellent in the first and second year of the financial performance. On the other hand, Kiboi (2006) found out that as a result of performance contracting organizations have developed a reasonable sense of direction, a conviction that business cannot operate successfully without performance contracts and that state corporations attach much importance to performance contracts.

Performance contracting only succeeds where best management practices have been implemented. These are deliberate efforts through proper planning and implementation of workable programs. Involvement of top management and their support for the implementation process is critical for effective institutionalization of performance contracts. Lack of goodwill from organizational leadership and the top management as well inadequate provision of relevant resources can hamper success achievement of set objectives. Extensive and continuous training of employees is core in embracing new concepts (Othieno, 2006).

According to the Report on Performance Evaluation of Public Agencies for the Financial year 2006/07, the expected outcomes for the performance contracts in Kenya are improved efficiency in service delivery to the public by ensuring that holders of public service are held accountable for results; improvement in performance and efficiency in resource utilization and ensuring that the public resources are focused on attainment of the key national policy priorities, will enable the measurement and evaluation of performance , link reward for work to measurable performance, instilling accountability for results at all levels in the government and the reduction or elimination of reliance on exchequer funding.

There are difficulties in the interpretation of public performance in relation to indicators/targets. It may be difficult to use Performance contracting as a tool to use to judge performance between public agencies as institutions may be pursuing different objectives, with different needs. And the resources to deliver a standard level of service might vary considerably. Organizations may be using their resources with different levels of managerial competencies, may be incurring different costs and other organizations may indulge in 'creative accounting' that is deliberately manipulating data to cast them in a favorable light. This necessitates that each organization should be viewed under its unique conditions, thus the paper aims to contribute towards filling the research gap of the absence of the implementation of performance contracting at the TSC.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

The study has been modeled on both a case study design and a descriptive survey design. A case study led to in-depth information regarding the implementation process and the challenges encountered during the implementation by the top management who were involved in the process. A descriptive survey design was used to determine the employees' perceptions on the implementation process. The study therefore intended to allow for across analysis of all categories of TSC staff as it targeted all levels and obtained the general information on the performance contract implementation through the use of both designs.

3.1 Research Design

The research problem posed was studied using a case study. This method gave an in-depth account of how the TSC has implemented the performance contract and the challenges experienced in the implementation. The design was appropriate because the study required an in-depth understanding of the implementation process and therefore requires an intensive examination of the TSC.

A survey design was incorporated to obtain data to establish the employee perceptions of performance contract at the TSC. Since the TSC population is large and given limitation of time, personnel and funds, it was not be possible to collect data from all members of the population. This design was appropriate because it allowed for across analysis of all categories of employees namely; senior management staff, middle management staff and the lower management from different departments.

3.2 Population of Study

The population of study consisted of the TSC secretariat staff comprising of 1800 employees working at the TSC HQ's providing services to the teachers (TSC strategic plan 2005/2010). The study was carried out at the TSC HQ's where policies and practices are controlled. It was also chosen because it is easily accessible for the researcher for the purposes of data collection. This population is categorized into three groups; the senior management staff, middle management staff and the lower cadre. These groups came from different departments i.e. The Administration department, Staffing, Finance, Human Resource Management and the Internal Audit. Their operations are diverse and different.

3.3 Sampling

The population comprised of 214 staff from Administration, 400 staff from HRM, 680 staff from Staffing department, 306 staff from Finance department and 200 staff from Internal Audit. Given the diversity and the large population, the research will form stratum from different categories from different departments. A sample size of 100 secretariat staff was selected and proportionate stratified random sampling was adopted as this gave a more representative data. The table 3.1 represents the sampling frame and sample size.

Table 3.1 Sampling frame and the sample size

Department	Sample proportion	Sample size
Administration	$\frac{214}{1800} \times 100$	12
HRM	$\frac{400}{1800} \times 100$	22
Staffing	$\frac{680}{1800} \times 100$	38
Finance	$\frac{306}{1800} \times 100$	17
Internal Audit	$\frac{200}{1800} \times 100$	11
Total		**100**

The respondents were selected from the middle management staff and from the lower management staff. The information generated was assumed to be representative of all the views of all the groups in the various departments.

3.4. Data Collection

The data was collected mainly from primary sources through both a structured interview guide and a questionnaire. A structured interview guide was conducted to and the respondents were drawn from the top level management staff. Three Head of Departments and the Head of Policy, Planning and Research section were interviewed to provide data pertaining the implementation and the challenges experienced during the performance contract implementation process (See Appendix 1).

The questionnaire was used to establish the employees' perceptions of the process of performance contracts. The questionnaire was divided into two sections, 1 and 2. Section 1 was designed to obtain the general information on the respondents' profile. Section 2 consisted questions on the employee perception on the performance contracts process (see Appendix 2). The respondents were selected from the middle management and the lower management staff from all the departments.

The interview guide was administered personally by the researcher while for a questionnaire, the researcher used drop and pick method but where time/respondent allow, the researcher was administered the questionnaires in person to shorten the response time and to enable on the spot clarification of doubts that a respondent had regarding any question.

3.5. Data Analysis

The data collected was edited for accuracy, uniformity, consistency and completeness. The nature of data collected was both qualitative and quantitative. Therefore, the data from; the case study was analyzed using content analysis since most responses were qualitative in nature.

