

**THE PERCEIVED EFFECTIVENESS OF PERFORMANCE CONTRACTS ON
SERVICE DELIVERY AT THE MINISTRY OF IMMIGRATION AND
REGISTRATION OF PERSONS**

BY

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DECLARATION

This project report is my original work and has not been submitted to any other institution of higher learning for the award of any academic certificate.

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DEDICATION

I wish to dedicate this research project to my parents Gilbert and Martha Gitonga, my siblings- Murray, Mwiti, Irene, Caroline, Julius, nephews Ian and Nathan and Niece Elsie for their patience, never ending encouragement and tireless support. God bless you all.

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ABSTRACT

This study aimed at establishing the perceived effectiveness of performance contracts on service delivery at the Ministry of Immigration and Registration of Persons. The research design for the study was a cross sectional survey of Ministry of Immigration and Registration of Persons employees based in Nairobi on the perceived effectiveness of performance contracts on service delivery in the ministry. A list of all employees was obtained from the central registry which constituted the sampling frame. Stratified sampling technique was used and this entailed dividing the population into six strata, that is, the departments within the Ministry. The study used primary data. The data was analyzed by the use of descriptive statistics to summarize and relate variables that were obtained from the administered questionnaires.

The study concludes that the employees at the Ministry of Immigration and Registration of Persons have undergone signing of performance contracts. In addition, employees are aware of the effectiveness of performance contracts on service delivery at the Ministry and that heads of departments were involved in setting of targets/goals that were specific, measurable, attainable, realistic and time bound implying that the goals/targets set by the ministry were achievable. .

The study further concludes that employees cited other areas that affected the implementation of performance contracts as leadership/management style, lack of integrity and discipline and poor planning. The study recommends that for effective service delivery as a result of performance contracting, there is need for effective policies aimed at improving integrity and planning. Further, there is need for the management to value its employees and clients as well as offering leadership at the ministry by providing direction.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The primary development goal for any country is to achieve broad-based, sustainable improvement in the standards of the quality of life for its citizens. The Public Service and in particular the civil service plays an indispensable role in the effective delivery of public services that are key to the functioning of a state economy. When the delivery of services is constrained or becomes ineffective, it affects the quality of life of the people and nation's development process. Public services in many African countries are confronted with many challenges, which constrain their delivery capacities that include the human resource factor, relating to shortages of the manpower in terms of numbers and key competencies, lack of appropriate mindsets and socio-psychological dispositions (Lienert, 2003). There is also the perennial problem of the shortage of financial and material logistics that are necessary to support effective service delivery. On the other hand, the gradual erosion of the ethics and accountability has continued to erode the public sector in delivering public services to the people effectively. Public sector reforms meant to address these challenges achieved minimal results (AAPAM, 2005).

The Kenyan Government responded to public service delivery challenges by formulating and implementing Public Sector Reforms in 1993. The program implementation was in three phases. The first phase focused on cost containment, which entailed staff rightsizing initiatives and rationalization of government functions and structures. The second phase

of the reform program focused on rationalization of government ministries/departments to determine appropriate structures and optimal size of the civil service for effective performance of the government's core functions within budgetary limits. While there was a reduction in the size of the core civil service of about 30%, it was noted that productivity and performance in the public service was not as expected (Opiyo, 2006). Further reform initiatives targeting performance improvement and management in the public service were required, thus introducing the third phase of the public sector reforms guided by Economic Recovery policy direction (DPM, 2004).

In the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 policy document, the government accorded high priority to economic recovery and improving the performance of public service to deliver results to the people. Up to this point, the goal of public sector reform was restoration so as to equip it well in order to play a pivotal role in national development. This called for fundamental changes in the way the sector operates in institutional organization and relationships and in the individual and collective behaviour of those serving in the sector. The aim was to enhance efficiency and effectiveness together with probity and integrity. In effort to achieve the objectives and targets of Economic Recovery Strategy and to manage performance challenges in public service, the Government adopted Performance Contracting in public service as a strategy for improving service delivery to Kenyans. The Performance Contract is one element of the broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs (AAPAM, 2005).

1.1.1 Employee Performance

Fowler (1990) describes performance as a multi-dimensional construct, the measurement of which varies depending on a variety of factors. He further states that it is important to determine whether the measurement objective is to assess performance outcomes or behaviour. Performance can be regarded simply as the record of outcomes achieved. On an individual basis, it is a record of the person's accomplishment. Lawson (1995) argues that performance is something that the person leaves behind and that exists apart from the purpose.

Performance should be defined as the outcome of work because they provide the strongest linkage to the strategic goals of the organization, customer satisfaction and economic contributions (Benadine et al, 1995). Performance is about doing the work as well as being about the results achieved. Performance could therefore, be regarded as behaviours, the way in which organizations, teams and individuals get work done. Campbell (1990) defines performance as both behaviour and results. Behaviour emanates from the performer and transforms performance abstraction to action. Not just the instrument for results, behaviours are also outcomes in their own right, the product of mental physical effort applied to tasks and can be judged from results.

Performance may also be defined as setting goals. Goals provide a standard, focus attention on the activities of the organization and the direction of effort of its members. Goals provide for planning and management controls related to the activities of the organization, influence the structure of the organization, develop the commitment of

individuals and groups to the activities of the organization and give an indication of what the organization is really like (Williams, 2002). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target. It is used to make adjustments to accomplish goals more efficiently and effectively. Organization Performance is what business executives and owners are usually frustrated about. This is so, because even though the employees of the company are hard-working and are busy doing their tasks, their companies are unable to achieve the planned results. Results are achieved more due to unexpected events and good fortune rather than the efforts made by the employees. However, for any business to be successful, functions must be defined and accomplished. It is important for an organization to develop strategies that are designed around the skills that would enhance the performance of the organization (Kaplan and Norton, 1992).

1.1.2 Performance Contract

A Performance contract is freely negotiated performance agreement between Government, organization and individuals on one hand and the agency itself (Kenya, Sensitization Training Manual, 2004). It is an agreement between two parties that clearly specify their mutual performance obligations. Kumar (1994) defines performance contract as a Memorandum of Understanding (MOU). An MOU is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures and forces improvement of performance management by making the autonomy and accountability aspect clearer and more transparent. OECD (1999) defines

Performance Contracting as a range of management instruments used to define responsibility and expectations between parties to achieve mutually agree results. While Smith (1999) argues that a common definition of performance contracting can be found, there is a considerable variety of uses and forms for quasi-contractual arrangements. Performance contracting may be used as a management tool to help public sector executives and policy makers to define responsibilities and expectations between the contracting parties to achieve common mutually agreed goals.

Performance Contracts address economic, social or tasks that an agency has to discharge for economic performance of desired results. It is organized and defines tasks so that management can perform systematically, purposefully and with reasonable probability of accomplishment. It also assists in developing points of view, concepts and approaches for determining what should be done and how to go about it. Performance Contracts comprise of mutually agreed performance targets, review and evaluation of periodic performance (Shirley, 1998).

Mann (1995) advances the view that mechanism of performance contracting is among the multiple ways of improving efficiency of public enterprises. Malathy (1997) argues the adoption the Performance Contracts as an alternative public enterprise reform strategy where privatization may be less feasible due to political or technical reasons particularly those requiring sophisticated legal and regulatory structures or those that cannot be easily privatized for political reasons.

1.1.3 Service Delivery

A service is the intangible equivalent of an economic good. Otautahi (1996) states that services are mostly produced and consumed by people, therefore, to keep service reliability constant is a real challenge. Defining service quality and their component in a form that is actionable in the workplace is an important endeavour that an organization should not take lightly. Mitchell (2007) defines service quality as the degree and direction of discrepancy between customers' service perceptions and expectations. Thus if the perception is higher than expectation, then the service is said to be of high quality. Likewise, when expectation is higher than perception, the service is said to be of low quality. The two authors conducted an exploratory investigation to formally delineate service quality. Service quality can be decomposed into two major dimensions. The first dimension is concerned with what the service delivers and is referred to as outcome quality or technical quality. The second dimension is concerned with how the service is delivered, that is, the process that the customer went through to get to the outcome of the service. This is referred to this as process quality or functional quality.

Customers' expectations of public service are changing, with an increasing comparison to service delivery by the public sector. Citizens and businesses judge the quality of public service they receive with each contact and will compare the ease of access and the level of service offered by the private sector. Citizens only have confidence in governments that can provide them with essential services such as internal security and social services in education, health and amenities of life. A key determining factor of the confidence that people place in governments is the extent to which government services meet their own

requirements. Governments unable to meet basic expectations of the people often suffer crises of legitimacy (United Nations, 2007).

