

**MANAGEMENT PERCEPTION OF THE INFLUENCE OF  
PERFORMANCE CONTRACTING ON SERVICE DELIVERY AT  
THE MINISTRY OF EDUCATION IN KENYA**

**BY  
JUDY MUTHONI NYAGA**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF  
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,  
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

**NOVEMBER, 2013**

## **DECLARATION**

This management research paper is my original work and to the best of my knowledge has not been presented for the award of any degree in any other University.

**Sign..... Date.....**

**Judy Muthoni Nyaga**

**Reg.No. D61/7937/2003**

This project has been submitted for examination with my approval as the University Supervisor.

**Sign..... Date.....**

**Dr. Vincent N. Machuki**

**Department of Business Administration**

**School of Business**

**University of Nairobi.**

## **DEDICATION**

I dedicate this research project to my daughter Chloe, my parents Mr. and Mrs. John Nyaga, my parent's in-law for their never-ending inspirations, prayers and encouragement throughout my academic period. May God bless you.

## **ACKNOWLEDGEMENT**

I am deeply indebted to all those people who influenced me to successfully complete this project.

Firstly to God Almighty, all praise and honour, for the good health, strength and enthusiasm to complete this project.

Special thanks to my supervisor Dr. Vincent N. Machuki, who through his critique and guidance made it possible for this project to be completed.

I also appreciate my husband Wellington Kyalo, for the financial support and encouragement throughout the academic period.

Last but not least, many thanks to all those who responded to the questionnaires and provided relevant information. Without your support, I would not have completed the project.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	ii
<b>DEDICATION</b> .....	iii
<b>ACKNOWLEDGEMENT</b> .....	iv
<b>ABSTRACT</b> .....	vii
<b>CHAPTER ONE: INTRODUCTION</b> .....	1
1.1 Background of the Study.....	1
1.1.1The Concept of Performance Contracting .....	3
1.1.2The Concept of Management Perception .....	4
1.1.3Quality Service Delivery .....	5
1.1.4Kenya’s Public Sector .....	6
1.1.5Kenya’s Ministry of Education.....	8
1.2The Research Problem .....	9
1.3Objectives of the Study .....	11
1.4Value of the Study .....	11
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	14
2.1 Introduction .....	14
2.2 Theoretical Underpinnings of the Study .....	14
2.3 Result Based Management and Strategic Management.....	16
2.4 Performance Contracting.....	18
2.5 Quality Service Delivery .....	20
2.6 Performance Contracting and Service Delivery .....	21

2.7 Management Perception of the influence of Performance Contracting on Service Delivery.....	22
2.8 Factors influencing Management Perception of the Influence of Performance Contracting on Service Delivery.....	23
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>25</b>
3.1 Introduction .....	25
3.2 Research Design .....	25
3.3 Target Population.....	25
3.4 Sampling Design.....	26
3.5 Data Collection .....	26
3.6 Data Analysis.....	27
<b>CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION .....</b>	<b>28</b>
4.1 Introduction .....	28
4.2 Respondents Demographics .....	28
4.3 Management Perception of the influence of Performance Contracting on Service Delivery at the Ministry of Education.....	30
4.4 Factors that Influence Management Perception towards Performance Contracting at the Ministry of Education.....	41
4.5 Challenges in Implementation of the Performance Contracts.....	48
4.6 Discussion of the Findings.....	48

<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>50</b>
5.1 Introduction .....	50
5.2 Summary of Findings .....	50
5.3 Conclusion .....	52
5.4 Recommendations for Policy and Practice .....	53
5.5 Limitations of the Study .....	54
5.6 Suggestions for Further Research .....	56
<b>REFERENCES .....</b>	<b>57</b>
Appendix I - Letter of Introduction .....	64
Appendix II- University Introduction Letter .....	65
Appendix III - Questionnaire .....	66

## ABSTRACT

Given the impact of performance contracting on the operation and effectiveness of public sectors in Kenya, it is essential that employees sign performance contracts. The purpose of this study was to determine the management perception of the influence of performance contracting on service delivery and to establish the factors that influence management perception towards performance contracting at the Ministry of Education. The study adopted a descriptive research design. Data was collected using a structured questionnaire from 38 respondents drawn from top level management at the Ministry, then analyzed using both descriptive and inferential statistics. Respondents were required to indicate how they perceive the influence of performance contracting on service delivery at the Ministry of Education by scoring on statements describing such a link that were presented in a 1-5 point likert scale. To determine the perceived link, the study adopted the use of perception indices as were used by Kweyu (1998) in a similar study that involved the measurement of perception. The findings of the study showed that performance contracting is perceived to have enhanced service delivery at the Ministry of Education to some level and, that there were certain limitations to successful implementation of performance contracting which have made the process to be poorly rated. The study concludes that managers don't perceive that performance contracting has a great effect on the improvement of quality service delivery at the Ministry of Education. The study further concludes that performance contracting is not signed by all employees at the Ministry of Education hence there is less efficiency. The study therefore recommends that for effective performance contracting on the improvement of quality service at the Ministry of Education, all employees need to be included in the signing of the performance contracts. Also, performance contracts should be linked to rewards and all employees should be trained on performance contracting since each employee will be held accountable at the end of each financial year. The study further recommends that the set targets be well communicated to all members of staff in the Ministry for effective implementation. Based on the limitations of the study, suggestions for further research relating to management perception of the influence of Performance contracting have been put forth.



# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

Many organizations have, in recent times, faced turbulent and rapid changing external conditions that are translated into complex, chaotic, multifaceted, fluid, and interlinked stream of initiatives affecting work and organizational design, resource allocation, and systems and procedures in a continuous attempt to improve performance (Huczynski and Buchanan, 2001). While all organizations have found it necessary to embrace strategic management to deal with such developments, a further response has been to embrace a results based management (RBM) approach in order to realize optimum performance. This approach calls for a major shift in focus where managers are expected to define expected results, focus attention on result achievement, measure performance regularly and objectively, learn from performance information, make adjustments and improve the efficiency and effectiveness of their programmes.

The integration of strategic management and results based management has necessitated the introduction of performance contracting as a mechanism to ensure effective implementation of strategies to realize desired performance. 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. Performance contracting also falls under the larger arm pit of performance management whose major focus is the establishment of a shared understanding about what is to be achieved, how it is to be achieved as well as an approach to managing people that increases the probability of

achieving success within an agreed framework of planned goals, standards and individual and team competence requirements (Armstrong and Baron, 1998).

While the introduction and implementation of performance contracting as way of enhancing quality service delivery, such an influence could be subjective, hence perceptual. Perceptual processes are potent determinants of behaviour. According to Messer and White (2006), managers and employees perceptions of fairness affect their likelihood to demonstrate organizational citizenship behaviours. In this case, perceived unfairness and ineffectiveness of the performance management system can result in counterproductive and sometimes detrimental behaviour from staff. The organizations and their systems and processes are susceptible to the power of human perceptions.

The government of Kenya through various reforms introduced performance contracts in the public sector in 2004 in state corporations which was intended to improve service delivery to the public. It was also intended to introduce into the public service a performance oriented culture that will facilitate the attainment of desired results through a shift in focus away from procedures and outputs management to outcome level results achievement (RBM Guide 2005). As part of government, the Ministry of Education is one of the ministries that embraced such reforms with the Permanent Secretary signing a performance contract with the head of public service. It is then cascaded to all the departmental heads who sign PCs with the accounting officer, the Principal Secretary. The PCs are anchored on the Ministry's strategic plan. Undertaking a study and documenting the perceived influence of performance contracting on quality service delivery in the ministry will go a long way in understanding the psychological context of performance contracting.

### **1.1.1 The Concept of Performance Contracting**

The Performance contracting system originated in France in the late 1960s. It was later developed with a great deal of elaboration in Pakistan and Korea and thereafter introduced to India Organisation for Economic Co-operation and Development (OECD, 1997). It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana and now Kenya. It is defined as a strategic and integrated approach to delivering sustained success to organizations through improving the performance of the people who work in the organizations and by developing their capabilities (Trivedi, 2004).

According to Kumar (1994), performance contract is defined as a Memorandum of Understanding (MOU). MOU is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures improvement of performance by making the autonomy and accountability aspect clearer and more transparent. While OECD (1999) defines performance contracts as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results; the Performance Contracts Steering Committee, Kenya (2005) sees performance contracting as a freely negotiated performance agreement between the government acting as the owner of a government agency and the agency itself. According to the committee, the contract specifies the intentions, obligations, responsibilities and powers of the parties in the contract and addresses economic, social and other tasks to be discharged for economic or other desired gain.

The Directorate of Personnel Management Training Manual (2005) asserts that a performance contract establishes goals for the agency, sets targets for measuring its

performance, and provides incentives for achieving the targets; also sets mechanisms for controlling the outcome rather than the process. The Government of Kenya (Legal Notice No.93, 2004) defines PC as a freely negotiated performance agreement between government, acting as the owner of the agency and the agency. It clearly specifies the intentions, obligations, responsibilities and powers of the parties. It addresses economic, social and other tasks to be discharged for economic or other desired gain. The fundamental principle of performance contracting is the devolved management style where emphasis is management by outcome rather than management by processes. It therefore provides a framework for changing behaviors in the context of devolved management structures.