The survey was analyzed using descriptive statistics such as percentages, frequencies and the tables were used to represent data. This made the findings more easily understandable and ensured clarity and preciseness.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

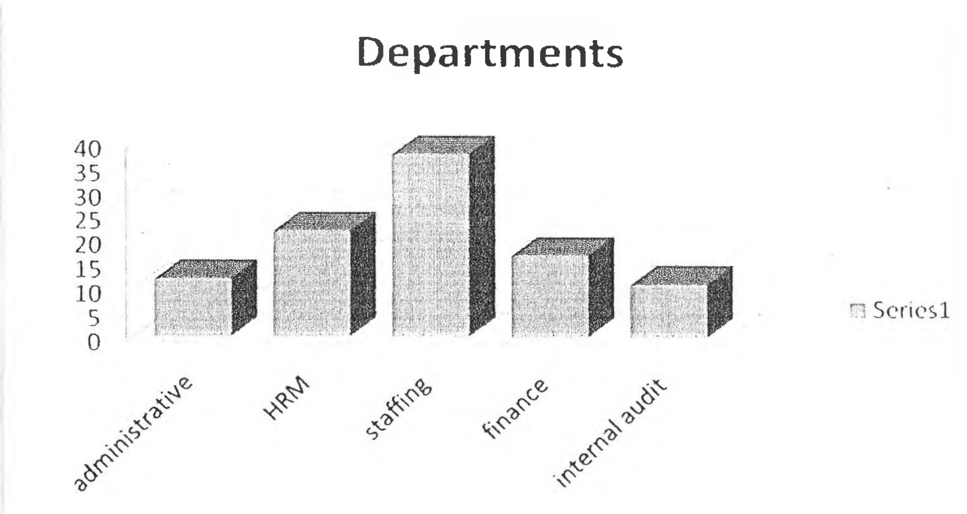
The purpose of this chapter is to present analysis of the findings of the study, and give the interpretation of the result. The study has utilized both quantitative and qualitative methods of data analysis to get an in-depth understanding of the findings of the study. The results of the questionnaires have been integrated with findings of interviews that were used to supplement and gain a deeper understanding implementation of performance contracting strategy at teacher's service commission.

4.2 Response Rate

The sampled members were able to return the questionnaires 80%. To achieve this response rate, the researcher with the convenience of the respondent left behind the questionnaire for between 3-5days to provide enough time to respond.

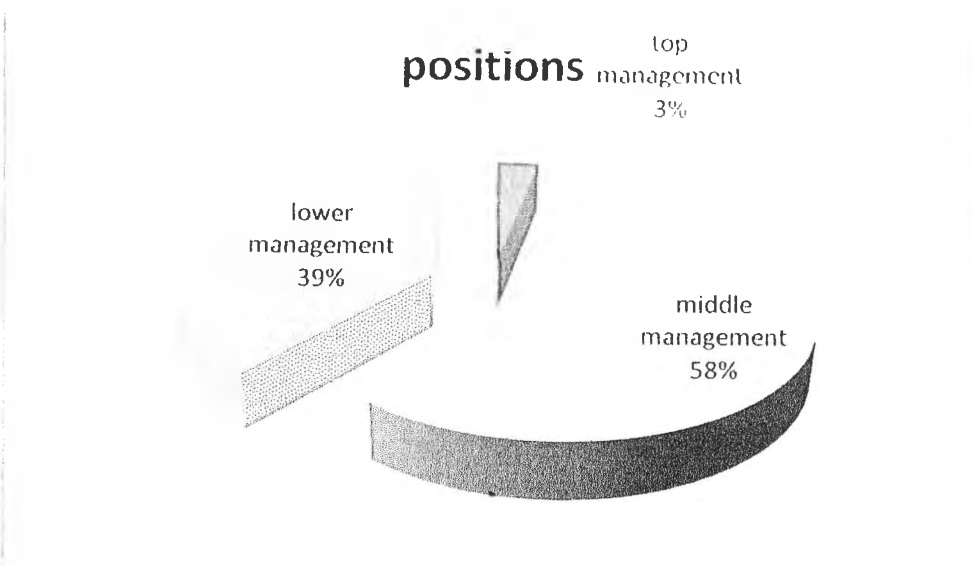
4.3 Demographics

Figure 4.1



The representation of department indicates that staffing had a higher percentage of 38% with the lowest being internal audit department with 11%, the other department having 22%, 17% and 12% for human resource management, finance and administrative respectively.

Figure 4.2



The respondent indicates that most of the interviewees were in the middle level management with 58%, the lower management with 39% and the lowest being top management with 3%.

4.2 Implementation of Performance contract (Top management)

Performance contracting is one of the public sector reforms aimed at improving efficiency and effectiveness in the management of the public services (OECD, 1999). Performance contract implementation would only achieve desired outcomes only if the necessary pre-requisite conditions are satisfied. The TSC embraced performance contracting in the mid 2004 as a directive from the central government in order to improve efficiency in service delivery. However, according to the reports released on Performance Evaluation of Public Agencies on financial years 2006/07, 2007/08, 2008/09, the commission was among the worst performing state corporation. Therefore the first objective of the study was to determine the implementation of performance contract practices at the TSC. This was an attempt to reveal whether the commission is effectively implementing its performance contracts as described in the literature review.

There were three top management who were interviewed, which included Assistant Head of Policy, Planning and Research section, Deputy Head of Staffing department and Assistant Head of Internal Audit department. All of the top managers have worked in their current position for less than five years. The interviewees were asked to explain how targets were set at the commission and they all confirmed (100%) that they set targets and are set from the strategic plan of the year 2005-2010, which is the basis of performance contracting in the organization. According to this plan, performance of duties by commissions' employees' is a measure of the commission productivity and serves as a blue print upon which the TSC base its effectiveness. This plan is expected to assist the commission achieve its goals by identifying priority areas and proposing programs and activities for implementation. They all affirmed that the performance contracts assist in the achievement of the strategic plan objectives.