A key challenge of the government is to deliver a consistently high quality of service across all public sector bodies irrespective of the channel used. Different channels can be used to interact with citizens and businesses and to deliver services. A good channel strategy should provide accessibility to services and offer the flexibility that modern day customers have come to expect. Whilst recognizing that citizens have differing needs, certain services may be more suited to specific types of contact channels. There is a need therefore, to understand what the customer preferences are, what the different channels can offer and the cost of service delivery across each of these channels (Brown and Parker, 2000).

According to Edward and Bvuma (2001), services must be selected and managed with care to maintain credibility. No total quality initiative can succeed if fear is present. Total quality service culture conducive to continuous improvement is a starting point to continuous improvement or Kaizen according to Japanese culture. Positive ways are identified to acknowledge progress rather than negative ways to punish people for not achieving goals. Kessler advocates for quality champions in any quality improvement initiative. In addition to these champions, steering committees can be formed to monitor continuous quality improvement programs.

1.1.4 Ministry of Immigration and Registration of Persons

The Ministry of State for Immigration and Registration of Persons was created in February 2005 following the re-organization of Government through the Presidential Circular Number 1 of 2005. The Ministry draws its functions from the mandates of its five departments namely Immigration, National Registration Bureau (NRB), Civil Registration Department (CRD), Department of Refugee Affairs (DRA) and the newly created Department of Integrated Population Registration Systems (IPRS). Immigration department is the security arm of the Government as well as a service department, charged with responsibility of controlling entry and exit of persons seeking to live temporarily or permanently in Kenya. National Registration Bureau (NRB) was established in 1978 and enforces the registration of persons Act Cap. 107, Laws of Kenya, which provides for the compulsory registration and issuance of Identity Cards to all Kenyans who have attained the age of eighteen years and above. The Department of Refugee Affairs mandate is to ensure proper documentation, registration and protection of refugees and asylum seekers in the country in liaison with United Nations High Commissioner for Refugees (UNHCR) and other stakeholders. The Department of Integrated of Population Registration (IPRS) consists of a National Population Register (NRP) and foreigner's resident in Kenya and operates on the principle of providing unique identity in the form of an intelligent PIN and is working towards integrating its central database with all primary registration agencies.

The Ministry aims at being the global leader in population registration and immigration management thus enhancing national security and socio-economic development by maintaining a comprehensive population database, proper migration management and

timely registration and issuance of secure identification documents. At the Ministry of Immigration and Registration of Persons, Performance contracts are first signed between the President and the Minister. The contract is then signed between the Head of Civil service and the Permanent Secretaries then cascades down to the Heads of Departments and lower level employees. All employees are required to then develop work plan based on performance contract signed to ensure that targets are met. Every year, the performance contract is evaluated with a view of ascertaining whether the agreed performance benchmarks have been achieved. Significant improvements in service delivery and operations have been witnessed within the Ministry and in order to enhance and maintain a fair opportunity platform for both nationals and aliens in the country and protect vulnerable groups, Ministry of Immigration and Registration of Persons must adhere to the highest international best practices in population data management.

1.2 Statement of the Problem

The use of performance contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments (Rosen, 1992). A Performance Contract is an agreement between an employer and an employee that establishes the general goals for the organization, sets targets for measuring performance and provides incentives for achieving the targets. These kinds of contracts are now considered as an essential tool for enhancing responsibility and accountability in employment. The push factor for the introduction of performance contracting underlies in the assumption that institutions of performance measurements, clarification of corporate objectives, customer orientation and an

increased focus towards incremental productivity and cost reduction can lead to improvement in service delivery (Government of Kenya, 2003).

In this era of rapidly growing international trade and globalization, the Ministry of State for Immigration and Registration of Persons is committed to advancing the registration of citizens and aliens through a comprehensive coverage in all parts of the country. The Ministry is committed to timely, efficient and effective service and towards improving the ways in which services are delivered in line with improvement in technology and the changing needs of customers (Service Charter, 2006). What is important to take account of is that the launching of the reform efforts was necessitated by the need to address the declining performance of the Ministry. Performance contracts were introduced in Ministry so as to provide services that meet the evolving needs of nationals and foreigners. Performance contracts clarify the objectives of service and facilitates performance evaluation based on results rather than conformity with bureaucratic rules and regulation. Performance contracting is being applied as an instrument for restructuring as it specifies the objectives in terms of the desired results and service delivery. The last five years represent the best face of improved service delivery by the ministry to all its internal and external clients (Strategic plan, 2008).

Several related studies done on performance contracting show that there is improved performance. Korir (2005) studied the impact of performance contracting in state corporations; a case of East African Portland Cement. In his study, he found out that there is an improvement in firm's performance in the presence of Performance Contracts.

Choke (2006) studied the perceived link between strategic planning and performance contracting in Kenyan State Corporations and found out that most managers perceive Performance Contracting as management tool useful in achieving set targets. Wanjiru (2006) similarly studied Management's Perception of Performance Contracting in State Corporations and achieved the same results. Shiekh (2008) studied the impact of Performance Contracting on Operational Performance in the Banking Industry: A case of multinational banks in Kenya and concluded that there was an impact on performance on the multinational banks operations.

These cited studies shows that Performance Contracting has contributed to the overall performance of an organization. However, to the best of my knowledge, no study has been done on the perceived effectiveness of performance contracting on service delivery. The question that underlines the research problem was: How effective have Performance Contracts been towards improved service delivery at the Ministry of State for Immigration and Registration of Persons?

1.3 Objective of the Study

To establish the perceived effectiveness of performance contracts on service delivery at the Ministry of Immigration and Registration of Persons.

1.4 Value of the Study

This project will make a contribution to contemporary debates on performance contracting and inform a future research agenda in three ways: first, by providing a

synopsis of the performance contracting approach, the performance contracting and service delivery literature and its antecedents.

The present study will contribute to the body of knowledge in two ways: it will focus on the investigation of detailed aspects of performance contracting and its contributions to service delivery, and secondly it is a quantitative study that questions a number of employees about their understanding of performance contracting effectiveness in service delivery. Conducting a quantitative study in this context is important because while previous studies using qualitative techniques were very successful in revealing the main causes for the Theory/Practice Divide – qualitative methodology do not allow any statements about the proportion of employees believe performance contracting contributes positively to service delivery. The use of quantitative methodology enabled the drawing of conclusions about the extent of the effectiveness of performance contracting and service delivery. This study will also make a contribution to theories of service delivery on how performance contracting contributes to service delivery

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter details a review of literature on performance contracts. It thus goes ahead to role of performance contracts and service delivery. It will also discuss factors affecting service delivery and the challenges of performance contracts.

2.2 Performance contract

The definition of Performance Contracts itself has been a subject of considerable debate among the scholars and human resource practitioners. Performance Contracting is a branch of management science referred to as Management Control Systems. Different scholars have defined performance contracts differently. However, they seem to hold similar views on the contents of Performance Contracts. Performance contract is an agreement between two parties that clearly specifies their mutual performance obligations, intentions and responsibilities (Blasi, 1999). The increased interest in Performance Contracts coincides with demands for greater accountability. Neilis (1989) observes that Performance Contracts are negotiated agreements for both public and non public enterprise and the stakeholders in which the intentions, obligations and responsibilities of the two parties are freely negotiated and then clearly set out. Shirley (1998) advocates the view that the Performance Contracts seem to be a logical solution since similar contracts have been successful in the private sector. This has led to shifting them from ex-anticontrol to ex-post evaluation, thus giving managers the autonomy and the incentives to improve efficiency. Performance Contracts are now widely used in

developing countries where successful contracts have featured sensible targets, stronger incentives, longer terms, and managerial bonds but confined within competitive industries.

Studies by Gichira (2001) and Odadi (2002) focused on different contexts and themes about performance management. The dominant economic view of performance based contracting and firm performance essentially draws from the theory of agency costs. Such costs arise due to the separation of ownership and control in largely held firms. In a typical agency theory framework, the assumption is that there is a mismatch between the interests of the shareholders and that of management who run the firms on their behalf. The rationale for incentive contracts such as Performance Contracts is largely based on principal/agent theory (Ross 1991). The principal, in the case of private companies, the management officials can only observe outcomes and cannot measure accurately the effort expended by the agent, that is the employees, or distinguish the effects of effort from other factors affecting performance (Laffont and Tirole 1986, 1993). A negotiated incentive contract is viewed as a device to reveal information and motivate managers to exert effort. Ramamurti and Vernon (1991) argue that the contract can translate multiple objectives into targets measured by specified criteria and given weights to reflect priorities. By specifying targets and evaluating results ex post, Performance Contracting is seen by its advocates as a way to encourage management to reduce ex ante controls, giving managers more freedom and motivation to improve operating efficiency.