### **1.1.2 The Concept of Management Perception**

Perception according to Kotler (1997) is the process through which people in choosing, organizing and interpreting information in order to form a meaningful picture of the world. According to Gibson (1996) is the process of a person's perception in understanding the environment that involves organizing and interpretation as stimuli in a psychological experience. Perception is an internal process that allows us to choose, organize, and interpret stimuli from our environment, and the process is affecting us (Mulyana, 2001). According to Robbins (1996) perception can also be interpreted as a process by which individuals organize and interpret their sensory impressions to give meaning to their environment.

Perception assist individuals in selecting, managing, storing, and interprets stimuli into a whole world picture and meaning. Because each person is giving their own meaning to the stimulus, the individual can differ in seeing the same thing in different ways. A manager can use perception to instantly recognize certain qualities and skills in their employees. Also,

perception may help them to figure out a person's motive or intentions toward their jobs. They can instantly recognize, when an employee becomes angry or disgruntled. Sometimes the managers can use perception to see certain qualities in a future employee. However, a manager should never base decisions on a perceived quality or intention. Since, they may be totally wrong and cost the company money or turn down hiring a loyal employee. Managers should remove their perception of someone and look harder, in order to see the truth about them. All employees have a work history, but sometimes their work history isn't completely accurate. Some managers will judge an employee based on intuition and perception, instead of seeing the real person. It is important to make a decision, based solely on the facts and create a solution that will solve the problem. Therefore filtering out information that is non-necessary for the task at hand (Howard, 2007).

### **1.1.3 Quality Service Delivery**

In order to understand the concept clearly, the meaning of the words service and delivery will be discussed. The Collins Paperback English Dictionary (1993) articulates the meaning of service in a number of ways, namely: an act of help or assistance, an organisation or system that provides something needed by the public: telescopic phone, availability for use by the public: the trams are no longer in service and lastly, a department of public employment and its employees: civil service. The same dictionary defines services as work performed in a job: your services are no longer required and a system of providing the public with something it needs, such as electricity or water. Practical general examples in the public service which are commonly known are health services such as Emergency Medical Services, compulsory free education, etc. It is the researcher's argument that for these services to be rendered, the performance of employees has to be properly managed.

Strengthening service delivery is a key strategy to achieve the Millennium Development Goals.

In relation to studies that consider performance contracting and service quality, three themes emerge: the variations and problems in measurement of quality, the lack of information about the reasons for perceived changes in quality, and the dearth of studies on quality when compared to economic efficiency (Domberger, 1998; Hodge, 1998; Rimmer, 1998). In their review of ten studies, Domberger and Rimmer (1994, p. 449) noted that many of the studies used incomplete and narrow measures of service quality, and that the review provided consensus that performance contracting enhance quality.

#### **1.1.4 Kenya's Public Sector**

According to Schultz (1998), the public service can be defined as a body of government officials employed in civil occupations that are neither political nor judicial. Well-ordered societies usually recruit and promote officials on the basis of a merit-and-seniority system, which may include examinations; elsewhere, corruption and patronage are more important factors. They often serve as neutral advisers to elected officials and political appointees. The officials though not responsible for making policy they are charged with its execution.

The current drive to improve management in governments through public service reform programs to increase efficiency, effectiveness and delivery of quality service to the public is common to many countries. Public administration moved away from being mere watchmen, to being the engine of the society and became the major provider of various services, including regulatory and distributive ones. Generally, all societies have some forms of

public service provisions for reasons of economics, risk, and moral responsibility. Governments, in many parts of the world, are structurally and constitutionally tied to the civil service, irrespective of the system of government (Olagboye, 2005).

In Kenya, a number of public service reforms have been initiated in the very recent aiming at placing citizen satisfaction at the heart of policy making and service delivery (GOK, 2007). Efforts under the Economic Recovery Strategy (ERS) of improving public service delivery by strengthening the link between planning, budgeting and implementation; improvement on performance management as well as strategic management have been cited as some of the recent public service improvement initiatives (GOK, 2007). Increasingly, the Kenyan Government through its path to the realization of the nations' development agenda as enshrined in the First Medium Term Plan (2008-2012) and Vision 2030 (GOK, 2007) realizes that an efficient, motivated and well trained public service is one of the major foundations pillar (GOK, 2007). The government has continued to intensify efforts to bring about attitudinal change in public service, service delivery orientation, skills inventory assessments, performance management, computerization of service delivery, as well as training and development (GOK, 2007).

The success of any organization largely depends on sound management practices (Njeri 2011). Following demand for service delivery over the years, organizational and management styles have had to change accordingly (ibid). One of the significant management reforms instituted by the Kenya government in recent times has been the introduction of performance contracts. All public sector managers are in charge of implementation of performance contract. Management is responsible for the proper

implementation of all contract specifications by contractor(s). They are involved in development of defining the scope of services, contractor qualifications and contract specifications. They are also involved in negotiations and ensure that all contract provisions are adhered to plus ensuring quality.

### **1.1.5 Kenya's Ministry of Education**

The Ministry of Education in Kenya is responsible for the provision and co-ordination of education, training, research, science and technology, facilitation, formulation of policy guidelines on education and implementation at all levels of learning (MOE 2008). The sector is divided into six directorates namely; Directorate of Basic Education; Directorate of Secondary and Tertiary Education; Directorate of Quality Assurance and Standards; Directorate of Adult and Continuing Education; Directorate of Policy, Planning and East Africa Affairs and Directorate of Field Services. These Directorates are supported by the various support units, which include: Accounts section, Finance division, Procurement, Central Planning Unit and the Administration department (ibid). In the Ministry of Education all the departmental and section heads sign performance contracts with the Principal Secretary (PS).

The mandate of Ministry of Education in Kenya is to promote maximum economy, effectiveness, efficiency, transparency, accountability and integrity in the supply chain system while contributing to quality education, training and research for empowerment of individuals nationally (<http://www.education.go.ke>). The Ministry welcomes the Performance Improvement Framework (PIF) as a serious attempt to assist government agencies to improve their performance. The developmental nature of the approach and the opportunity for structured reflective practice has the potential to enhance agency capability



(GOK 2005). The Ministry found the framework helpful in guiding its internal review. A link exists between performance contracts and strategic planning. Strategic planning is the process by which an enterprise develops a vision for the future and draws up goals, strategies and action plans for realizing the vision. Performance contracts are drawn from strategic plans which are based on strategies and targets. According to Jones & Hill (1997), implementation of strategy is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Incentives/sanctions systems, organizational structure, organizational culture, leadership, performance management and resources influence implementation of performance contracts.

Successful strategy implementation depends on a large part on how a firm is organized. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce & Robinson, 2007).

## **1.2 Research Problem**

Organizations of all types have, in the most recent times, found themselves grappling with the challenge of being efficient and effective in meeting their goals amid rising demands from various stakeholders. While adoption of strategic management has been entrenched in managing organizations, the need to deliver on their goals has necessitated adoption of results based management system. Such a system enhances performance management, which is a way of getting better results from the teams and individuals by understanding

and managing performance within the agreed framework of planned goals, standards and competence requirements. Performance contracting has become a central framework in new public management that is meant to attune management to a results oriented way of thinking. However, how management perceives this new performance management system is yet to be universally agreed upon.

Performance contracting has been touted as a key agent of change and is now being used as one of the public sector reforms to improve service delivery in Kenya state corporations and ministries in Kenya. The Ministry of Education has been one of the ministries where performance contracting has taken root. While all managers in the ministry have been subjected to performance contracting, a research to interrogate their perception in the influence of performance contracting on service delivery is worthy undertaking.

While studies on performance contracting have been done in Kenya (Choke, 2006; Langat, 2006; Korir, 2006; Kiboi, 2006; Njiru, 2007; Kitum 2010; Magu, 2011; Koskei, 2012 among others), those have focused on management perception (Kiboi, 2006; Magu, 2011; and Koskei, 2012) did not address the issue of perceived influence of performance contracting on service delivery. Kiboi (2006) focused on perception of management of performance contracting in state corporations; Magu (2011) laid focus on management perception of performance contracting in the ministry of Agriculture while Koskei studied management perception of performance contracting at the Kenya Rural Roads Authority. The other studies focused on the perceived link between strategic planning and performance contracting in Kenya state corporations (Choke, 2006), the factors necessary for the design of a good performance contract in state corporations (Langat, 2006), the impact of

performance contracting in state corporations with specific reference to East Africa Portland Cement Company (Korir, 2006), management of change in the implementation of performance contracting in state corporations in Kenya (Njiru, 2007) and challenges of implementing performance contracting (Kitum, 2010).

The studies above have availed substantial knowledge on performance contracting in various public sector organizations. However, their findings of the studies more especially the case studies would not be generalized to apply in different contexts. The studies also had different conceptual focus. There is thus a gap in knowledge since no known study has been done on the management's perception on influence of PC on service delivery in Kenya's Ministry of Education. What is the management perception of the influence of performance contracting on service delivery at the Ministry of Education?