When interrogated to find out whether the organizational structure supports the implementation process, all interviews (100%) said that the hierarchical structure at the TSC defines reporting procedures. That there were well defined channels of communication to all employees right from the CEO, Senior Deputy Secretaries, Deputy Secretaries (HODs) to all employees. They confirmed that the structure is supportive in that it facilitates the coordination and control of all activities and people. The structure has enabled the commission to break up activities and has established where decision-making authority lies. The departmental structures also support decision making, free flow of information both from bottom-up and top- down. The free flow information provides progress/updates/status of issues, indicating departments that have either exceeded targets or below in line with the commissions policies and procedures which helped the commission in controlling departments actions. They explained that the performance contracts have been cascaded down to the Head of Departments who further assigned particular officers the mandate of setting targets in the department.

They further explained that there is a specific section Policy, Planning and Research section whose mandate is to facilitate the implementation of the performance contract process among others. This has ensured that the commission is always alert on the issues arising from the implementation process. The section spearheaded the process and it is involved in interpretation of commissions' objectives and targets, coordination of programs and incorporated relevant issues in divisional plans and annual contracts.

The interviewees agreed that the current management had taken a leading role in the implementation of performance contracts. The leadership is supportive of the process. The CEO of the commission gave a general direction and overall leadership. He not only authorized the funds for different activities when the funds are available but also personally involved in reading all departmental targets to see whether they are achievable, clear and measurable and also gave his input and held several meetings with different head of departments. He has also taken overall responsibility in the implementation, monitoring and evaluation of performance contracting process. 33% of the respondents (1out of 3) indicated that some of the managers who have been at TSC for long time, tend to be very conservative and sometimes even highly bureaucratic slowing down the implementation process especially in budgetary allocation. The top management made clear the performance outputs/results expected from head of service areas and ensured that the targets set are clear, measurable and realistic targets.

The interviewees went ahead to indicate that successful implementation of the targets at the commission has been brought about by extensive training on the performance contracts of both the top management and other staff. That the training for performance focused on employees' performance and future improvements including establishment on how to overcome constraints in the meeting of the targets and standards. This training aimed at improving the employees' knowledge, skills and standards which is crucial for employees performance improvement as they had better understanding to what comprised their targets and what they needed to do.

The interviewees also noted that the TSC policy and procedures have been of great assistance in the implementation process. The policy specifies guidelines, methods, procedures and administration practices that support and encourage work towards the stated commissions' goals. They explained that the policies specify guidelines to actions, to all staff required to undertake certain activities which establishes standard operating procedures in all service areas.

They explained that the commission use both Performance Appraisals and Monitoring & Evaluation as tools to measure performance which gave clear performance in every department. The commission appraises staff at the end of the contractual period. They confirmed that they submitted their quarterly and annual performance reports to their immediate supervisors. These reports contained performance information useful in assessing performance and in determining needs and the resources required to improve performance, transparency and accountability.

Monitoring and Evaluation committee has been set to track the progress on the implementation process which enabled them to know whether the departments have achieved their targets. The team comprises of employees from different departments headed by the Head of Policy, Planning and Research section. The team enables the management to stay informed of how well the implementation process is going, acts as network of contacts and sources of information both formal and informal. The team provides information which has helped the commission to monitor the implementation and take remedial actions where problems occur.

When asked how the organization rewards its employees for meeting their targets, they asserted that there is no rewards/sanctions policy in place which would otherwise help the employees to focus on the results and help in sustenance of motivational levels. Performance rewards usually motivates employees to perform better. Both money and job satisfaction can be used in combination as incentives to motivate employees. Since this is critical for employees to perform their duties well, the commission must ensure that all employees experience job satisfaction and perceive their pay as adequate so as to be dedicated enough to perform effectively their designated tasks.

The table below summarizes the responses received from the top management as the factors that have contributed to the smooth implementation of performance contract at the TSC,

Table 4.2

S/No	Factor
1	Good Leadership
2	Structure
3	Clear, measurable and realistic targets
4	Training
5	Good Coordination and sharing of responsibilities
6	Policies and Procedures
7	Performance Appraisals
8	Monitoring & Evaluation

Source: Research Data

The findings of the study indicate that the TSC in on the track in the implementation of performance contracts as the performance contract strategy is in line with several critical elements in the organizations. These components include supportive organization structure, sound leadership, supportive policies and procedures, having Performance Appraisal, Monitoring & Evaluation committee and the strong link between the strategic plan and the performance contracts. This finding of the study is consistent with Xu, (1997) view that a good strategic plan is important recipe for any organization on performance contracts. It is important that a company's daily activities and work efforts directly relate to accomplishing the strategic plan in order to remain focus. The commission therefore is on track as the process follows the basic requirements for its successful implementation.

However, the findings found out that the responsibility of setting targets was mainly carried out by the HODs with some exception involvement of some particular officers. Both managers and subordinates should jointly establish and clarify organizational goals as this leads to increased interest to the whole process if everyone is brought on board. Lack of participation in the setting of targets leads to the feeling that the employees are locked out of the process therefore they may not own and hence not accountable.

The study also shows that performance of the staff is not linked to the rewards or penalties and that the penalty/reward systems have not been implemented at all. This is critical for employees to perform their duties effectively as it sustains their motivational levels so as to be dedicated enough to perform effectively their designated tasks.