The fundamental principle of performance contracting is the development of management style where emphasis is management by outcome rather than management by processes.

It therefore provides a framework for changing behaviour in the context of devolved management structures. Governments view performance contracting as a useful vehicle for articulating clearer definitions of objectives and supporting new management monitoring and control methods, while at the same time leaving day-to-day management to the managers themselves. Performance Contracts originated from the perception that the performance of the Public Sector has been consistently falling below the expectations of the Public. Performance Contracting is part of broader Public sector reforms aimed at improving efficiency and effectiveness in the management of Public service. The problems that have inhibited the performance of government agencies are largely common and have been identified as excessive controls, multiplicity of principles, frequent political interference, poor management and outright mismanagement (RBM Guide, 2005). Performance Contracts include a range of management instruments used within the public sector to define responsibilities and expectations between parties and achieve mutually agreed results. It organizes and defines tasks so management can perform them systematically, purposefully and with reasonable probability of achievement. Performance Contracts are based on the premise that what gets measured gets done. If you cannot see and measure success, you cannot reward it, if you cannot recognize failure, you cannot correct it and if you can demonstrate results, you can win public support (Musa, 2001).

Performance based contracting has been identified by both the private and public sectors as an effective way of providing and acquiring quality goods and services within available budgetary resources. Whereas within a private sector profit orientation and

competitiveness have necessitated the introduction of Performance Contracts, the public sector has taken long to embrace the practice especially in the developing countries (NPR, 1997). Performance contracting has been widely used in the public sector as well as private sector in the developed countries such as New Zealand, USA, the Netherlands, and France among others with marked success. The experience in developing countries though, citing case studies in China, India, Morocco, South Africa, Cote D'Ivoire and Gambia among others, has shown mixed results (PBMSIG, 2002).

2.3 Role of Performance contracting and service delivery

In order to move the implementation forward, the Government developed and launched the Strategy for Performance Improvement in the Public Service in 2001. The Strategy sought to increase productivity and improve service delivery. It outlined the actions that were necessary to imbed long lasting and sustainable change in the way public services are offered. Underpinning this strategy was the Results Oriented Management (ROM) approach, which makes it necessary to adjust operations to respond to predetermined objectives, outputs and results. The adoption of this approach therefore demanded a paradigm shift in Government. This called for a transformation from a passive, inward looking bureaucracy to one which is pro-active, outward looking and results oriented; one that seeks customer satisfaction and value for money. Consequently the ministries'/departments were required to develop strategic plans which reflected their objectives derived from the 9th National Development Plan, the Poverty Reduction Strategy Paper and based on the Medium Term Expenditure Framework (MTEF), Sectorial Priorities and Millennium development Goals (PBMSIG, 2002).

2.3.1 Responsiveness of Staff to Service Provision

Responsiveness is associated with promptness and helpfulness. Weinstein and Johnson (1999) define responsiveness as willingness/readiness to provide service. According to Otautahi (1996), responsiveness is the second factor behind reliability in terms of importance. According to GOK (2008), research on service delivery by ministries indicates that more than two-thirds of those who went to seek services found out that employees were indifferent and unhelpful. They further observe that the failure to be responsive is the result of human resource policies. According to Kaufman (2002), in responsive organizations, training programs include active listening, creative problem solving and attitude building activities. Training programs need to be well structured and implemented.

An important aspect of service responsiveness is promptness of service, which brings time into the picture. Hogg and Gabbot (1998) state that, services as a product class is particularly time sensitive both in their production and consumption and can even be classified by time. They add that individuals may not have a choice about when to consume the service or how long it will take; therefore it will be difficult for a client to allocate time to the service. Considerable dissatisfaction with services can be traced to the unpredictability of the time taken to deliver a service. Services which promise fast cycle services and deliver slow service are at the greatest risk of time prompted dissatisfaction of wait time expectations.

2.3.2 Reliability of Service Delivery

The reliability dimension comprise of promises and “doing it right” sub-dimensions (Dabholkar *et al.*, 1999). In service, the dimension is associated with dependability and accurate performance. Weinstein and Johnson (1999) define reliability as dependable and accurate performance of promised service. Reliability of service is a very powerful element in any clients’ decision. According to Nitecki (2002), extensive research has concluded that clients rank reliability as the most important contributor of service quality and tangibles as the least important regardless of service industry. Clients often interact directly with only one or a few individuals who provide the service, but are simultaneously also interacting with the Ministry. Customers view individual service providers as if they are the organization, often blaming the provider for the inflexibility of the organization and for disappointing service outcomes (Bittner *et al.*, 1994). Creating bridges between the organization and the customer can cause role conflicts. Service providers look to the organization for support and systems for delivering on customer expectations (King, 1995). Customers who are satisfied with the service provided tend to be loyal to the organization. Moreover, customer knowledge and insight are essential to designing and providing reliable aspect of service offer (Schneider and Bowen, 1999).

Reliability needs to be designed into the service processes. According to Evans and Lindsay (1999), service has three basic components: physical facilities, processes and procedures; employee behaviors and employees professional judgment. Designing a service essentially involves determining an effective balance of these components. The goal is to provide a service whose elements are internally consistent and directed at meeting the needs of a specific target market segment.

2.4 Factors affecting service delivery

Factors that affect service delivery in organizations include organizational culture, leadership and management, resources and capacity, effective performance management and reward/sanctions systems.

2.4.1 Organizational culture

Culture is a set of assumptions that members of an organization share in common (shared beliefs and values). Organizational culture helps in nurturing and dissemination of core values. Implementation of PC will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). Weirich and Koontz (1993) look at culture as the general pattern of behaviour, shared beliefs and values that members have in common. Culture can be inferred from what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behaviour over time. This means organizational culture is fairly stable and does not change fast. It sets the tone for the company and establishes rules on how people should behave. The top managers create a climate for the organization and their values influence the direction of the firm. Therefore, for Performance Contracts implementation to be effective there should be a fit between the new changes and the firm's culture.

One of the main reasons for poor performance, low management morale and lack of management accountability in public enterprises is the tendency of politicians and ministries to treat enterprises as government departments in addition to requiring major decisions to be made outside the enterprise. Performance Contracts should include clear

statements of the powers and authority of the enterprise management to make decisions, and any limits or exceptions to this authority. In implementing Performance Contracts, it is necessary to have an inter-agency coordinating committee to ensure that all outstanding issues outside the control of a firm are resolved and that the demands on the public enterprise are properly coordinated. Enterprises should have specific ministry/agency to which they report to in order to avoid conflict that can arise with several “masters” to serve (Song, 1983).

2.4.2 Leadership and Management

Organizational structure on its own is not sufficient to ensure successful service delivery, effective leadership is required. Bateman and Zeithaml (1993) define a leader as one who influences others to attain goals. Leaders have a vision and they move people and organizations in directions they otherwise would not go. Bateman and Zeithaml (1993) state that effective managers are not necessarily true leaders, however the positions they occupy offer them an opportunity for leadership. The two authors go further to give a comparison between managers and leaders. Managers deal with day-to-day complexities of organizations while true leaders manage effectively and devote their attention to orchestrating change. Managers engage in planning and budgeting routines, structure organizations, staff it with capable people and monitor activities. Leaders on the other hand set the direction of organizations by creating a vision for it, inspire people to attain the vision and keep people focused on moving the organization towards its ideal future, motivate them to overcome whatever obstacles are in the way, make important decisions that may rock the boat but are humane, moral and right. They also foster innovation and attainment of long term goals. Leadership is therefore the process in which an individual

influences other group members towards the attainment of groups or organizational goal (Shackleton, 1995).

2.4.3 Resources and Capacity

According to Thompson et al (2007), effective implementation of Performance Contracts depends on competent personnel and effective internal organizational systems. No organization can hope to perform the activities required for successful service delivery without attracting, motivating and retaining talented managers and employees with suitable skills and intellectual capital. The task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets. Without a smart, capable result-oriented management team, the implementation process ends up being hampered by missed deadlines, misdirected or wasteful efforts. Building a capable organization is thus a priority in strategy execution.