### **1.3 Research Objectives**

The objectives of the study were:

- i To determine management's perception of the influence of performance contracting on service delivery at the Ministry of Education, Kenya.
- ii To establish the factors that influence management perception towards performance contracting at the Ministry of Education.

### **1.4 Value of the Study**

This study focused on management's perceptions towards performance contracting at the Ministry of Education. These perceptions and attitudes were theorized to be factors leading

to subsequent conscious and/or unconscious decisions and/or behaviors in response to the implementation of performance contract, which may significantly impact the implementation and firm performance. The discussion of the findings of the study led to a number of policy implications. Managers at the ministry have to create awareness that quality services, service delivery and cutting of costs do not only depend on employee motivation and behaviours, but also on organisational factors related to work systems. These problems should be anticipated and controlled in order to maintain a desired level of customer satisfaction for ministry services. Managers at the ministry have to continuously re-evaluate and try new methods of managing employees to manage performance better. These performance management practices require time to succeed and the institutions need to continually re-examine the system alignment, employee's satisfaction, tracking and monitoring effectiveness and modifying the system to accommodate the changing needs and demands.

Understanding manager's perception before, during, and after the implementation of performance contract may prove to be valuable to firms, managers, and consultants. The findings of this study informs policy makers in the government and development partners on appropriate policy that could be developed to enhance implementation of performance contract in the education bodies in Kenya. Example, performance contract should be linked to rewards which are defined in the policy guide on rewards. The Ministry of Education needs to put in place a policy guide on reward whereby employees who meet and exceed their performance targets are rewarded. Also, it is informative for consultants, as a way to improve the current change management practices in dealing with employees' perception towards performance contracting.

Based on the findings of this study, managers are able to develop a variety of tools for predicting reactions to change. It also provides a potential avenue for developing a range of change management strategies that may bring managers perceptions in alignment with those desired, thereby strengthening the degree to which they support organizational change. The study is useful in providing the foundation for developing new performance management systems.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the relevant literature on performance management. It includes a review of literature on Result Based Management and strategic management, concept of performance contract, service delivery and management perception of influence of performance contracting on service delivery.

### **2.2 Theoretical Underpinnings of the Study**

According to cognitive theories of psychology which focuses on internal states, such as motivation, problem solving, decision making, thinking and attention, people make sense out of the world around them. Based on the fact that perception is highly influenced by person's interests, beliefs, attitudes and other personal attributes that basically make us individual, it may be concluded that perception is highly subjective and selective (Runyon, 1977). Perception is a process of information extraction by which people select, organize and interpret sensory stimulation into meaningful and coherent picture of the world. (Berelson and Steiner, 1964 and Britt, 1978). We select our perceptions at one of two levels: low-level (perceptual vigilance) or high-level (perceptual defense) (Assael, 1985). This selection takes place after we receive stimuli and begin the next phase in information processing: registration. It is during the registration phase that we are utilizing past interpretations to help us select how to perceive the current stimuli (Travers, 1970). During this phase of information processing, we determine at which level the stimuli belong and, even more importantly, we determine if it belongs to us at all.

Evidence of low-level, or, vigilant perception, can be found in the way we respond to current activities going on around us in the present. This level is primarily concerned with physical safety and incorporates our senses to filter out what is not needed to achieve the task at hand. Thus, this bundle of stimuli is usually relegated to the box that Sherif and Cantril (1946) would call "selectivity of perception". High-level perception, or perceptual defense, is more withstanding and long-term and acts as the baseline for interpreting facts. This level is that at which we choose to perceive the world in which we live and relate it to our belief systems and ways of being. According to Sherif (1946) the field of perception concept is self-referencing.

It is at this level of selectively perceiving that we likely don't even realize we are, indeed, the ones doing the selecting. Over the course of time the meanings we've created become routinely imbedded in our general stock of knowledge. According to Burgoon and Miller (1981) once a certain response is evoked by a stimulus there is a great likelihood that, in the future, a similar stimulus will evoke a similar response.

According to Merleau-Ponty, (2002), in order to find a relationship between stimulus and perception we need to quantify perceptions. To quantify perceptions we need to know a little about numbers. There are four different types of number scales that can be used to measure perception, some providing more information than others. The simplest of scales is the nominal/categorical scale. With this scale, numbers are used only as labels, for example, the numbering of football players. A second scale is the ordinal scale. The ordinal scale is used to rank stimuli greater than or less than each other, for example, the rating of the pleasantness of odors. With this scale, the intervals between the assigned numbers are

meaningless. A third scale is the interval scale. The interval scale is concerned with equality of intervals/differences between assigned numbers. An example of an interval scale is temperature scales in Fahrenheit or Celsius. The final scale is the ratio scale, which too has meaningful intervals. The difference between this scale and the interval scale is that the ratio scale has an absolute zero, as is the case when measuring length or weight or density.

Managers may perceive that performance contracting is bringing controls at their work station. Control is a complex term and can be conceptualized as behavioral, cognitive or decisional (Bateson, 1985). Behavioral control means the ability to influence the process. Cognitive control means understanding and anticipating the process. Decisional control concerns the ability to set or change the objective or outcome in a particular situation. A person's belief that he/she has control, even in the absence of real control, will result in benefits similar to those associated with real control (Langer, 1975).

### **2.3 Results Based Management and Strategic Management**

Results Based Management is a participatory and team-based management approach designed to achieve defined results by improving planning, programming, management efficiency, effectiveness, accountability and transparency (CIDA, 2001). The government of Kenya introduced Results Based Management in public service to improve service delivery as a deliberate policy (GOK, 2004) to enable public service servants concentrate on results when delivering services to citizens. Its main focus was to help achieve Economic Recovery Strategy objectives. Each department and ministry through its staff was expected to come up with clear objectives in line with ERS targets and define the roles of each individual staff



member involved in service delivery. It encompasses elements such as target setting, performance monitoring and reporting, performance appraisals etc.

Managing performance is a continuous process in which organizations clarify the level of performance required to meet their strategic objectives, convert them into unit and individual objectives, and manage them continually in order to ensure, not only that they are being achieved but also that they remain relevant to and consistent with overall strategic objectives (Lockett, 1992). He also states that the essence of good performance management is managing the 'what', 'where', and 'when' but leaving the 'how' to the person doing the work. Through performance management, it is possible to link individual and organizational performance to strategic goals. This study shall consider performance management as articulated by Williams (2002). In other words, performance management includes both organizational and employee (individual) performance although, for the purposes of this study, more emphasis will be placed on organizational performance to determine the level of service delivery. It is the researcher's contention that individual performance is a foundation for organizational performance. Hence, for purposes of this investigation performance management will cover the two aspects invariably. The argument is derived from the fact that an organization cannot on its own, turn strategies into actions or deliverables. Strategic goals of an organization can only be achieved by involving individual employees and beyond that, manage their performance in order to realize the strategic intent of the organization.

The ultimate strategic goals of an organization especially in the public sector environment, is to deliver public services. It is on this basis that the relationship between performance

management and service delivery is apparent. Performance management as a practice involves planning in advance how well work will be done and how it will be managed. Spangenberg (1994) as quoted by Swanepoel et al (1998) states that performance management can be regarded as an ongoing process that involves the planning, managing, reviewing, rewarding and development of performance. Employee buy-in is important to maximize the organisation's achievements. Customer perspective considers the organisation's performance through the eyes of a customer, so that the organisation retains a careful focus on customer needs and satisfaction. The business perspective has two separate sets of measures; the outcomes or social/political impacts and the business processes needed for organisational efficiency and effectiveness. It is clear that one cannot measure organisational performance while overlooking on individual performance. The latter has a role in contributing towards organisational effectiveness. Employee's performance should be managed to get the best output possible, which should help in attaining the organisation's strategic objectives. This will then make it possible to recognise and reward excellent performance through performance appraisals.

#### **2.4 Performance Contracting**

A performance contract is a management tool for measuring performance that reduces quality of controls and enhances the quality of service. Performance contract establishes operational and management autonomy between government and public agencies. It measures performance and enables recognition and reward of good performance and sanctions bad performance. It is a freely negotiated performance agreement between the government, acting as the owner of a government agency, and the agency itself. The mutual performance contract outlines the tasks an agency has to discharge for the

achievement of desired results. Tasks are defined so that management can perform them systematically and with reasonable probability of accomplishment.

This helps to determine what should be done and how to go about it (Performance Contracting Steering Committee Kenya, 2005). Performance contracting has its origins in performance management which is a systematic process for improving organizational performance; by developing and maintaining the performance of individuals and teams. It is a means of getting better results from the organization teams, understanding and managing of performance within agreed framework of planned goals, standards and competence requirements (Armstrong, 2006).