4.3 Challenges encountered during the implementation of Process

The second objective of the study was to establish the challenges encountered during the process of implementation of performance contracts. The introduction of performance contracts has fundamentally changed employees' way of working. As a result, the commission just like others is confronted with various challenges as they strive to meet performance targets. This objective was an attempt to find out whether the TSC face similar challenges as described by in the literature review as this could be what could be hampering effective implementation.

The respondents were asked to explain the challenges encountered in the implementation of performance contract process. The interviewees pointed out a number of challenges to its implementation. They explained that effective implementation of a strategy requires that an organization avails adequate resources necessary to undertake the various activities in order to effectively implement any strategy. The study established that lack of adequate financial resources was a challenge in the implementation process. The respondents were quick to note that there was no match between various activities to be undertaken to implement performance contracts activities and the amount allocated for those activities at the commission. They noted that there has been untimely release of funds. The employees from different departments have to seek approval for the implementation of their programs. To be able to do this, a proposal has to be written first. The budget is then forwarded to the immediate supervisor who in turn forwards to the relevant officers for approval. The approval process may take a short time or a long period depending on the file movement. This is dependent also on the other factors such as the people moving the file, other programs within the same file seeking approval and the programs being implemented at that particular time. The budget approval process dictates the timeliness in release of funds which hampers the process.

The respondents also stated that the implementation of any strategy requires not only adequate staff but also competent staff for successful implementation to be realized. The interviewees went ahead to indicate that there were lack of adequate skills in many departments. This is mainly because the commission was experiencing high employee turnover because of inadequate compensation for the work done. Employees' turnover is also attributed to lack of motivational programs to retain the competent staff. They also pointed out that staffs are not recruited in line with the commissions' recruitment policy in order to employ qualified staff with appropriate skills. This is also caused by unplanned and untimely transfers of personnel which have led to some activities being shelved or being delayed.

The respondents also indicated that there is a challenge of resistance to change by the TSC employees. The interviewees linked employees' lack of skills to have led to this resistance. Employees' resistance to change was also linked to lack of reward systems that recognizes and awards employees commitment to the organization. They further explained that there exist great disparities in salaries between those who are in management and those in non managerial positions as has been the case in the civil service. This has been a source of dissatisfaction and demotivation and hence resistance.

From the interviews carried out, it emerged that the lack of motivation has resulted to lack of commitment not only by the employees but even some few senior managers who have been at the commission for long who tend to be very rigid and cautious in the process and would rather avoid committing themselves in decision making. Lack of goodwill from the employees can hamper successful implementation of set targets.

The interviewees also explained that the commission still uses manual filing systems. Due to its manual systems of record keeping, the commission lacks reliable and long term database which has led to delays in service delivery.

These challenges are summarized below;

Table 4.3

S/No	Challenges
1	Inadequate financial resources
2	Shortage of staff
3	Lack of relevant skills
4	Lack of commitment
5	Lack of teamwork
6	Untimely release of funds
7	Untimely budget approvals
8	Lack of computers
9	Resistance to change

Source: Research Data

As the literature review depicts, there is need for organizations to succeed in implementing performance contracts as it benefits the organization and the country as a whole. These challenges affect employees' performance and it is therefore important for the commission to articulate them in order to improve performance. It is evident that these are factors that mitigate against successful implementation of the performance contracts at the TSC and hence translates its poor ratings in the reports on Performance Evaluation of Public Agencies. Effective implementation of performance contracts requires that an organization avails adequate resources, have adequate, competent and committed staff necessary to undertake the various activities in order to effectively implement the process. The organization needs to take into account all the 7-S factors to be sure of success. If one fails to pay attention to one of them, it can hamper effective implementation of the performance contracts.

In determining the benefits of performance contracting to the organization, they explained that the setting of the targets has improved the general performance of the TSC in terms of restoring customer confidence, has led to successful implementation of the targets that has led to the motivation of the employees to undertake their responsibilities effectively and that it has led to realization that it is a very effective and efficient planning tool especially in the allocation of resources. The introduction of performance contracts brought about more accountability and transparency and this has significantly contributed to the eradication of corruption. Finally, the use of performance contracts has de-personalized and depolitized the operations of TSC.

When asked to give suggestions that would help the TSC to avoid the or minimize the challenges experienced, the interviewees asserted that all the departments should work closely with Policy, Planning and Research section for guidance, strengthen a strong monitoring & evaluation system to ensure that implementation of activities was always on track and to effectively monitor implementation of targets for timely interventions. That this team should be well trained, give feedback in good time. The TSC should be able to working smart with the constrained budgetary allocations and the top management should facilitate the availability of appropriate resources.

4.4 Employee perceptions on the Implementation of Performance Contract (Middle and Lower Management)

The third objective of the study was to establish the employees' perceptions of the implementation process of the performance contracts. This was intended to allow for across analysis of all categories of the TSC staff as this objective targeted the middle management and the lower management and hence this enabled the researcher to obtain the general information on performance contract implementation.

The respondents were asked to rate their perceptions using a scale ranging from 1-5 with strongly disagree, disagree, neutral, agree and strongly agree respectively. The responses are captured in tables, frequencies and percentages for the various attributes used to measure perception.

4.4.1 Existence of Strategic Plan and is used to develop performance contracts

Table 4.4.1

Ranking	**Frequency**	**Percentages**
Strongly disagree	0	0%
Disagree	0	0%
Neutral	0	0%
Agree	12	15%
Strongly agree	68	85%
Total	**80**	**100%**

Source: Research Data

All the respondents (100%) strongly agreed or agreed that the TSC strategic plan exists and are used to develop performance contracts and hence indicate that the commission stays focused on its goals as spelt out in the strategic plan.