High among organizational building priorities in the service delivery is the need to build and strengthen competitive valuable competencies and organizational capabilities. Training therefore becomes important when a company shifts to a strategy that requires different skills, competencies and capabilities.

2.4.4 Effective Performance Management

According to Cummings and Worley (2005), performance management is an integrated process of defining, assessing and reinforcing employee work behaviours and outcomes. Performance management includes practices and methods for goal setting, performance

appraisal, and reward systems which influence the performance of individuals and work groups. Wilson (2005) defines performance management as a systematic approach to improving individual and team performance in order to achieve organizational goals. It is a practice through which work is defined and achieved.

Performance appraisal is feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers. Most organisations have some kind of evaluation that is used for performance feedback, pay administration and in some case counselling and developing employees. Thus performance appraisal represents an important link between goal setting and process and reward systems. Managers should do three things well in the process of performance management. These are to define performance through goal setting, measures and assessment; facilitate performance by identifying obstacles to good performance and providing resources to accomplish objectives; and encourage performance by providing a sufficient number of rewards that people care about and doing so in timely and fairly manner (Cummings and Worley, 2005).

The level of success of a Performance Contract depends on the degree of participation in planning and on personal acceptance of the goals, indicators and targets set. Therefore effective implementation of Performance Contract is likely to be successful if it rests on meetings and consensus between the enterprise management and their government supervisors, rather than a top down imposition of plans and targets (Song, 1983). This also applies to the lower levels of the enterprise. Performance Contracts should be based on corporate plans as result of participative planning process that will gain more support

from managers. On the other hand if a corporate plan is drafted by an outside consultant or a small group at the top, it is not likely to achieve targets or commitment from employees in meeting the targets that have been set (Musa, 2001).

Goal/Target setting involves managers and subordinates jointly establishing and clarifying employee goals. It affects performance through influencing what people think and do by focusing their behaviour in the direction of the goals, energize behaviour, motivate people to put forth the effort to reach difficult goals that are accepted and clarifies duties and responsibilities. The first element of goal/target setting is establishing goals that are perceived as challenging but realistic and to which there is high level of commitment. It involves having employees participate in the goal setting process so as to increase motivation and performance. Participation also convinces employees that the targets are achievable and can increase their commitment to achieving them. Employee participation is likely to be effective if employee involved and will therefore support goal setting. Participation in goal setting is likely to be seen as legitimate, resulting in the desired commitment to challenging goals (Cummings and Worley, 2005).

Another element in the goal setting process involves specifying and clarifying the goals measurement. When given specific goals, workers perform higher because ambiguity is reduced than when they simply receive no guidance. Clarifying goal measurement requires that employees and supervisors negotiate resources necessary to achieve the goals such time, equipment, raw materials and access to information. If employees

cannot have appropriate resources, the targeted goal may have to be revised. The process of specifying and clarifying goals can be difficult if the business strategy is unclear, hence under such conditions, attempting to gain consensus on the measurement and importance of goals can lead to frustration and resistance to change.

2.4.5 Reward/Sanctions systems

The execution of Performance Contracts depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective Performance Contracts implementation (Shirley, 1983). According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance. To the extent that rewards are available, durable, timely, visible and performance contingent, they can reinforce and support organizational goals, work designs and employee involvement.

Reward system should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Financial incentives are important reward mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. Negative sanctions such as withholding of financial and intrinsic rewards for poor performance are necessary to encourage managers' efforts (Thompson and Strickland, 2007).

2.5 Challenges of Performance Contracting

Clearly defined standards regarding the quality, quantity and timeliness provide objective data in evaluating contract performance (PBMSIG, 2002). For all service contracts, contract managers can use performance contracting to improve program performance, identify programs that work and those that do not, direct resources to those models or contractors that produce the desired results, improve service quality by sharing best practices throughout the system and support contract management decisions. The effective implementation of performance contracting requires us to focus on the What the outcome or change that we are looking for as a result of this contract, how we can measure and evaluate if the result has been achieved; and, how we contractor performance affect our management decisions.

However, Performance Contracts has some challenges. First, effectiveness measures which examine whether the outcomes achieved were worthwhile and contained any long term benefit may be difficult to measure it objectively. In other words, effectiveness measures look at the extent to which the program yielded the desired outcomes. This is a great challenge to multinational banks in those monitoring costs for their subsidiaries (PBMSIG, 2002).

Another challenge of Performance Contracts is the failure to articulate precisely how the specific performance measure will be defined, calculated and reported during the contract duration. For example, if the output requires a number, the measure field should specify duplicated or unduplicated count and any other information necessary to ensure that all contracts are reporting the information in the same manner. If the outcome requires the

reporting of a percentage, the measure field should define both the numerator and denominator of the calculation (PBMSIG, 2002). Departments may establish performance goals for the duration of the contract or may identify goals on an annual basis (either by year of the contract or by fiscal year) and amend the contract based on experience, available funding, changes in target population or other variables. Departments have three options to consider when identifying goals: actual performance data, contract specific goals for groups of contracts or for each individual contract to account for unique client needs, geographic consideration, funding levels or other variables that impact on performance and organization wide goals for all employees (PBMSIG, 2002).

In some cases, it may be difficult to identify concrete outcomes or results for a service. For example, training and education services might be provided with the goal of disseminating information and modifying people's behavior, however, it may be difficult or impossible to track participants and determine whether the training helped people to think and act differently. In these cases, the development of or output measures such as the number of people served or the number of training sessions or outcome measures to evaluate the impact of the training effort such as pre/post test scores should be developed. If a department is unable to identify performance outcomes for a specific service type, a meeting with head of the section and other departments may be useful to stimulate new ideas and share best practices (PBMSIG, 2002).

In order for performance measures to be useful, it must be clear to everyone precisely what is being measured and how the measures are calculated. Achieving this degree of clarity between both the procuring department and the contractor is one of the most difficult and challenging aspects of performance contracting. Any ambiguities about what and how performance is being measured should be eliminated before the contract is executed. This will ensure that a contractor understands its responsibility and the data collected will be reliable. As an example, a performance measure may involve the attainment of employment. However, there are many opinions as to what constitutes a job. It is the responsibility of the department to define that term in a way that addresses some of those unique characteristics of a job, such as any requirements concerning the number of hours worked each week, qualifying wage, benefit requirements and job retention requirements that, without being defined, might lead to disagreement between the contractors and the department. If a performance measure requires delivery within a specific timeframe, it would be important to define working days or calendar days to avoid any confusion. It is also important to define how performance will be calculated if the measure includes percentages. For example, there must be common agreement on how the numerator and denominator will be calculated. If measuring an actual number, it is important to address an issue such as duplicated or unduplicated count (PBMSIG, 2002).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the research design, the target population, sampling design, data collection instruments and procedures, and the techniques for data analysis.

3.2 Research design

The research design for the study was a cross sectional survey of Ministry of Immigration and Registration of Persons employees based in Nairobi on the perceived effectiveness of performance contracts on service delivery in the ministry. The number of employees in the Ministry as per the current establishment stands at 6800 staff.

3.3 Population of the Study

The population of the study consisted of Ministry of Immigration and Registration of Persons employees based in its Headquarters. The employees based in the headquarters were selected because the majority of the Ministry's staff work within the city and its environs due to the level of work available unlike other entry points and district headquarters and were the representative sample. In addition, the staffs concerned with implementing and reviewing performance contracting are based at the headquarters and hence were better placed to give more objective opinion on the perceived effectiveness of performance contracting on the service delivery in the ministry.

3.4 Sample Design

A list of all employees was obtained from the central registry which constituted the sampling frame. The registers contain critical information pertaining to employee details

including trail of stations where they worked previously which were instrumental during sampling design. Stratified sampling technique was used and this entailed dividing the population into six strata, that is, the departments of within the Ministry. The method ensured that all strata were represented in the final sample, hence high level of representation. In addition, simple random sampling technique was used to sample the population in each stratum to select the final respondents.

Out of the total number of the targeted population units, the researcher identified a total of 64 respondents from the various strata that were sampled who comprised of senior management, middle level management/supervisory staff and subordinate staff. This sample size was deemed representative as it included members from across the population extremes. Table 3.0 below gives the sample distributions.

Table 3.1 Sample Size

Category	Total number in Nairobi	Sample size	% proportion
National Registration Bureau	100	10	10
Civil Registration	120	12	10
Immigration Department	200	20	10
Integrated Population Registration Systems	40	4	10
Refugees Department	30	3	10
Administration	150	15	10
Total	640	64	10

Source: Personnel department records Ministry of Immigration and registration of persons, 2010

3.5 Data Collection

The study used primary data. This was collected through self-administered questionnaires – drop and pick method. Structured questionnaire consisted of both open ended and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis respectively. The questionnaire sought to obtain information pertaining to general information of the respondent in each department, the effectiveness of performance contracting and service delivery. The respondents were expected to give an insight into the effectiveness of performance contracts on the service quality.