Improving performance is fundamental to the continuous process of performance management. The aim of performance management is to maximize high performance which involves taking steps to deal with under performance. Poor performance may be as a result of inadequate leadership, bad management or defective systems of work. Poor performance is not necessarily the fault of employees in an organization but is attributed to the top leadership of the organization that has been unable to establish and develop a well-defined and unequivocal expectation for super performance. Drucker (2006) has also observed that an organization can be likened to a transmission that converts all activities into one drive, which is performance. He notes that, effective business management, results in effective business performance, which is regarded as a balance of a variety of needs and goals. Hence organizational performance may be explored based on the notion that the organization is an association of productive assets, including individuals who voluntarily come together to

obtain economic advantages. The owners of productive assets will make those assets available to an organization only if they are satisfied with the income they are receiving.

## **2.5 Quality Service Delivery**

The Collins Paperback English Dictionary (1993) articulates the meaning of service in a number of ways, namely: an act of help or assistance, an organisation or system that provides something needed by the public: telescopic phone, availability for use by the public: the trams are no longer in service and lastly, a department of public employment and its employees: civil service. The same dictionary defines services as work performed in a job: your services are no longer required and a system of providing the public with something it needs, such as electricity or water. Practical general examples in the public service which are commonly known are health services such as emergency medical services, compulsory free education, etc. It is the researcher's argument that for these services to be rendered, the performance of employees has to be properly managed.

Langdon (2000) describes outputs as synonymous with deliverables of performance. Furthermore, he contends that an output is the reason for the existence of a business or organisation. He further states that all outputs have consequences, the result of the output being that which is delivered. He explains that to produce output and consequence we need reason and resources, called inputs such as materials, ideas, knowledge and equipment. Both reason (and triggers) and resources are inputs because they are used to produce the output and achieve the consequence. First, we need the reason for doing the performance, which comes in the form of a request of some kind. For example, the business unit identifies a customer need. An order initiates a core process to deliver what the customer wants or a

work group receives its assignment to meet this need. A manager asks individuals to do their part to produce the output. These are all (internal or external) client requests or triggers to start the performance.

Service delivery as a public service management issue has taken centre stage as the country and its state organisations strive towards providing a better life for all. More emphasis is put on the quality of services delivered to the general public and other clients receiving any form of service from government organisations. Hussey (1999) contends that customer expectations continue to rise, requiring more attention to service and quality.

## **2.6 Performance Contracting and Service Delivery**

The Kenya government policy paper on performance contracting (2005) indicates that performance contracting belongs to a branch of management science, also referred to as management contract system and is a freely negotiated performance agreement between government acting as the owner of the corporation and the corporation itself. The concept that conclusively is noted as emanating from performance is the achievement of quantified objectives from which work is achieved. It means that both measurement of behaviors and results are factors that touch on organizational performance (Armstrong, 2006).

Perception is the process by which information is selected, organized and interpreted to produce messages and meanings, (Schiffan&Knuk, 1994). Perception is measured through satisfaction; therefore teachers needed adequate information to select from what is good and what is not favourable for them in the performance contract scheme. The positive

information may contribute formation of the teachers ideas on performance contracting, and hence form a positive image on performance contract.

Perception allows teachers contribute their own ideas on performance contract in the efforts of owning it and making it more suitable for them. Perception encourages the teachers to learn more with effort to understand the performance contracting scheme. They appreciate the benefit in the improvement of standards which is usually their main interest. A positive concept of performance contracting motivates teachers to work hard, towards meeting the set targets (Ngahu, 2009).

## **2.7 Management Perception of the influence of Performance Contracting on Service Delivery**

Perception being the process by which the individual organizes and interprets stimuli into a meaningful and coherent picture of the world around, it is of prime importance in determining the choice of performance contracting by an individual. The individual requires full information on performance contracting scheme, which allows deep understanding of the scheme. One analyses his self-image to gauge how well it suits him (Misumi, 2003). Individual selects, organizes and interprets the performance contract scheme, then compares it to the surrounding environment and one is able to accommodate or reject the performance contracting scheme. Perception is based on self-image; the perceiver has the tendency of using himself as a base for perceiving others. An individual analyses the performance contract to determine if it meets the needs and expectations.

Perceptions of managers, leaders and employees shape the climate and effectiveness of the working environment. Organizations use perception management in daily internal and external interactions as well as prior to major product/strategy introductions and following events of crisis. Life cycle models of organizational development suggest that the growth and ultimate survival of a firm is dependent on how effectively business leaders navigate crisis, or crisis-like, events through their life cycles Hargis, 2010. As suggested by a study by Leary (1996), organizational perception management involves actions that are designed and carried out by organizational spokespersons to influence audiences' perceptions of the organization. This definition is based on the understanding of four unique components of organizational perception management: perception of the organization; actions or tactics; organizational spokespersons; and organizational audiences.

Managers tend to have a similarly negative perception of how well performance management systems distribute rewards. By identifying how the management perceives the influence of performance contract, the ministry could put in place strategic of managing these perceptions.

## **2.8 Factors influencing Management Perception of the influence of Performance Contracting on Service Delivery**

Perception is based on self-image relevant to the individual. Internal factors in perception revolve around the characteristics of the perceiver. The perceiver has the tendency to use himself as bases for perceiving others. The internal factors that revolve include motives, expectations, needs, experiences, self-concept and personality. People perceive issues according to their expectations (Ngahu, 2009). External factors are centered on the

characteristics of the perceived objective. The knowledge of these characteristics such as appearance, contrast and intensity influences on perception. Unexpected and surprising stimuli are likely to get more attention as instinct requires one to give more attention as instinct requires one to give more attention to something unknown that may require action (Misumi, 2003).

A greater contrast or difference between the stimulus and its surrounding, as well as greater prominence such as greater size and center placement also tends to increase processing. Perception therefore influences the decision making generally and on the way it can affect antecedent's factors such as a reception and understanding of performance contracting communication to an individual. As suggested by studies, Leary (1996) and Elsbach (2004) organizational perception management involves actions that are designed and carried out by organizational spokespersons to influence audiences' perceptions of the organization. At Ministry of Education, staff perceives good quality service delivery results as good/bad performance depending on their expectations. These expectations are pre-conditionally set as the Ministry of Education objectives. A stimulus that contrasts sharply with expectations often receives more attention.

Managers tend to have a similarly negative perception of how well performance management systems distribute rewards. By identifying how the management perceives the influence of performance contract, the ministry could put in place strategies of managing these perceptions.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the methodology that was used in the collection of data pertinent in answering the research questions. Specifically, the issues discussed are the research design, the population, sample and sampling technique, data collection and data analysis.

### **3.2 Research Design**

The research design adopted in this research study was descriptive cross-sectional survey. This design was appropriate for the study because data was gathered from a cross-section of respondents at one point in time.

A research design is the plan for collecting and analyzing evidence that makes it possible for the investigations to answer whatever questions the researcher has posed (Flick, 2009). According to Gill and Johnson (2006) descriptive survey design is concerned primarily with addressing the particular characteristics of a specific population of subjects.

### **3.3 Target Population**

Sekaran (2003), states that population refers to the entire group of people or event of things of interest that the study wishes to investigate. The target population for this research was all the managers at the Ministry of Education Headquarters, as this study was designed to determine the management's perception of the influence of performance contracting on service delivery.

### 3.4 Sampling Design

Sampling involves selection of elements of a population to enable a researcher while doing research to make conclusions about the entire population. The samples were determined statistically. Ministry of Education was purposively selected. Thirty eight (38) persons in the management position in the Ministry of Education headquarter were included in this study. The table below shows the sample size from 10 Departments in the Ministry.

**Table 3.1: Sample size**

	<b>Category</b>	<b>Sample size</b>
1	Administrative Services	6
2	Directorate of Quality Assurance & Standards	5
3	Directorate of Secondary & Tertiary Education	5
4	Directorate of Basic Education	4
5	Directorate of Adult & Continuing Education	4
6	Directorate of Policy, Planning & East Africa Community	5
7	Directorate of Field & Other Services	3
8	School Audit Unit	3
9	Central Planning Unit	3
	<b>Total</b>	<b>38</b>

### 3.5 Data Collection

Primary data were used in this study. Data were collected using a structured questionnaire developed by the researcher on the basis of research objectives. The questionnaire was divided into two sections; the first section had questions designed to obtain general

information about the respondent in relation to the organization. The second section consisted of questions on management perception towards the influence of performance contracting on service delivery at the Ministry of Education, Kenya.

The “drop and pick” method was used in administering the questionnaires, short sessions for clarification were offered and telephone and physical follow-ups were also used where necessary. The researcher was able to administer all the 38 questionnaires intended for the study.

### **3.6 Data Analysis**

The questionnaires collected were checked and verified to ensure consistency, exhaustiveness and completeness of information expected. This was followed by coding the data according to ensure the margin of error is minimized to assure accuracy during analysis. Two statistical techniques were used in the analysis of the data; descriptive and inferential statistics. Descriptive statistics such as percentages, means and standard deviations were calculated mainly in the analysis of respondent’s demographics. Exploratory factor analysis was used to gauge whether the items used predicted underlying dimensions which were being assessed. A factor analysis facilitates the identification of measuring items that have a high correlation among themselves, referred to as factors. The items which comprise the factors help determine the structure of the construct being measured. Data was presented in form of tables to give a clear picture of the research findings at a glance.