4.4.2 Involvement of Managers and Subordinates in setting of targets

The researcher sought to find out whether the subordinates and managers jointly set performance contracts targets, the table summarizes the responses.

Table 4.4.2

Ranking	**Frequency**	**Percentage**
Strongly Disagree	12	15%
Disagree	31	39%
Neutral	22	28%
Agree	13	16%
Strongly Agree	2	2%
Total	**80**	**100%**

Source: Research Data

From the above findings it emerged that 54% of the respondents strongly disagree or disagree that the subordinates and managers jointly set performance targets, while 29% neither disagree nor agree with the view while only 17% agree or strongly agree with this view indicating majority of the employees are not involved in setting of targets. All the staff should be fully involved in the setting of targets so that they can fully own them.

4.4.3 Training of all employees on Performance Contracts

Table 4.4.3

Ranking	**Frequency**	**Percentage**
Strongly Disagree	18	23%
Disagree	27	34%
Neutral	5	6%
Agree	24	30%
Strongly Agree	6	7%
Total	**80**	**100%**

Source: Research Data

The findings indicate that 57% of the employees strongly disagree or disagree that the training is provided to all employees on all aspects of performance contracts. 6% of the respondents were neutral and 37% of the respondents strongly agree or agree with this view. This indicates that majority of the TSC employees have not been trained which is very critical to effectively undertake their respective roles and functions in the implementation process as this aims at improving employees' knowledge and skills. This training should be frequent, content oriented, and should be adequate enough. Lack of training negatively impacts on performance (Table 4.4.3)

4.4.4 The targets set are specific, attainable, realistic and time bound

Table 4.4.4

Ranking	**Frequency**	**Percentage**
Strongly Disagree	0	0%
Disagree	10	13%
Neutral	12	15%
Agree	45	56%
Strongly Agree	13	16%
Total	**80**	**100%**

Source: Research Data

13% of the respondents strongly disagree or disagree that the targets/goals that are set are specific, measurable, attainable, realistic and time bound. 15% of the respondents were neutral and 72% of them agree or strongly agree that the targets were specific, measurable, realistic and time bound which is central in successful achievement of targets.

4.4.5 The organizations structure facilitates the achievement of set targets in the performance contracts.

Table 4.4.5

Ranking	**Frequency**	**Percentage**
Strongly Disagree	6	7%
Disagree	12	15%
Neutral	17	21%
Agree	27	34%
Strongly Agree	18	23%
Total	**80**	**100%**

Source: Research Data

From the above findings, 22% of the respondents strongly disagree or disagree that the organization structure facilitates the achievement of set targets in the performance contracts. 21% of them neither agree nor disagree with the view and 57% agree or strongly agree that the structure supports the achievement of set targets. Showing that majority of the employees' view the structure as being supportive. The structure should be supportive to especially facilitate commissions' objectives for effective coordination and control of activities and people.

4.4.7 Monitoring and Evaluation committee has been set to track progress on the implementation of performance contracts

Table 4.4.7

Ranking	**Frequency**	**Percentage**
Strongly Disagree	0	0%
Disagree	8	10%
Neutral	20	25%
Agree	39	49%
Strongly Agree	13	16%
Total	**80**	**100%**

Source: Research Data

The table indicates that 10% of the people who responded to the question disagree or strongly disagree that a monitoring & evaluation committee has been set to track progress on the implementation of performance contract. 25% were neutral and 65% agree or strongly agree with the view showing that the TSC has set up a committee to monitor and evaluate the implementation process which is crucial to successfully track the process.

4.4.8 A reward/sanction policy is in place to guide achievement of performance targets

Table 4.4.8

Ranking	**Frequency**	**Percentages**
Strongly Disagree	38	48%
Disagree	29	36%
Neutral	13	16%
Agree	0	0%
Strongly Agree	0	0%
Total	**80**	**100%**

Source: Research Data

84% of the respondents strongly disagree or disagree that the reward/sanction policy is in place to guide achievement of performance targets. 16% of the respondents were neutral and 0% agreed or strongly agreed confirming that there are no special incentives that have been set aside to be awarded to the staff for good performance.

The findings show that the TSC set specific, measurable, attainable, realistic and time bound targets. This finding is in line with the views of Mintzberg, (1994) which stated that any strategic objectives that are unclear, ambiguous give insufficient guidance to the employees and are too vague for concrete interpretations. Hence need to be clear, specific, measurable and easily understood by all for successful implementation.

The top management purported that all employees have been trained on all aspects of performance contracts which has been negated by the 57% of the respondents who have disagreed with the view. It is apparent that most employees were not offered this valuable training on performance management. Although they might be learning on the job, this is not adequate for effective performance improvement to enable the commission achieve the full benefits of performance contracting. Lack of training will negatively impact on the implementation process especially if new skills are required.

Evaluation and Monitoring of performance contracting is very critical for any organization, this step ensures that deviation from the targets are identified and corrected. In the above findings, the Performance appraisals, Monitoring & Evaluation processes are in place however, they are not effective as 74% of the respondents disagreed that they are used for feedback and development of employees. This showed that the results are not relayed to the employees and the feedback was not used to improve work performance. Therefore, the problem areas are not pointed out to the employees for corrective measures and hence may have led to an ineffective process.