3.6 Data Analysis

The data was analyzed by the use of descriptive statistics to summarize and relate variables which were attained from the administered questionnaires. The data was classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables while tables and graphs were used for presentation of findings. This method of analysis is most desirable as it enabled the researcher to determine the effectiveness of performance contracting on the quality service in the ministry.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The data was gathered exclusively from a questionnaire as the research instrument that was designed in line with the objectives of the study. To enhance the quality of data obtained, Likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point scale. The data has been presented in quantitative and qualitative form followed by discussions of the data results. The chapter concludes with critical analysis of the findings.

The study targeted 64 respondents and results show that 52 out of 64 target respondents filled in and returned the questionnaire contributing to 81% response rate. This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This survey can therefore be said to be successful.

4.2 Respondents' demographic characteristics.

This section sought to establish the demographic characteristics, that is, the general description of the respondents. Characteristics such as the respondents' department, position held in the ministry, gender, age and length of service in the ministry were determined.

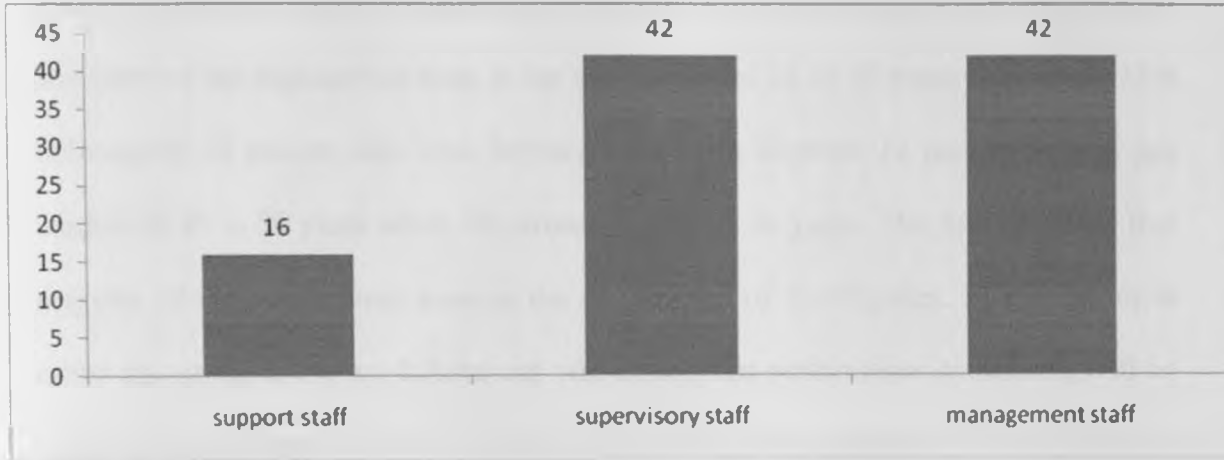
4.2.1 Department

The study inquired the departments in which the respondents worked. Majority of respondents were from the Immigration Department who were 16 followed by Administration Department who were 13 and Civil Registration Department with 9 respondents. 7 respondents came from the National Registration Bureau, 4 respondents from Integrated Population Registration Systems department and 3 respondents from Refugees Department. Majority of respondents were concentrated in three departments namely Immigration, Administration and National Registration Bureau. These departments are involved directly with serving customers thus have an understanding on performance contracting and how effective it has been on service delivery.

4.2.2 Position Held in the Ministry

This section aimed to establish the position held by the respondents within the ministry. Results revealed in the figure 4.1 below showed that most of the respondents' were supervisory and management staff comprising of 42 percent each while 16 percent were in support staff. This implies that the respondents are in a position to give informed information on how effective performance contracting has been on service delivery since they base their targets on the performance contract signed and also ensure that their targets are in line with the service charter.

Figure 4.1 Respondent's Position



Source: Survey Data, (2010)

4.2.3 Respondents Gender

Further, the study aimed at establishing the gender of the respondents. Results in table 4.2 revealed that most of the respondents were females comprising 54 percent while 46 percent were males. This is an interesting finding considering that the government is yet to observe the 70%-30% rule in the civil service. This shows that women have been given a chance in this ministry which is encouraging.

Table 4.1 Gender

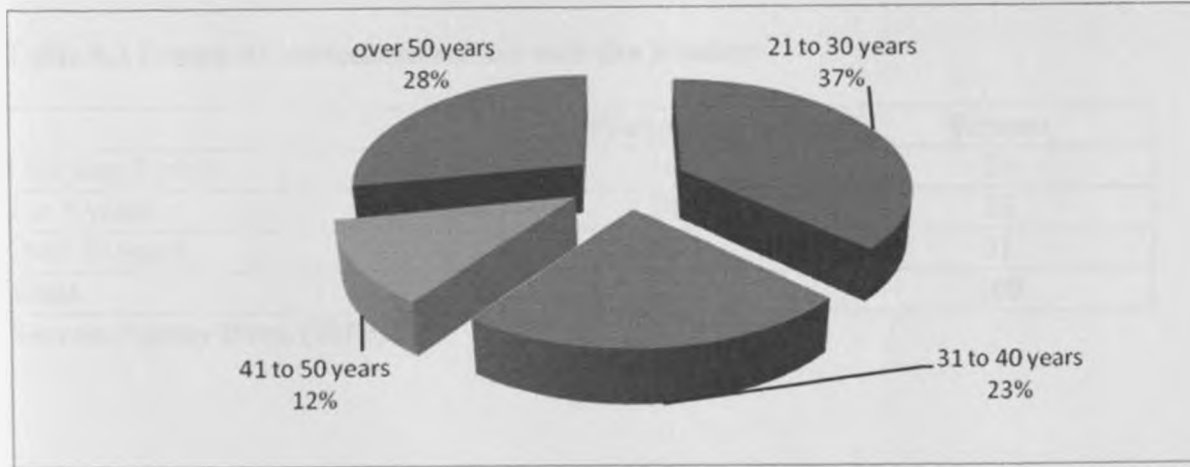
	Frequency	Percent
Male	24	46
Female	28	54
Total	52	100

Source: Survey Data, (2010)

4.2.4 Age bracket

The study further inquired on the age bracket of the respondents. It was important to establish which age group of respondents belonged. Results depicted in figure 4.2 showed that most of the respondents were in the age bracket of 21 to 30 years comprising 37% followed by 23 percent who were between ages 31 to 40 years. 12 percent were in age bracket of 41 to 50 years while 28 percent were over 50 years. The findings show that majority of the respondents were in the age bracket of 21-40 years. This is the most active age group in the work force and will ensure that performance contracting will be continually implemented over a period of time thus service delivery efficiency will be progressive.

Figure 4.2 Age bracket



Source: Survey Data, (2010)

4.2.5 Length of continuous service with the Ministry

This section aimed at establishing the length of continuous service of the employees with the Ministry of Immigration and Registration of Persons. Table 4.2 shows that majority of the respondent, that is, 38% have worked for a period of 2 to 5 years with 31 percent having worked for a period of less than two years and over 10 years respectively. From the findings, majority of respondents (69%) had served in the ministry for between 2 to 10 years. This shows that majority of respondents were aware of the changes performance contracting have had on service delivery and how effective it has been towards improving service delivery. 31 percent of the respondents have worked for over 10 years and have a wealth of experience in the civil service thus were valuable to the study in that they have witnessed the evolving changes within the Ministry over a long period of time.

Table 4.2 Length of continuous service with the Ministry

	Frequency	Percent
Less than 2 years	16	31
2 to 5 years	20	38
Over 10 years	16	31
Total	52	100

Source: Survey Data, (2010)

4.3 Perception on Performance Contracting

The study aimed to establish the extent to which the respondents agreed or disagreed with various statements about the ministry on performance contracting. A scale of 1-5 was used where 1 - Strongly agree, 2 – Agree, 3 – Neutral, 4 – Disagree 5 - Strongly disagree. The scores below 2 were rated as agree, those in the range of 3-4 rated as moderate and those above 4 rated as disagree. Data was presented in means and standard deviation.