## **CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND FINDINGS**

### **4.1 Introduction**

The objectives of the study were to determine management's perception of the influence of performance contracting on service delivery at the Ministry of Education, Kenya and to establish the factors that influence management perception towards performance contracting at the Ministry of Education. To achieve this objectives data were gathered using a structured questionnaire which was administered to the managers at the Ministry.

This chapter presents the analysis of the data, the interpretations and discussion of the findings in relation to the objectives of the study. A total of 38 questionnaires were administered to the manager's from various departments in the Ministry out of which 37 were filled and returned. This translates to a 97.3% response rate which was considered adequate for statistical analysis.

### **4.2 Respondents Demographics**

By gathering data, the study sought different demographics, Gender of respondents, age, level of education, respondents work experience and signing of performance contract. This were considered as important in order to give a description of those who participated in the study. The results are presented in Table 4.1

**Table 4.1: Respondents demographics**

			<b>Frequency</b>	<b>Percentage (%)</b>
1	Gender of respondents	Male	23	62.2
		Female	14	37.8
		<b>Total</b>	<b>37</b>	<b>100</b>
2	Level of Education	Postgraduate Diploma	2	5.4
		Bachelors degree	6	16.2
		Masters Degree	29	78.4
		<b>Total</b>	<b>37</b>	<b>100</b>
3	Age	Over 50 years	15	40.5
		41 – 50 years	18	48.6
		31 – 40 years	4	10.8
		<b>Total</b>	<b>37</b>	<b>100</b>
4	Respondents work experience	More than 4years	5	13.5
		3 – 4 years	9	24.3
		2 – 3 years	12	32.4
		Less than 2 years	11	29.7
		<b>Total</b>	<b>37</b>	<b>100</b>
5	Signing of performance contracts	Has signed	32	86.5
		Has not signed	5	13.5
		<b>Total</b>	<b>37</b>	<b>100</b>

According to the findings, 62.2% of the respondents indicated that they were male while 37.8% of the respondents indicated that they were female. With regard to the age distribution of the respondents majority here were between the age group of 41 – 50 years (48.6%) and 40.5% of the respondents were aged 50 and above years. 78.4% of the respondents were Masters Degree holders and therefore well educated. 32.4% of the

respondents indicated that they had served for 2.1-3 years, in their current positions and 29.7% of the respondents indicated that they had served in their current positions for less than 2 years. The findings also indicated that 86.5% of the respondents were involved in signing of performance contracts.

From the findings of the study, most managers in the ministry of education was male dominated and a few female in the top management positions. With regard to the level of education of the respondents, majority of the respondents have Masters Degree and therefore qualified to hold senior positions in the Ministry.

Most of the respondents holding senior positions were between the age of 41-50 years and over 50 years and they had served in their current positions for a period of between 2 and 3 years and so they were experienced in their positions. The findings of the study also revealed that majority of the respondents had knowledge in performance contracting as they were signing performance contracts with the respective offices.

#### **4.3 Management Perception of the Influence of Performance Contracting on Service Delivery at the Ministry of Education**

The first objective of this study was to determine management's perception of the influence of performance contracting on service delivery at the Ministry of Education. Service delivery is influenced by various factors key among them Performance Contracting. Respondents were presented with descriptive statements that indicated the influence of performance contracting on service delivery and were required to rate the statements using a 5- likert scale the extent to which they think performance contracting has influenced service delivery in the ministry of education. To achieve this objective, an exploratory factor

analysis was performed followed by descriptive statistics to generate frequencies, percentages, mean scores, standard deviations and perception indices. Factor analysis was used to find latent variables or factors among observed variables. In other words, if the data contains many variables, factor analysis is used to reduce the number of variables. Several rules are typically applied when addressing how many factors to extract.

To obtain a meaningful or interpretable grouping of the variables, the rules of eigenvalue greater than 1 were employed, percentage of variance extracted accounts for at least 5% of the common variance, and the screen test. Three factors were extracted. To obtain a simpler and theoretically meaningful factor pattern, an oblique rotation with PROMAX was applied. Here, a desired level of significant factor loadings should be specified to explain the factor rotation results. Various researchers have given different cut-off values for retention based on the value of factor loadings. Some used the cut-off value of 0.35 (Lederer, 1991), while others used the cut-off value of 0.50. In order to obtain meaningful factor rotation results, both cut-off values of 0.35 and 0.50 were selected to evaluate the factor patterns. The cut-off value of 0.35 obtains three additional variables for the fourth factor. Based on Hatcher's suggestion (Hatcher, 1994) that at least three variables with significant loadings should be included on each retained factor, a cut-off value of 0.35 was applied for this study.

The results provided 4.2, indicate that respondents perceived of performance contracting as a three-pronged variable. This means that respondents viewed performance contracting on service quality as consisting of a dimension related to quality of service on the one hand, staff participation and job specialization on the other. Seven (A1, A2, A6, A7, A8, A12, A13, A15, A16, A17, A19 and A20) of the ten items that were expected to measure ‘Management’s perception of the influence of Performance contracting on service delivery’

loaded onto factor one (1); termed **quality of service**. Two items (A3 and A4) loaded onto factor two (2) which is termed **staff participations** and the third one loaded in factor three (A5 and A10) termed as **job specialization**. The fact that items that were expected to measure stakeholder consultation loaded onto three different factors, with values greater than 0.2, demonstrates sufficient discriminate validity for further analysis.

**Table 4.2: Factor Loading: Management Perception of the Influence of Performance Contracting on Service Delivery**

	ITEMS	1	2	3
		Quality of service	Staff participation	Job specialization
A1	Performance contracting has led to effective prioritization of tasks and activities in the Ministry	0.545	-0.459	0.449
A2	Performance contracting has led to an improvement in office ambience in the Ministry	0.513	-0.046	0.36
A3	Performance contracting has improved your attitude towards work.	0.049	0.806	0.223
A4	Performance contracting has enhanced team spirit and harmony amongst employees in the Ministry.	0.461	0.587	0.226
A5	Performance contracting has led to job specialization among employees in the Ministry.	0.495	-0.054	0.475
A6	Performance contracting has led to value adding job rotation at the Ministry.	0.662	0.506	0.14
A7	Performance contracting has led to timely responsiveness in resolving complaints in the Ministry	0.608	0.066	-0.026



**Table 4.2 Continued**

	ITEMS	1	2	3
		Quality of service	Staff participation	Job specialization
A8	Performance contracting has reduced conflicts among employees in the various departments within the Ministry.	0.686	-0.018	-0.322
A9	Performance contracting has created awareness to the employees on the strategic direction of the Ministry.	0.481	-0.186	-0.379
A10	Performance contracting has encouraged a participatory approach to decision making in the Ministry.	0.481	0.009	0.534
A11	Performance contracting has enhanced accountability and transparency in the Ministry.	0.444	-0.281	-0.03
A12	Performance contracting has enhanced staff promotions based on performance.	0.723	0.318	-0.113
A13	Performance contracting has encouraged proactive tendencies among employees thus improving efficiency.	0.661	-0.063	0.24
A14	Performance contracting has led to low level of employee supervision at the Ministry	0.482	-0.051	0.409
A15	Performance contracting has emphasized competition among staff to meet their targets in the Ministry.	0.733	-0.041	0.068
A16	Performance contracting has encouraged strategic planning in the Ministry	0.641	-0.534	0.068
A17	Performance contracting has equipped staff with knowledge to cope with institutional issues in the Ministry.	0.522	0.395	-0.423
A18	Performance contracting has made it possible to link reward to good performance	0.707	0.327	-0.056

**Table 4.2 Continued**

		<b>1</b>	<b>2</b>	<b>3</b>
	<b>ITEMS</b>	<b>Quality of service</b>	<b>Staff participation</b>	<b>Job specialization</b>
A19	Performance contracting has enhanced a link between performance contract and performance appraisal	0.607	-0.455	0.018
A20	Performance contracting has led to clarity of roles and responsibilities in the Ministry.	0.616	-0.187	-0.489

Extraction Method: Principle Component Analysis.

Loadings of 0.5 and above were considered significant.

Table 4.2, above, indicates factor loadings in respect of management perceptions regarding Performance contracting on service delivery.

After the factor analysis, a reliability test was performed for the extracted factors. None of the three factors' alpha is lower than 0.5. Consequently, these factors provide a reliable and consistent measure of intended dimensions and no further elimination of variables appears necessary. To determine the perceived link, the study adopted the use of perception indices as were used by Kweyu (1998) in a similar study that involved the measurement of perception.