The reward/sanction policy which should act as staff motivation tool has not been implemented at all. The TSC should recognize that this is one of the greatest challenges to strategy implementation and the organization should employ motivational techniques that build whole hearted commitment winning attitudes among employees.
Arising from the findings, the above factors may have resulted to the system being ineffective and negatively perceived by the employees.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This final chapter of the research provide a brief summary of the study's findings that are discussed in light of its objectives. The chapter also provides the researcher with documented conclusions and recommendations which are guided by the objectives of the study

5.2 Summary of Study Findings

The current study was based on case study to determine the implementation of performance contract practices and identify the challenges experienced during the implementation. A descriptive survey design has also been incorporated to establish the employee perceptions of the performance contract.

To achieve the study objectives, the data was collected using both an interview guide and a structured questionnaire. The data collected was analyzed using both content analysis and descriptive statistics. The study showed that the TSC is on track in the implementation of its performance contract and this has been made possible by a number of factors. These are the TSC structure which has defined reporting procedures, well defined channels of communications, departmental structures has enabled the commission to break up activities and supported easy flow of information. There is also a specific section for Policy, Planning and Research which is mandated to facilitate the implementation process.

The smooth implementation has also been brought about by good leadership which has been supportive and committed to the process, the setting of clear, measurable, realistic and time bound targets, the TSC policy and procedures, the strong link between the strategic plan and the performance contracts, the use of performance appraisal, monitoring and evaluation of performance contract and moreover the good coordination and sharing of responsibilities which are instrumental to smooth implementation of performance contracts.

It was also found out that the commission faces a number of challenges. The challenges pointed out were inadequate financial resources, shortage of staff, lack of relevant skills, lack of commitment, lack of teamwork, untimely release of funds, untimely budget approvals, lack of computers and resistance to change.

The study has also found out that the above challenges may have bought the ineffective implementation of performance contracts at the TSC, however the study shows that there are other shortcomings in the implementation process. It was clear that not all employees are involved in the setting of targets, most employees have not been trained on performance management, that although the performance appraisal and the monitoring and evaluation committee is in place, the process has not been effective as the results are not relayed to the employees and the feedback was not used to improve work performance, problem areas are not pointed out for corrective measures. It was also found out that the reward/sanction policy has not been implemented at the commission which may have acted as a demotivating factor and the employees' lack of interest in the process.

5.3 Conclusion

Based on the results from data analysis and findings, one can conclude that;

There are factors that have greatly influenced performance contract implementation process at the TSC. These are; the support of the top management, supportive structure, the TSC policies and procedures, the setting of clear, measurable and realistic targets and the good coordination and sharing of responsibilities.

There are several challenges that affected the smooth implementation of performance contracts at the TSC, they were identified as inadequate financial resources, shortage of staff, lack of skills, lack of commitment, lack of teamwork, untimely release of funds, untimely budget approvals, lack of computers and resistance to change. There are also other issues identified to have brought ineffective and negatively perceived process by the employees, these are,

First, there are indications that some employees have not been trained on the concept to effectively undertake their respective roles and functions in the implementation process. Secondly, there are indications that some employees are not involved in the setting of targets. This may result to lack of interest in the process of implementation as they may feel that they are locked out.

As far as rewards are concerned, the study revealed that they are not linked to performance. This shows that rewards such as promotions, trainings may be influenced not by performance but by other factors such as ethnicity, political patronage, and favoritism among other considerations. This lack of linkage may be a fertile ground for breeding negative perceptions of the implementation process.

Although the commission has put in place both performance appraisal and monitoring and evaluation tools to measure performance, the results are not relayed to the employee and the feedback was not use to improve work performance. Therefore, the problem areas are not pointed out to the employees for corrective measures. This may bring about lack of interest in the process and this may lead to ineffective and negatively perceived process by the employees which may have caused the poor rating of the commission in the reports on Performance Evaluation of Public Agencies over the years.

5.4 Recommendations

The following recommendations are worth making in order to enhance effective implementation of performance contracts at the TSC,

Extensive and continuous training of employees is core in embracing the implementation of performance-oriented change. The training should be frequent, content oriented, adequate enough. Knowledge is power and therefore the management needs to give employee valuable training on performance management. Lack of training negatively impacts of performance hence training is necessary for understanding of what comprised their targets and what needed to be done.

Target setting for performance contracting should be discussed and set by all the concerned employees and their immediate supervisors as opposed to the current practice where HODs and few employees set targets. This will create ownership of targets by employees, therefore higher achievement of individual and organizational targets.

The commission needs to address the performance challenges raised. To improve performance bottlenecks which are preventing employees from meeting their performance targets on time, it is important for the commission to ensure that planning is done in advance for the support, development and resources required by employees to enable them meet their targets. Essential working tools such as computers, funds must be provided adequately and on time to enable employees meet their targets as stipulated.

One aspect of performance management that should be put in place is the reward and penalty system. This has not been implemented at the TSC. It is recommended that for the employees to fully focus on results and for sustenance of motivational level, an effective rewards and penalty system be introduced.

Although monitoring and evaluation committee has been set to track progress on the implementation of performance contracts, it is recommended that it should be effective in monitoring targets, give feedback promptly so as to develop trust, motivation and the feedback should further be used to improve communication, identify problem areas and provide timely interventions. Feedback would enable the commission to trickle down information, provide progress updates/status, indicates the departments that have either exceeded targets or below targets and hence take corrective measures. Lastly the commission should encourage teamwork in order to focus all employees' efforts in the same direction as such unity of direction is critical for successful implementation of any strategy.