Table 4.3 Perception on Performance Contracting

	N	Mean	Std. Deviation
The Ministry has a strategic plan as a guide in performance contract implementation	52	1.6538	.76401
Strategic planning is important for the Ministry	52	1.1538	.36432
The Ministry has performance contracts in place	52	1.8077	.71506
Individual targets are based on performance contract signed with the management	52	2.1346	.99072
There is a specific department/section that deals with performance contract	52	2.0962	1.08934
All employees have signed performance contracts in the Ministry	52	2.1538	1.21081
Performance Contracts have assisted in the improvement of service delivery	52	1.9615	1.10190
Performance review/appraisal is often carried out within the Ministry	52	2.1923	.90832
Feedback is often received on the Ministries' performance	52	2.3846	.82018
Ministry employees are trained on performance contract	52	2.7115	.95664
There is a policy guide on reward/sanctions for meeting performance contract targets	52	2.8846	1.02237
Performance contracts are important in the Ministry	52	1.6346	.84084

Source: Survey Data, (2010)

Results presented in the table 4.3 above showed that respondents agreed that; strategic planning was important for the ministry, shown by a mean of 1.153; performance contracts was important in the ministry as shown by a mean of 1.634; the ministry had a strategic plan as a guide in performance contract implementation shown by a mean of 1.653; that the ministry had performance contracts in place shown by a mean of 1.807; performance contracts had assisted in the improvement of service delivery with a mean of 1.961; and that there was a specific department/section that deals with performance contract shown by a mean of 2.096;

Respondents rated to a moderate extent that individual targets are based on performance contract signed with the management with a mean of 2.134; all employees have signed performance contracts in the Ministry shown by a mean score of 2.153; performance review/appraisal is often carried out within the Ministry shown by 2.192 and that; feedback was often received on the Ministries' performance shown by a mean of 2.384; that there was a policy guide on reward/sanctions for meeting performance contract targets shown by a mean of 2.88 and whether ministry employees were trained on performance contract shown by mean of 2.71.

From the finding, employees agreed that strategic planning was important for the ministry, the ministry had a strategic plan as a guide in performance contract implementation, the ministry had performance contracts in place and performance contracts had assisted in the improvement of service delivery. Respondents also agreed that there was a specific department/section that deals with performance contract, employees had signed performance contracts and individual targets are based on performance contract signed with the management, but there was failure to have a

feedback mechanism, employee training and lack of policy guide on meeting targets related to performance contracts thus it can be concluded that although the ministry has implemented performance contracting, it has yet to institute measures to ensure that the process is effective.

4.4 How Performance contracts have helped in the Ministry

Further, the study went ahead to inquire on the various ways in which performance contracts had helped the Ministry. Most respondents cited that performance contracting had led to improved service delivery, achievement of its mandate, seriousness in employee work, helped employee plan their time, gave staff direction in achieving the ministerial vision and that the employees were able to meet their targets. One respondent said, “Since the adoption of performance contracting, we have become more committed to our work than before since our output is measured”. This implies that civil servants have become more dedicated and devoted to their work thus service delivery improved more than in the era before the introduction of performance contracting.

4.5 Problems Performance contracts has solved

In addition, the study inquired on the various problems that performance contracts had solved. Most respondents cited that performance contracts led to faster delivery of services, increased efficiency, solved disunity among employees, reduced employee weakness, improved employee satisfaction, reduced wastage of resources, duplication of roles and duties and that the organization was able to meet its targets easily. From the words of one respondent “Performance contracts have enabled the ministry achieve its targets easily as compared to before the introduction of performance contracting”.

4.6 Service Delivery

In this section, the study aimed at establishing the extent to which the respondents agreed or disagreed with various statements about the ministry staff after signing the performance contract. A scale of 1-5 was where 1 represents Strongly agree, 2 – Agree, 3 – Neutral, 4 – Disagree 5 - Strongly disagree. Data was represented in means and standard deviation.

Table 4.4 Service Delivery

	N	Mean	Std. Deviation
Some staff are extremely indifferent	52	2.7500	1.38444
The ministry has well-intentioned and friendly staff	52	2.7308	1.03119
The staff are easily accessible when required	52	2.0192	.89641

Source: Survey Data, (2010)

Table 4.4 shows that most respondents agreed that the staff were easily accessible when required shown by a mean of 2.01. The ministry also has well intentioned and friendly staff show by a mean of 2.7 and that some of the staff were extremely indifferent shown by a mean of 2.750, were rated as neutral. The findings show that the ministry's employees are not indifferent, are easily accessible and are well intentioned and friendly which impacts positively on service delivery.

4.7 How the ministry improved service delivery to its customers

The study further inquired from the respondents on how the ministry had improved service delivery to its customers. Results depicted in the table 4.5 below shows that 66 percent of the respondents agreed that the ministry had met customer's expectations while 30 percent were of the feeling that the ministry had surpassed customer expectations in terms of service delivery. Only 4 percent cited that the ministry had fallen short of customer expectation. This finding positions the ministry as one that meets the

public expectations since a small percentage felt the Ministry had fallen below customers expectations but at the same time did not exceed the customer's expectations.

Table 4.5 How the ministry improved service delivery to its customers

	Frequency	Percentage
a) Far below customer expectation	0	0
b) Fall short of customer expectation	2	4%
c) Met customer expectation	34	66%
d) Surpassed customer expectation	16	30%

Source: Survey Data, (2010)

4.8 Extent to which various factors influenced performance contract implementation

The study went further to identify the extent various factors influenced performance contracts implementation. A scale of 1-5 was used where 5 - Very Great extent 4 - Great extent 3 - Moderate extent 2 - Small extent 1 - Not at all. The scores above 4 were rated as good, those in the range of 3-4 rated as moderate and those below 3 rated as poor. The results were presented in mean and standard deviation.

Table 4.6 Extent to which various factors influence performance contract**implementation**

	N	Mean	Std. Deviation
Vision and mission of the Ministry is communicated clearly and directly to all employees.	52	4.0192	.75382
A reporting structure has been put in place to facilitate communication of the objective of performance contract.	52	3.3077	1.24520
Managers and subordinates jointly establish and clarify organizational goals.	52	3.1154	1.33804
Specific, measurable, attainable, realistic and time bound goals are set	52	4.0385	.83927
Heads of Departments are involved in setting of targets/goals for the performance contract	52	4.0577	.99830
Other employees are involved in the setting of performance targets	52	3.1731	1.35359
Performance review/appraisal system has been developed for feedback and development of employees.	52	3.6346	1.13809
Special incentives have been set aside to be awarded to staff for good performance	52	2.2115	1.24202
Penalties/sanctions for not meeting targets are made known before implementation.	52	2.3077	1.33635
Lack of a reward policy affected implementation of performance contracts.	52	3.4038	1.54995
Training has been provided to all employees on all aspects of performance contract.	52	2.7308	.90997
Service delivery charter exists and is used to develop performance contracts	52	3.7885	.82454
Performance contracts are compliant with service delivery strategic plans	52	3.7885	1.16040
Top management openly supports and encourages the process of performance contract	52	3.6731	1.14996
A performance evaluation system to evaluate performance has been developed and communicated to all employees.	52	3.1538	1.14420
A monitoring and evaluation committee is in place to track progress on the implementation of Performance Contracts at the unit/section/division.	52	3.0962	1.12476

Source: Survey Data, (2010)

Study results depicted in table 4.6 shows that the respondents rated the following factors that influence implementation of performance contracts as very good; that Heads of Departments were involved in setting of targets/goals for the performance contract shown by a high mean of 4.05; that specific, measurable, attainable, realistic and time bound goals were set shown by a high mean of 4.03; and that the vision and mission of the Ministry was communicated clearly and directly to all employees shown by a high mean of 4.01. Further, respondents rated the following factors as moderate; that performance contracts are compliant with service delivery strategic plans with a mean of 3.788; that training has been provided to all employees on all aspects of performance contract with a mean of 3.788; that top management openly supports and encourages the process of performance contract with mean of 3.673 and that a performance review/appraisal system has been developed for feedback and development of employees with a mean of 3.634; that a reporting structure has been put in place to facilitate communication of the objective of performance contract with a mean of 3.307; that other employees were involved in the setting of performance targets with a mean of 3.173; that performance evaluation system to evaluate performance has been developed and communicated to all employees as was shown by means of 3.153; that managers and subordinates jointly establish and clarify organizational goals with a mean of 3.115; and that a monitoring and evaluation committee is in place to track progress on the implementation of Performance Contracts at the unit/section/division with a mean of 3.096.