**Table 4.3 Management Perception Index of the Influence of Performance contracting on Service Delivery**

Descriptive Statistics	Response	Frequency	Percentage	Mean score	Std. Deviation	Perception index
Performance contracting has led to effective prioritization of tasks and activities in the Ministry	1 Strongly disagree	14	37.8	1.73	0.69	34.6%
	2 Disagree;	20	54.1			
	3 Neither agreed nor disagree	2	5.4			
	4 Agree	1	2.7			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has led to an improvement in office ambience in the Ministry	1 Strongly disagree	11	29.7	2.19	1.05	43.8%
	2 Disagree;	14	37.8			
	3 Neither agreed nor disagree	6	16.2			
	4 Agree	6	16.2			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has improved your attitude towards work.	1 Strongly disagree	7	18.9	2.11	0.74	42.2%
	2 Disagree;	20	54.1			
	3 Neither agreed nor disagree	9	24.3			
	4 Agree	1	2.7			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			

**Table 4.3 Continued**

Descriptive Statistics	Response	Frequency	Percentage	Mean score	Std. Deviation	Perception index
Performance contracting has enhanced team spirit and harmony amongst employees in the Ministry.	1 Strongly disagree	4	10.8	2.65	0.86	53.0%
	2 Disagree;	10	27.0			
	3 Neither agreed nor disagree	18	48.6			
	4 Agree	5	13.5			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has led to job specialization among employees in the Ministry.	1 Strongly disagree	4	10.8	2.73	0.93	54.6%
	2 Disagree;	10	27.0			
	3 Neither agreed nor disagree	15	40.5			
	4 Agree	8	21.6			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has led to value adding job rotation at the Ministry.	1 Strongly disagree	2	5.4	3.19	1.02	63.8%
	2 Disagree;	7	18.9			
	3 Neither agreed nor disagree	13	35.1			
	4 Agree	12	32.4			
	5 Strongly agree.	3	8.1			
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has led to timely responsiveness in resolving complaints in the Ministry	1 Strongly disagree	6	16.2	2.49	0.96	49.8%
	2 Disagree;	13	35.1			
	3 Neither agreed nor disagree	12	32.4			
	4 Agree	6	16.2			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			

**Table 4.3 Continued**

Descriptive Statistics	Response	Frequency	Percentage	Mean score	Std. Deviation	Perception index
Performance contracting has reduced conflicts among employees in the various departments within the Ministry.	1 Strongly disagree	3	8.1	2.62	0.95	52.4%
	2 Disagree;	17	45.9			
	3 Neither agreed nor disagree	8	21.6			
	4 Agree	9	24.3			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has created awareness to the employees on the strategic direction of the Ministry.	1 Strongly disagree	12	32.4	1.86	0.86	37.2%
	2 Disagree;	21	56.8			
	3 Neither agreed nor disagree	2	5.4			
	4 Agree	1	2.7			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has encouraged a participatory approach to decision making in the Ministry.	1 Strongly disagree	8	21.6	2.14	0.92	42.8%
	2 Disagree;	20	54.1			
	3 Neither agreed nor disagree	6	16.2			
	4 Agree	2	5.4			
	5 Strongly agree.	1	2.7			
	<b>TOTAL</b>		<b>37</b>			
Performance contracting has enhanced accountability and transparency in the Ministry.	1 Strongly disagree	4	10.8	2.30	0.88	46.0%
	2 Disagree;	23	62.2			
	3 Neither agreed nor disagree	6	16.2			
	4 Agree	3	8.1			
	5 Strongly agree.	1	2.7			
	<b>TOTAL</b>		<b>37</b>			

**Table 4.3 Continued**

Descriptive Statistics	Response	Frequency	Percentage	Mean score	Std. Deviation	Perception index
Performance contracting has enhanced staff promotions based on performance.	1 Strongly disagree	2	5.4	3.38	1.21	67.6%
	2 Disagree;	8	21.6			
	3 Neither agreed nor disagree	9	24.3			
	4 Agree	10	27.0			
	5 Strongly agree.	8	21.6			
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			
Performance contracting has encouraged proactive tendencies among employees thus improving efficiency.	1 Strongly disagree	2	5.4	2.68	0.82	53.6%
	2 Disagree;	14	37.8			
	3 Neither agreed nor disagree	15	40.5			
	4 Agree	6	16.2			
	5 Strongly agree.					
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			
Performance contracting has led to low level of employee supervision at the Ministry	1 Strongly disagree	1	2.7	2.84	0.87	56.8%
	2 Disagree;	14	37.8			
	3 Neither agreed nor disagree	12	32.4			
	4 Agree	10	27.0			
	5 Strongly agree.					
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			
Performance contracting has emphasized competition among staff to meet their targets in the Ministry.	1 Strongly disagree	6	16.2	2.59	1.17	51.8%
	2 Disagree;	15	40.5			
	3 Neither agreed nor disagree	6	16.2			
	4 Agree	8	21.6			
	5 Strongly agree.	2	5.4			
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			

**Table 4.3 Continued**

Descriptive Statistics	Response	Frequency	Percentage	Mean score	Std. Deviation	Perception index
Performance contracting has encouraged strategic planning in the Ministry	1 Strongly disagree	7	18.9	2.14	0.92	42.8%
	2 Disagree;	23	62.2			
	3 Neither agreed nor disagree	3	8.1			
	4 Agree	3	8.1			
	5 Strongly agree.	1	2.7			
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			
Performance contracting has equipped staff with knowledge to cope with institutional issues in the Ministry.	1 Strongly disagree	1	2.7	2.76	0.95	55.2%
	2 Disagree;	17	45.9			
	3 Neither agreed nor disagree	11	29.7			
	4 Agree	6	16.2			
	5 Strongly agree.	2	5.4			
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			
Performance contracting has made it possible to link reward to good performance	1 Strongly disagree	3	8.1	3.22	1.18	64.4%
	2 Disagree;	7	18.9			
	3 Neither agreed nor disagree	12	32.4			
	4 Agree	9	24.3			
	5 Strongly agree.	6	16.2			
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			
Performance contracting has enhanced a link between performance contract and performance appraisal	1 Strongly disagree	6	16.2	2.16	0.83	43.2%
	2 Disagree;	23	62.2			
	3 Neither agreed nor disagree	4	10.8			
	4 Agree	4	10.8			
	5 Strongly agree.					
	<b>TOTAL</b>	<b>37</b>	<b>100</b>			

**Table 4.3 Continued**

Descriptive Statistics	Response	Frequency	Percentage	Mean score	Std. Deviation	Perception index
Performance contracting has led to clarity of roles and responsibilities in the Ministry.	1 Strongly disagree	9	24.3	1.92	0.68	38.4%
	2 Disagree;	23	62.2			
	3 Neither agreed nor disagree	4	10.8			
	4 Agree	1	2.7			
	5 Strongly agree.					
	<b>TOTAL</b>		<b>37</b>			

According to the findings, the descriptive statistics shows that most of the statements describing performance contract had a perception index that was above 30.0%. This indicated that in general, there exists some link between service quality and performance contracting as was perceived by most of the respondents. The statements with perception indices of 50.0% was neutral, less than 50% had negative perception while more than 50% had positive perceptions toward the identified factors. The factors which were perceived positively includes; Performance contracting has enhanced team spirit and harmony amongst employees in the Ministry (53.0%), performance contracting has led to job specialization among employees in the Ministry (54.6%); performance contracting has led to value adding job rotation at the Ministry (63.8%); performance contracting has reduced conflicts among employees in the various departments within the Ministry (52.4%), performance contracting has enhanced staff promotions based on performance (67.6%); performance contracting has encouraged proactive tendencies among employees thus improving efficiency (53.6%); performance contracting has led to low level of employee supervision at the Ministry (56.8%); performance contracting has emphasized competition among staff to meet their



targets in the Ministry (51.8%); performance contracting has equipped staff with knowledge to cope with institutional issues in the Ministry (55.2%) and performance contracting has made it possible to link reward to good performance (64.4%).

From the findings of the study it can be noted that most manager's perception indices ranged between 51% and 60.8%. This finding shows majority of the respondents perceived that performance contracting has not fully improved service quality at the Ministry of Education with most indicators of service qualities measuring a mean of less than 1.7. It was also noted that less than 30.0% of the respondents perceived that performance contracting was important. This essentially meant that when targets are set and negotiated, staff endeavour to achieve the set goals thereby improving service delivery. Ultimately the purpose of performance contracting especially in an organization is to ensure improvement in results. In addition to the performance contract the government has introduced other policies and programmes to improve performance management. For example, prudent use of resources through enhanced accountability and transparency, and also value for money (VFM) to ensure that the allocated resources are put to good use. This is to make certain that education service providers for instance improve service delivery.

#### **4.4 Factors that Influence Management Perception of Performance Contracting**

The second objective of this study was to establish the factors that influence management perception towards performance contracting at the Ministry of Education. This section covers findings from the specific questions posed to the respondents to determine the extent to which some predetermined factors influence management perception towards performance contracting implementation at the ministry of education.

In this study, respondents perceived performance contract at the Ministry of Education as a single construct. Table 4.3 reveals that all the 16 statements aimed at measuring the factors that influence management perceptions loaded at factor 1. However, one of the factors was not considered for the study as it was less than 1. Measure of central tendency (mean) and a measure of variation (standard deviation) was used to analyze the data.