5.5 Limitations of the Study

The current study is not without limitations, there was limited time for carrying out interviews with the right people. This made the researcher to make constant phone calls and at times made unnecessary visits hoping to be granted interviews but to no avail. It was difficult to find the top managers for the interviews and hence was referred to their assistants. Further, only 80 respondents submitted their questionnaires which may have reduced the accuracy of the findings.

5.6 Suggestions for further Research

The findings for this research can be used for further research. The challenges for the implementation of Performance Contract are being encountered by many organizations. Most of these companies need to meet the necessary standards for best practices and proper guidance.

This research involved the service company. Another research could be done involving manufacturing companies, government offices where most of the work is manual or another sector of the economy where performance contracting has been implemented and comparisons of the findings made.

REFERENCES

Aaltonen, P. & Ikavalko, H. (2001), *Implementating Strategies Successfully*. A paper Presented at XII World Productions Congress.

Ansoff, H.I and McDonnell, E. (1990), *Implementing Strategic Management*, Prentice Hall Cambridge, UK, 2nd Edition.

Bahn, R. & Kant P., (1999), Strategies For Avoiding Pitfalls Of Performance Contracting; *Public Productivity Management Review* Vol. 22, No. 4, June 1999.

Beer, M. (2006), Eisenstat, R. (2000), The Silent Killers Of Strategy Implementation & Learning, *Sloan Management Review*, Vol. 4, pp 29-40.

Bryson, J. M. (1995), *Strategic Planning For Non-Profit Organizations*, Prentice Hall London, 3rd Edition.

Choke, C. (2006), Perceived Link between Strategic Planning & Performance Contracting In Kenyan State Corporations, *unpublished MBA Project*, School of Business, University of Nairobi.

Clement, R. W. (1994), *Culture, Leadership and Power*. The Keys to Organizational Change Business Horizons 37-(January-February, 1994).

David, F. R. (2003), *Strategic Management Concepts*, Prentice Hall, International Inc., 9th Edition.

Delloitte & Touché (2003), Performance Measures and Reporting: *KASNEB News line*; A Publication by KASNEB, August 15th 2003..

DPM/Inspectorate of State Corporations (2004); *Taskforce on Performance Contracting in The Public Sector Enterprises,* Report on study visits to Morocco, UK, USA, Korea, India & China, 28th April, 2004, Unpublished Report.

Gerry, J. and Kevan, S. (2002), *Exploring Corporate Strategy*, Prentice Hall of India, New Delhi, 6th Edition.

Goleman, D. (2000), *Leadership That Gets Results*, Harvard Business Review, March – April, 2000.

Government Of Kenya State Corporations, *Performance Contracting*, 2004, Legal Notice No.93, Kenya Government Printers.

Gulen, G. Makaryan, R., Volkov, D. & Foss, M. (2006), *Improving Regulatory Agency Efficiency & Effectiveness, Best Practices, Processes & Organizational Structures,* Houston, Texas; CEE.

Harvey, D. F. (1988), *Strategic Management & Business Policy*, 2nd Edition, Eastern Washington University.

Hill, C. & Jones G. (1997), *Strategic Management Theory*: An Integrated Approach, Houghton Mifflin Co., New York, 5th Edition.

Johnson, G. & Scholes, K. (2005), *Exploring Strategy*, 6th Edition, Prentice- Hall Inc.

Jones, L. P., Trivedi, P. Mason E. D. (2008), *Performance Contracts*, Available at www.iadb.org/evo/roundtable/pc/htm.

Kobia, M & Mohammed, N. (2006), *The Kenya Experience with Performance Contracting,* Kenya Institute of Administration & Management.

Korir P., (2006), The Impact Performance Contracting in State Corporations: A case study Of East African Portland Cement Ltd: *Unpublished MBA Project* School of Business, University of Nairobi.

Lynch, R. (2005), *Corporate Strategy*, 4th Edition, Prentice Hall, UK.

Mairura, B.J. (2003), Teachers Level of Satisfaction with Changes Resulting From Re-Engineering of Services by the Teachers Service Commission. A case study of Nairobi Primary Schools, *Unpublished MBA* Project School of Business University of Nairobi

Martins, E. & Terblanche, F. (2003), Building Organizational Culture that Stimulates Creativity & Innovation, *European Journal of Innovation Management,* Vo. 6(1),Pp 64-74.

Mintzberg, H. (1994), *The Rise and fall of Strategic Planning*, Prentice Hall, London.

Mintzberg, H. & Quinn, J. B. (1988), *The Strategy Process*, Prentice Hall, Harlow.

Nellis, J. R. (1995), *Contract Plans & Public Enterprise Performance*, World Bank.

Obare, G. (2006), The Impact of Strategic Plans in the Public Sector; A case study of Personnel Management of GOK. *Unpublished MBA Research project*, UON.

Office of the President (2006), *Report on Evaluation of Public Agencies for the financial* Year 2005/06.

Office of the President (2007), *Report on Evaluation of Public Agencies for the financial* Year 2006/07

Office of the President (2008), *Report on Evaluation of Public Agencies for the financial* Year 2007/08

Organization for Economic Cooperation and Development (1997), *In Search Of Results: Performance Management Practices.*

Organization for Economic Cooperation and Development (1999), *Performance Contracts in Public Enterprises, Lessons from case studies on Performance Contracting, Organization for Economic Cooperation & Development,* Paris, France.

In Public Enterprises, Lessons from case studies on Performance Contracting, Organization for Economic Cooperation & Development, Paris, France.