Finally respondents rated the following factors as poor; that lack of a reward policy affected implementation of performance contracts with a mean of 2.73; that special

incentives had been set aside to be awarded to staff for good performance shown by a low mean of 2.211; that penalties/sanctions for not meeting targets were made known before implementation shown by a low mean of 2.307 and that service delivery charter exists and is used to develop performance contracts with a mean of 2.4343.

From the findings, respondents rated as very good that Heads of Departments were involved in setting of targets/goals for the performance contracts and also that the goals set were specific, measurable, attainable, realistic and time bound. This implies that goals/ targets set by the ministry were achievable. This also means that involving the heads of departments who are critical in the whole process of performance contracting was important as they will ensure that the targets set are not too difficult to achieve and the same time are challenging.

Further, respondents rated as moderate that performance contracts are compliant with service delivery strategic plans, that training has been provided to all employees on all aspects of performance contract, that top management openly supports and encourages the process of performance contract, that a performance review/appraisal system has been developed for feedback and development of employees, that a reporting structure has been put in place to facilitate communication of the objective of performance contract, that other employees were involved in the setting of performance targets, that performance evaluation system to evaluate performance has been developed and communicated to all employees, that managers and subordinates jointly establish and clarify organizational goals, that a monitoring and evaluation committee is in place to track progress on the implementation of Performance Contracts at the

unit/section/division. This implies that employees were satisfied with the systems and process of performance contracting.

Respondents rated poor that special incentives had not been set aside to award staff for good performance and that lack of a reward policy affected implementation of performance contracts. They also rated poor that penalties/sanctions for not meeting targets were made known before implementation and that service delivery charter exists and is used to develop performance contracts implying that even though employees strive to achieve targets set for them, there is need to reward them.

4.9 The various top management issues that affect service delivery in the ministry

The study went further to inquire on the various top management issues that affected service delivery in the ministry. A scale of 1-4 was used where 1 - Strongly agree, 2 – Agree, 3 – Neutral, 4 – Disagree 5 - Strongly disagree. Data was presented in means and standard deviation.

Table 4.7 The various top management issues that affect service delivery in the ministry

	N	Mean	Std. Deviation
Leadership/Management style been instrumental in the improvement of service delivery	52	1.7115	.87080
Plan in advance	52	1.8654	.97073
Independent of political interference	52	1.9038	.82271
Appointed and promoted on merit and experience	52	2.2885	.87080
Have integrity and Discipline	52	1.7692	.85441
Procure resources promptly	52	1.9615	.90665
Aware of ministry shortcomings	52	2.3462	.94733
Prompt in offering solutions	52	2.5000	.91823
Considerate of employee needs	52	2.6538	.76401
Put clients' needs first	52	2.0769	.88220

Source: Survey Data, (2010)

Results presented in table 4.7 showed that most respondents agreed that; Leadership/Management style as being instrumental in the improvement of service delivery and was a top management issue that affected service delivery in the ministry as was shown by a mean of 1.71; that top management had integrity and discipline shown by a mean score of 1.79; that the top management planned in advance shown by a mean of 1.8; that top management were independent of political interference with a mean of 1.903 and that top management procured resources promptly with a mean score of 1.961.

On the other hand, respondents disagreed that; top management put client needs first with a mean of 2.076; that top management appointed and promoted on merit and experience with a mean of 2.288; that top management was aware of the ministry's shortcomings shown by a mean of 2.346; that the management was prompt in offering solutions shown by a mean of 2.5 and that the top management was considerate of employee needs shown by a mean of 2.653.

From these findings, although respondents strongly agree that Leadership/Management style has been instrumental in the improvement of service delivery, they disagree that the management is considerate of employee needs and prompt in offering solutions. This finding is conflicting in that although the management is keen on improving service delivery to the public, they are unconcerned with employees needs and could have a negative impact on service delivery since employees feel unmotivated.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to establish the perceived effectiveness of performance contracting on service delivery. The chapter presents the summary of the study, conclusion and recommendations

5.2 Summary of Findings

Findings of the positions held in the ministry showed that management and supervisory staff were the majority. This implied that the respondents were in a position to give informed information on how effective performance contracting has been on service delivery since they base their targets on the performance contract signed and also ensure that their targets are in line with the service charter. The age bracket findings showed that the majority of the respondents are in most active age group in the work force and will ensure that performance contracting is continually implemented over a period of time thus service delivery efficiency will be progressive.

The length of continuous service of employee showed that the majority of respondents had served in the ministry for a period of between two to ten years which implies that the respondents were aware of the changes performance contracting has had on service delivery and how effective it has been towards improving service delivery. Those who have worked for over ten years have a wealth of experience in the civil service thus were

valuable to the study in that they have witnessed the evolving changes within the Ministry over a long period of time.

On the issue of performance contracting, the study revealed that most respondents strongly agreed that strategic planning and performance contracts were important for the ministry and that performance contracting had led to improved service delivery, achievement of its mandate, seriousness in employee work and that the employees were able to meet their targets. Respondents also agreed that there was a specific department/section that deals with performance contract, employees had signed performance contracts and individual targets are based on performance contract signed with the management, but there was failure to have a feedback mechanism, employee training and lack of policy guide on meeting targets related to performance contracts. Although the ministry has implemented performance contracting, it has yet to institute measures to ensure that the process is effective.

On the various ways in which performance contracts had helped the Ministry respondents cited that performance contracting had led to improved service delivery, achievement of its mandate, seriousness in employee work, helped employee plan their time, gave staff direction in achieving the ministerial vision and that the employees were able to meet their targets. In addition, the various problems that performance contracts had solved were faster delivery of services, increased efficiency, solved disunity among employees, reduced employee weakness, improved employee satisfaction, reduced wastage of resources, duplication of roles and duties and that the organization was able to meet its targets easily. On service delivery, the study found that most respondents agreed that the

employees were not indifferent, were easily accessible when required and that the ministry had well-intentioned and friendly staff which impacts positively on service delivery. Further inquiry on how the ministry had improved service delivery to its customers, revealed that most respondents agreed that the ministry had met customer's expectations while others were of the feeling that the ministry had surpassed customer expectations in terms of service delivery. A small percentage cited that the ministry had fallen short of customer expectation. This finding positions the ministry as one that meets the public expectations since a small percentage felt the Ministry had fallen below customers expectations but at the same time did not exceed the customer's expectations.

Respondents rated to a great extent that Heads of Departments were involved in setting of targets/goals for the performance contracts and also that the goals set were specific, measurable, attainable, realistic and time bound. This implies that goals/ targets set by the ministry were attainable. This also means that involving the heads of departments who are critical in the whole process of performance contracting, is important as they will ensure that the targets set were not too difficult to achieve and challenging the same time.

Further, respondents rated as moderate that performance contracts are compliant with service delivery strategic plans, that training has been provided to all employees on all aspects of performance contract, that top management openly supports and encourages the process of performance contract, that a performance review/appraisal system has been developed for feedback and development of employees, that a reporting structure has been put in place to facilitate communication of the objective of performance contract,

that other employees were involved in the setting of performance targets, that performance evaluation system to evaluate performance has been developed and communicated to all employees, that managers and subordinates jointly establish and clarify organizational goals, that a monitoring and evaluation committee is in place to track progress on the implementation of Performance Contracts at the unit/section/division. This implies that employees were satisfied with the systems and process of performance contracting.

On the various top management issues that affected service delivery in the ministry, most respondents strongly agreed that Leadership/Management style was instrumental in the improvement of service delivery in the ministry but disagree that the management is considerate of employee needs and prompt in offering solutions. This finding is conflicting in that although the management is keen on improving service delivery to the public, they are unconcerned with employees needs. This could have an impact on service delivery since employees feel unmotivated.

5.3 Conclusion

The study concludes that the employees at the Ministry of Immigration and Registration of Persons had undergone signing of performance contracts. In addition, the employees were aware of the effectiveness that performance contracts have had on service delivery. There is also a failure in having a feedback mechanism, lack of employee training and a policy guide on meeting targets related to performance contracts. It, therefore, can be concluded that although the ministry has implemented performance contracting, it has yet to institute measures to ensure that the process is effective. From the findings,

respondents rated poor that special incentives had not been set aside to be awarded to staff for good performance and also rated that Heads of Departments were involved in setting of targets/goals for the performance contracts that were specific, measurable, attainable, realistic and time bound implying that goals/ targets set by the ministry were achievable. Involving the heads of departments is critical in the process of performance contracting as they ensure that the targets set are to not too difficult to achieve and the same time are challenging.