Table 4.3 indicates that the respondents viewed Performance Contracting conditions as a two-dimensional variable. This indicates that the respondents did not perceive of Performance Contract as a single construct. Six (B1, B2, B3, B4, B5, B6, B7, B8, B9, B10, B11, B12, B14 and B15) of the sixteen items that were expected to measure management perception toward performance contract loaded onto factor one (1); these items are termed current organizational structure. Three items (B13 and B16) loaded onto factor two (2), and these items are termed organizational culture. The fact that items that were expected to measure management perception toward performance contract loaded onto two different factors, with values greater than 0.2, demonstrates sufficient discriminant validity for further analysis.

**Table 4.4: Factor loading -Factors that Influence Management Perceptions towards Performance Contracting**

		<b>1</b>	<b>2</b>	<b>3</b>
		<b>Organizational structure</b>	<b>Organizational culture</b>	<b>N/A</b>
B1	The organizational norms in the Ministry	0.812	-0.036	0.213
B2	The organizational ethos in the Ministry	0.807	-0.198	0.060
B3	The strategic direction of the Ministry	0.740	0.023	-0.403
B4	Role definition and assignment in the Ministry	0.705	-0.065	-0.423
B5	The reporting relationships in the Ministry.	0.787	-0.371	-0.126
B6	The power structures in the Ministry	0.696	-0.279	-0.175
B7	The existing reward and sanction policy in the Ministry	0.638	-0.387	0.157
B8	The relationship between and among the various departments in the Ministry.	0.715	-0.343	0.207
B9	Mechanism of setting performance goals in the Ministry	0.705	-0.251	-0.188
B10	Communication and feedback mechanisms in the Ministry	0.841	0.022	-0.152
B11	Performance measurement mechanisms in the Ministry	0.792	0.437	-0.211
B12	The mechanisms of monitoring and evaluation in the Ministry	0.620	0.593	-0.187
B13	Past experiences in the Ministry	0.440	0.678	0.143
B14	The individual-organizational exchange relationship	0.695	0.081	0.516
B15	The organization climate for justice in the Ministry.	0.818	-0.122	0.445
B16	The programmed organizational routines in the Ministry.	0.607	0.635	0.177

Factor loadings of 0.5 and above were considered significant.

Table 4.4 indicates the factor loadings in respect of management perceptions regarding performance contracting.

Table 4.5 reveals that all the 16 statements aimed at measuring the factors that influence management perceptions loaded at factor 1. However, one of the factors was not considered for the study as it was less than 1. Measure of central tendency (mean) and a measure of variation (standard deviation) was used to analyze the data.

**Table 4.5: Factors that Influence Management Perception towards Performance**

**Contracting at the Ministry**

	Response	Frequency	Factor loading	Mean	Std. Deviation
The organizational norms in the Ministry	1 Not at all	6	0.812	2.595	0.956
	2 Small extent	9			
	3 Moderate extent	16			
	4 Great extent	6			
	5 Very great extent	-			
	<b>TOTAL</b>	<b>37</b>			
The organizational ethos in the Ministry	1 Not at all	5	0.807	2.784	0.976
	2 Small extent	7			
	3 Moderate extent	16			
	4 Great extent	9			
	5 Very great extent	-			
	<b>TOTAL</b>	<b>37</b>			
The strategic direction of the Ministry	1 Not at all	10	0.740	2.243	1.038
	2 Small extent	13			
	3 Moderate extent	10			
	4 Great extent	3			
	5 Very great extent	1			
	<b>TOTAL</b>	<b>37</b>			

**Table 4.5 Continued**

Role definition and assignment in the Ministry	1	Not at all	9	0.705	2.460	1.169
	2	Small extent	10			
	3	Moderate extent	13			
	4	Great extent	2			
	5	Very great extent	3			
	<b>TOTAL</b>					
The reporting relationships in the Ministry.	1	Not at all	6	0.787	2.622	1.089
	2	Small extent	12			
	3	Moderate extent	10			
	4	Great extent	8			
	5	Very great extent	1			
	<b>TOTAL</b>					
The power structures in the Ministry	1	Not at all	5	0.696	2.649	1.006
	2	Small extent	11			
	3	Moderate extent	14			
	4	Great extent	6			
	5	Very great extent	1			
	<b>TOTAL</b>					
The existing reward and sanction policy in the Ministry	1	Not at all	2	0.638	3.811	1.24360
	2	Small extent	3			
	3	Moderate extent	11			
	4	Great extent	5			
	5	Very great extent	16			
	<b>TOTAL</b>					
The relationship between and among the various departments in the Ministry.	1	Not at all	5	0.715	2.811	1.151
	2	Small extent	10			
	3	Moderate extent	12			
	4	Great extent	7			
	5	Very great extent	3			
	<b>TOTAL</b>					
Mechanism of setting performance goals in the Ministry	1	Not at all	4	0.705	2.757	1.140
	2	Small extent	13			
	3	Moderate extent	12			
	4	Great extent	4			
	5	Very great extent	4			
	<b>TOTAL</b>					

**Table 4.5 Continued**

	Response	Frequency	Factor loading	Mean	Std. Deviation
Communication and feedback mechanisms in the Ministry	1 Not at all	5	0.841	2.784	1.084
	2 Small extent	10			
	3 Moderate extent	11			
	4 Great extent	10			
	5 Very great extent	1			
	<b>TOTAL</b>	<b>37</b>			
Performance measurement mechanisms in the Ministry	1 Not at all	3	0.792	2.784	1.058
	2 Small extent	13			
	3 Moderate extent	13			
	4 Great extent	5			
	5 Very great extent	3			
	<b>TOTAL</b>	<b>37</b>			
The mechanisms of monitoring and evaluation in the Ministry	1 Not at all	4	0.620	2.622	0.953
	2 Small extent	13			
	3 Moderate extent	14			
	4 Great extent	5			
	5 Very great extent	1			
	<b>TOTAL</b>	<b>37</b>			
Past experiences in the Ministry	1 Not at all	7	0.440	2.487	1.170
	2 Small extent	14			
	3 Moderate extent	11			
	4 Great extent	1			
	5 Very great extent	4			
	<b>TOTAL</b>	<b>37</b>			
The individual-organizational exchange relationship	1 Not at all	4	0.695	2.676	1.002
	2 Small extent	12			
	3 Moderate extent	15			
	4 Great extent	4			
	5 Very great extent	2			
	<b>TOTAL</b>	<b>37</b>			
The organization climate for justice in the Ministry.	1 Not at all	4	0.818	3.081	1.164
	2 Small extent	7			
	3 Moderate extent	12			
	4 Great extent	10			
	5 Very great extent	4			
	<b>TOTAL</b>	<b>37</b>			

**Table 4.5 Continued**

The programmed organizational routines in the Ministry.	1	Not at all	6	0.607	2.460	1.016
	2	Small extent	15			
	3	Moderate extent	10			
	4	Great extent	5			
	5	Very great extent	1			
	<b>TOTAL</b>		<b>37</b>			

The findings in Table 4.3 above show that only two factors had a mean ranking of moderate extent. These two factors describe instances where the level of perceived influence is more and their high ratings (The existing reward and sanction policy in the Ministry had a mean of 3.8 and 3.1 for the organization climate for justice in the Ministry) indicate the factors that do affect management perception towards performance contracting implementation. However there was a high degree of variation among respondents, an indication that some factors do affect their perceptions towards influence of performance contract implementation. This is indicated by standard deviation of 2.2 and 2.8 for the strategic direction of the Ministry and the relationship between and among the various departments in the Ministry.

From the findings of the study it was noted that out of the 16 statements aimed at establishing the factors that influence management perceptions towards service delivery at the Ministry, 12 which represents 75.0% of items were found to pose positive perceptions ranging from 51% - 70% while 25% had negative perceptions. A majority of the respondents to a small extent agreed with the statements posed to them to establish the factors that influence management perception towards performance contracting at the ministry of education. It could also be noted that majority of the respondent's perception was not very

high as you would expect which is an indicative of poor implementation of performance contract at the ministry of education.

#### **4.5 Challenges in the Implementation of Performance Contracts**

Discussions with respondents revealed that some of the challenges they faced during the implementation of performance contracts. One of the challenges cited by respondents included inadequate consultation or lack of involvement when drafting and negotiating the annual performance contract targets. This was further emphasized by those who stated that there was lack of ownership of the targets amongst staff since they were not involved in the formulation of the targets in the performance contract. This might explain why some targets are never achieved. Limited resources in terms of working tools and finance amongst others also proved a challenge when meeting the set targets. Communication and especially feedback to the service areas was cited as difficult because they did not know how they had fared in meeting their targets. Bureaucratic procedures in the procurement of required goods and services caused delays or poor achievement in meeting agreed upon targets.