Parkinson, D. P. (2005), *Strategy Implementation & Realization*; Farsight Leadership, http//www.farsightleadership.com

Pearce J. A. & Robinson R. B. (2002), *Strategic Management: Formulation, Implementation And Controll,* 6th Edition, Irwin McGraw Hill.

Pearce, J. A. & Robinson, R. B. (2007) *Strategic Management: Formulation, Implementation And Control,* Irwin McGraw Hill, 10th Edition.

Raps, A. & Kauffman, D. (2005), Strategy Implementation – an Insurmountable Obstacle? A *Handbook of Business Strategy,* Vol. 6 No. 1 pp 141-146.

Shirley, M. (1996), *Enterprise Contracts*: A Route to reform? World Bank Development Research Group, Washington DC.

Teachers Image Magazine, Vol.6 of 2004, Oakland Media Services Ltd, Nairobi.

Teachers Service Commission (2007), *TSC Annual Reports*, 2006/2007.

Teachers Service Commission (2008); *TSC Annual Report*, 2007/2008.

Teachers Service Commission (2010), *Strategic Plan*, 2010/2014

Thompson A. A. & Strickland A. J. (1989), *Strategy Formulation and Implementation*: Text And Readings, New York: McGraw Hill Companies.

Wind, Y. & Robertson, T. S. (1983), Marketing Strategy; New Directions for Theory and Research, *Journal of Marketing,* Vol. 47 No. 2, pp 12-25.

APPENDICES

Appendix 1: Interview guide

(Top management)

1. State your position……………………….

2. What is your designation…………………………………………….

3. For how long have you worked in your current position?

4. How are the targets set in your organization ……

5. How does your organization measure performance?

6. How does your organization reward employees for meeting performance contracts?

7. To what extent has the targets impacted on overall performance? …………………

8. In your opinion what is the benefit of performance contracting to;

   (a) You as an Individual

   (b) To the organization

9. How would your performance been if contract terms were different?

10. What challenges were encountered in the implementation of performance contracts?

11. What suggestions would you give that will help the TSC to avoid or minimize the Challenges experienced during performance contract implementation…………………...

12. Please give any other comment you may have regarding the implementation of the performance contract at the TSC and its challenges…………………………………………………

Appendix 2; Questionnaire

A study of implementation of Performance Contracting at the TSC is being carried out and data is being collected. In order to complete the study, you are required to fill this questionnaire with the information which will be useful for the completion of the study. The answers to the questionnaire will be treated with confidentiality and information given used purely for academic purpose.

Please give answers in the spaces provided and tick (√) the box that matches your response to the question where applicable.

Section 1: Respondents Profile

1. Respondents name (Optional)...

2. Designation...

3. Which of the following best describes your position?

(a) Top Management

(b) Middle Management ( )

(c) Lower Management ( )

Section 2: Implementation of Performance Contracts

4. To what extent do you agree with the following statements in implementation of the performance contracts in you organization? Please rate them on the scales provided below;

5-Strongly Agree

4-Agree

3-Neutral

2-Disagree
1-Strongly Disagree

No.		5	4	3	2	1
a	Vision & Mission of the organization was communicated Clearly & directly to all employees.					
b	A reporting structure was put in place to facilitate communication of the objectives of the performance contract.					
c	Systems of communication were set up to enhance feedback on performance.					
d	Managers & Subordinates jointly establish & clarify organizational goals.					
e	Specific, measurable, attainable, realistic and time bound goals are set					
f	Head of departments are involved in setting of targets/goals for the performance contract.					
g	Other employees are involved in setting of performance targets					
h	Performance review/appraisal system has been established for feedback & development of employees					
i	Special incentives have been set aside to be awarded to staff for good performance					
j	Penalties/sanction policy for not meeting targets are made known before implementation					
k	A reward/sanction policy is in place to guide					

	achievement of performance targets					
l	Resources to accomplish objectives & encourage performance have been made available i.e. a. financial resources b. human resources c. physical resources d. technical resources					
m	Training is provided to all employees on all aspects of performance contract.					
n	Strategic plans exist & are used to develop performance contract					
o	A link has been established between the performance contracts and performance appraisal					
p	Top management openly supported & encouraged the process of performance contracting					
q	A performance evaluation system to evaluate performance has been developed & communicated to all employees					
r	A Monitoring & Evaluation committee has been set to track progress on the implementation of performance contract at the section/division					
s	The top management made clear performance outputs/results expected from the heads of service areas					

t	An organization structure has been created to facilitate achievement of set targets/goals in the performance contract					
u	Prevailing organizational culture is supportive of performance contracting implementation					
v	There has been rapid acceptance of the performance contract by the staff					
w	The TSC adequately motivates its employees					
x	There are laid down policies and procedures which are instrumental in smooth implementation of performance contract					
y	Coordination of activities as provided by departmental managers was adequate					

THANK YOU FOR YOUR CONTRIBUTION

Appendix 2: Introductory Letter

Antonina Lentoijoni,

P.O. Box 746-0606,

Sarit Centre,

Nairobi.

Dear Sir/Madam,

Ref: Request for Research Data

I am a postgraduate student at the University of Nairobi undertaking research in the topic; "Implementation of performance contracts at the TSC". I would therefore highly appreciate if you could provide me with the information requested in the questionnaire at the earliest convenience.

I wish to guarantee that the information provided would be treated confidentially and will be used only for academic purposes. I look forward for your assistance and cooperation.

Thank you in advance.

Antonina Lentoijoni	Mr. Jackson Maalu,
M.B.A. Student Researcher	Supervisor
University of Nairobi.	University of Nairobi