From the study, although respondents strongly agree that Leadership/Management style has been instrumental in the improvement of service delivery, they disagree that the management is considerate of employee needs and prompt in offering solutions. This finding is conflicting in that although the management is keen on improving service delivery to the public, they are unconcerned with employees needs. This could have a negative impact on service delivery since employees feel unmotivated.

5.4 Limitations

Rigidity to information disclosure by the staff posed a great limitation. This challenge was handled through public relation and the use of letters of identification from the university to support the research that was done.

Due to time constraint, the study focused on only on the ministry headquarters. Collecting data from managers was hampered by their reluctance to respond to the questions effectively were busy and could not easily spare time for answering questions. They were however convinced to spare time during lunchtime or their tea break and

through booking of appointments during their specified time were done at their convenience.

It was difficult to access data because some respondents failed to give adequate information for fear of victimization by management and also some respondents misunderstood the questions. However the researcher assured them that the information was confidential and would be used only for research purposes.

5.5 Recommendations

The study recommends that for effective service delivery as a result of performance contracting, there is need for effective policies aimed at improving integrity and planning. Performance management should involve practices and methods for goal setting, performance appraisal, and reward systems that influence the performance of individuals and work groups. Further, the political leaders should respect the operational autonomy of the contracted ministry. Central units should be provided with strategic management and monitoring capacities in order to play their role. There should be regular overall evaluations and audits of benefits and drawbacks of the implemented contract in order to learn from these experiences.

In addition, the study established that respondents were neutral on whether there was a policy guide on reward/sanctions for meeting performance contract targets and whether the ministry employees were trained on performance contract. This calls for implementation and communication of relevant policies with employees and also ensuring that the employees are trained on policies. From the study it was clear that the ministry had no special incentives set aside to be awarded to staff for good performance and also lack of a reward policy affected implementation of performance contracts.

Employees need to be motivated and recognized for achieving targets set through incentives if service delivery is to improve which may lead to employees surpassing customer satisfaction. Further respondents said that penalties/sanctions for not meeting targets were not made known before implementation. This could lead to unnecessary victimization of employees who do not seem to be meeting their targets and therefore, there is need for this to be addressed. The ministry should ensure that all staff are fully aware of their individual targets which should be in line with the overall targets.

Respondents also disagreed that top management put client needs first, that top management appointed and promoted on merit and experience, that top management was aware of the ministry's shortcomings, that the management was prompt in offering solutions and that the top management was considerate of employee needs. There is need for the management to value its employees and clients as well as offering leadership at the ministry by providing direction.

5.6 Recommendation for further research

To further understand the implementation of Performance Contracting in Kenya, the study suggests areas of further research that may provide more insights on the successes and challenges and lessons learned such as:

Future research should focus on the role of monitoring and evaluation in the implementation of Performance Contracts in Kenya. Such investigations would reveal the strength of the secretariat in leading the implementation of Performance Contracts in all the ministries.

A comparative study to investigate the extent to which State Corporations and the Ministries are in implementing the Performance Contracts in Kenya. Comparing the

differences in the successes or failure in State corporation and Ministries would be an interesting area to explore to gain insights into factors that enhance or inhibit the implementation of Performance Contracts in Kenya.

Future research study focusing on a larger sample of public servants perceptions on the role of Performance Contracts in improving service delivery is needed. There is a relationship between perceptions and behavior.

Further research effort is needed to establish if Kenyan citizens perceive service delivery as having been improved since the implementation of Performance Contracts in Kenya. Results of such a study would confirm if the objectives of implementing Performance Contracts are being achieved in Kenya.

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APPENDICES

Appendix I: Letter of Introduction



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

MBA PROGRAM - LOWER KABETE CAMPUS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE: 15 SEPT 2010.....

TO WHOM IT MAY CONCERN

The bearer of this letter GERTRAUDE GAKENI GITASA.....

Registration No: DG1/171186/2008.....

is a Master of Business Administration (MBA) student of the University of Nairobi.

~~He/she is required to submit as part of his/her coursework assessment a~~ research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI

DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

Appendix II: Questionnaire

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

Section I: General Information

1) Department _____

2) Which of the following best describes your position?

Support Staff [] Supervisory Staff [] Management Staff []

Other (Please State) _____

3) Gender? (tick as appropriate)

a) Female () b) Male ()

4) What is your age bracket? (Tick as applicable)

Under 20 years [] 21 – 30 years [] 31 – 40 years [] 41 – 50 years []
Over 50 years []

5) Length of continuous service with the Ministry? (Tick as applicable)

Less than two years [] 2-5 years [] 6-10 years []
Over 10 years []

Section II: Performance Contracting

6) To what extent do you agree or disagree with the following statements about the ministry performance contracting? (1 - Strongly agree, 2 – Agree, 3 – Neutral, 4 – Disagree 5 - Strongly disagree).Select one

Statement	1	2	3	4	5
The Ministry have a strategic plan to guide in performance contract implementation					
Strategic planning is important for the Ministry					
The Ministry have performance contracts in place					
Individual targets are based on performance contract signed with the management					
There is a specific department/section that deals with performance contract					
All employees have signed performance contracts in the Ministry					

Leadership/Management style been instrumental in the improvement of service delivery					
Performance Contracts (PC) have assisted in the improvement of service delivery					
Performance review/appraisal is often carried out within the Ministry					
Feedback is often received on the Ministries' performance					
Ministry employees are trained on performance contract					
There is a policy guide on reward for meeting performance contract targets					
Performance contract are important in the Ministry					

8) How has Performance contract helped in the Ministry?

.....

.....

.....

9) What problems has Performance contract solved?

.....

.....

.....

.....

Section III: Service Delivery

10) To what extent do you agree or disagree with the following statements about the ministry staff after signing performance contract? (1 - Strongly agree, 2 – Agree, 3 – Neutral, 4 – Disagree 5 - Strongly disagree). Select one

Statement	1	2	3	4	5
Some staff are extremely indifferent					
The ministry has well-intentioned and friendly staff					
The staff are easily accessible when required					

11) According to your opinion, has the ministry improved service delivery to its customers?

- a) Far below customer expectation ()
- b) Fall short of customer expectation ()
- c) Met customer expectation ()
- d) Surpassed customer expectation ()

11) To what extent do the factors listed below influence performance contract implementation?

Rate them on the scales provided below. Responses are in a scale from 5 to 1 defined as below.

5 - Very Great extent 4 – Great extent 3 - Moderate extent 2 - Small extent

1 - Not at all

Statements		5	4	3	2	1
(i)	Vision and mission of the Ministry is communicated clearly and directly to all employees.					
(ii)	A reporting structure has been put in place to facilitate communication of the objective of performance contract.					
(iii)	Systems of communication have been set up to enhance feedback on performance.					
(iv)	Managers and subordinates jointly establish and clarify organizational goals.					
(v)	Specific, measurable, attainable, realistic and time bound goals are set.					
(vi)	HODs are involved in setting of targets/goals for the performance contract					
(vii)	Other employees are involved in the setting of performance targets.					
(viii)	Performance review/appraisal system has been developed for feedback and development of employees.					
(ix)	Special incentives have been set aside to be awarded to staff for good performance.					
(x)	Penalties/sanctions for not meeting targets are made known before implementation.					
(xi)	Lack of a reward policy affected implementation of performance contracts.					
(xii)	A reward/sanction policy is in place to guide achievement of performance targets.					
(xiii)	Resources to accomplish objectives and encourage performance have been provided.					
(xiv)	Training has been provided to all employees on all aspects of performance contract.					
(xv)	Service delivery strategic plans exist and are used to develop performance contracts.					
(xvi)	Performance contracts are compliant with service delivery strategic plans.					
(xvii)	A link has been established between performance contract and performance appraisal					
(xviii)	Top management openly supports and encourages the process of performance contract.					
(xix)	A performance evaluation system to evaluate performance has been					

Statements		5	4	3	2	1
	developed and communicated to all employees.					
xx)	A monitoring and evaluation committee is in place to track progress on the implementation of PC at the unit/section/division.					

4) According to your opinion, what top management issues affects service delivery in the ministry (kindly tick where appropriate) SA meaning strongly Agree, A – Agree, D – Disagree and SD – Strongly Disagree

Ministry Management	SA	A	D	SD
Best management style				
Plan in advance				
Independent of political interference				
Appointed and promoted on merit and experience				
Have integrity and Discipline				
Procure resources promptly				
Aware of ministry shortcomings				
Prompt in offering solutions				
Considerate of employee needs				
Put clients' needs first				