#### **4.6 Discussion**

Perception is measured through satisfaction. This study has established that majority of the manager's perceived influence of performance contracting to have contributed to improvement of service quality at a low extent. This is in agreement with a research by Armstrong, (2006) who stated that poor performance may be as a result of inadequate leadership, bad management or defective systems of work and that it may be not necessarily the fault of employees in an organization. Hussey (1999) contends that customer expectations continue to rise, requiring more attention to service and quality. This implies



that it is importance for the set quality of service to be reviewed regularly to fit the current need of the customers. Also the study has revealed that job specialization is major factor that influence managers perception. People perceive issues according to their expectations (Ngahu, 2009). At Ministry of Education, staff perceives good quality service delivery results as good/bad performance depending on their expectations. These expectations are pre-conditionally set as the Ministry of Education objectives. Based on the fact that perception is highly influenced by person's interests, beliefs, attitudes and other personal attributes that basically makes an individual, it's therefore concluded that perception is highly subjective and selective. Managers in the ministry of education are not yet fully aware that quality services, service delivery and cutting of costs do not only depend on employee motivation and behaviours, but also on organisational factors related to work systems and their perceptions toward work systems.

The findings of the study are also in agreement with a research by Korir, (2006) who stated that it is important to involve all the stakeholders at all the stages of performance contracting from setting of performance contract targets to implementation. Therefore, performance contracting should be regarded as a participative process between the employee and line managers (Heads departments) jointly setting goals and reviewing progress towards their achievement. The process would help to prioritise work and provide on-going feedback on progress made. This would also enable staff to see how their work has contributed to the achievement of clear outcomes and to the ministry.

# **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

## **5.1 Introduction**

The main focus of this study was to determine management perception of the influence of performance contracting on service delivery at the Ministry of Education, Kenya. The study has determined management's perception of the influence of performance contracting on service delivery and the factors that influence management perception towards performance contracting at the Ministry of Education.

This chapter discusses a summary of the findings, the recommendations for policy and practice, limitations of the study and suggestions for further research which can be adopted by educational institutions and other government agencies in improving quality service delivery through enhancing performance contracting system.

## **5.2 Summary of the Findings**

Data from the study revealed two key findings: that performance contracting is perceived to have enhanced service delivery at the Ministry of Education to some level; and, that there were certain limitations to successful implementation of performance contracting which has made the process to be poorly rated. The introduction of performance contracting in the Ministry has not fully enhanced service delivery. A few respondents confirmed that performance contracts had brought improvement in performance, accountability and transparency. The results obtained revealed that majority of the respondents perceived that performance contracting has not fully improved service quality at the ministry of education

with most indicators of service qualities measuring a mean of less than 1.7. It was also noted that less than half of the respondents perceived that performance contracting was important. 20.5% cited that performance contracting has made it possible to link reward to good performance and 2.7% of respondents perceived that performance contracting has led to effective prioritization of tasks and activities in the Ministry, has improved attitude towards work and has led to clarity of roles and responsibilities in the Ministry.

The organizational norms in the Ministry was cited by half of the respondents to have influenced their perception toward performance contract, 47.6% cited organizational ethos in the Ministry while 13.5% cited role definition and assignment in the Ministry. Further, 24.3% cited reporting relationships in the Ministry, 18.9% cited power structures in the Ministry, and 21.6% cited mechanism of setting performance goals, performance measurement mechanisms in the Ministry and, 29.7% communication and feedback mechanisms in the Ministry. About 16.2% cited mechanisms of monitoring and evaluation in the Ministry, individual-organizational exchange relationship and programmed organizational routines in the Ministry.

The limitations to successful implementation of performance contracting in the Ministry according to the study were: lack of clear understanding of the performance contracting process by staff; a pessimistic attitude towards performance contract by some members of staff; and lack of relevant training on performance contracting. In addition, lack of adequate financial resources, inadequate skilled personnel and lack of autonomy were cited by staff as being a hindrance to achievement of targets already set in the performance contract.

Quality of training and knowledge on performance contracting was a major challenge since some respondents had a problem with making quarterly and annual reports on their performance within a period of time. Even when a member of staff was on course in their engagement in line with their performance contract, they were not sure on the reporting aspect. This is an aspect that needs to be urgently addressed so that the implementation of performance contracting is aligned with set targets. In the end, this will improve on overall performance by the ministry.

The implementation of performance contracts must be to enhance performance. Modern positive change will involve maximizing growth with emphasis on technology and production. This adopts an open door policy and it is participatory. It is open to creative thinking, ideas, and challenges from life experiences, as well as emerging needs.

It is critical that performance contracting therefore involves regular feedback and constant monitoring and evaluation is undertaken so as to improve the ability of the staff to discharge their duties. In addition it is recommended that the organization link performance to rewards and sanctions. To further improve service delivery, it is suggested that the signing of performance contract cascade downwards so that all staff are involved in the process and will more readily accept and implement the set targets of the overall organisation.

### **5.3 Conclusion**

The study concludes that managers at the Ministry of Education don't perceive that performance contracting has a great effect on the improvement of quality service delivery.

The individual and the organisational performance at the Ministry of Education ought to be directed towards achieving the objectives set out in the performance contract.

The study further concludes that performance contracting is not signed by all employees at the Ministry of Education hence there is less efficiency. This has impacted performance contracts by less enhanced ability to discharge duties. Systematic assessment of user complaints and surveys of users are the major measures that affect performance contracting on the quality service at the Ministry of Education.

There are limitations to the success of performance contracting. Key among them are: attitude, resources and effective communication in an organization. Quality of training and knowledge on performance contracting is important to ensure harmony of purpose.

#### **5.4 Recommendations for Policy and Practice**

The following recommendations are given to both the policy makers and researchers;

Recommendations on signing of performance contract by all employees: The study recommends that for effective performance contracting on the improvement of quality service at the Ministry of Education, all employees need to be included in the signing of performance contract.

Recommendations on policy on reward: Performance contract should be linked to rewards which are defined in the policy guide on rewards. There is an urgent need for the ministry of education to put in place a policy guide on reward. Once the policy is in place, employees

who meet and exceed their performance targets should be rewarded.

The study also recommends that, for effective performance contracts, consistency and creativity need to be embraced. This will also minimize public waste. This can be achieved through improved service delivery, job satisfaction and reduced corruption.

The study also recommends that the Ministry of Education, Kenya should increase performance to enable realization of sustainable economic growth by introducing inter-administrative comparison circles at the ministry's local administrative level, integrating the action plans of the departments through performance contracts.

Training of all employees on performance contract: In view of the findings, the study also recommends that all employees be trained on performance contracting since each employee will be held accountable at the end of each financial year.

Targets setting: It also recommends that target setting for performance contracting should be discussed and agreed upon by the concerned employees and the immediate supervisor as opposed to the current practice where Heads of Departments set targets. This will create ownership of the targets by the employees, hence higher achievement of individual and organizational goals.

### **5.5 Limitations of the Study**

The researcher encountered various limitations that were likely to hinder access to information sought by the study. The researcher encountered immense problems with some respondents'

unwillingness to complete the questionnaires promptly with some of them keeping the questionnaires for too long thus delaying the process of data analysis.

There was difficulty in accessing the senior ministry officials. Most of the senior officers at the ministry of education have very busy schedules making it difficult to reach them. Due to exigencies of duty some were absent in their offices attending to other issues such as workshops or even field work at county level. Callbacks were used to collect data in instances where the respondents were absent during the first visit.

The respondents' view could also be biased and ambiguous. Getting information from some of the respondents was difficult since some felt that the information being sought for was very confidential. They were reluctant in giving information fearing that the information they give might be used to intimidate them or even paint a negative image about the ministry. However, the researcher handled the problem by carrying an introduction letter from the University and assured the respondents that the information they gave was to be treated with confidentiality and it was to be used purely for academic purpose.

The research was conducted at the Ministry of Education head office and the findings are related to particular area and time only. Also, the given time span for study was less to cover the whole area of the study effectively. Thus, not all aspects of performance contracting could be considered in this study. Therefore there are many areas on which the project can be further worked upon.

## **5.6 Suggestions for Further Research**

The research data has given an insight in the field of management perception of the influence of performance contracting on service delivery at the Ministry of Education, but still further research is required since there are more interesting findings that can be made with future research.

To this end therefore, a further study should be carried out to establish the management perception of the influence of performance contracting on service delivery in other government institutions in Kenya.

Further a comparative study on management perception of the influence of performance contracting on service delivery between government institutions in Kenya and the private sector should be carried out.

Replication of this study should be done five or ten years from now.



## REFERENCES

- Armstrong, M., & Baron, A. (1998). *Performance Management: The New Realities*. London: Chartered Institute of Personnel and Development.
- Armstrong, M. (2000). *Performance Management: Key Strategies and Practical Guidelines* (2nd ed.). London: Clays limited.
- Armstrong, M. & Baron, A. (2005). *Managing Performance: Performance Management in Action*. London: Chartered Institute of Personnel and Development.
- Assael, H. (1985). *Consumer Behavior & Marketing Action* (5th ed.). London: PWS-Kent Publishing Company.
- Bateson, J.E.G. (1985) *Perceived Control and the Service Encounter*. Lexington, M.A: Heath.
- Berelson, B. & Steiner, G.A. (1964). *Human Behaviour: An Inventory of Scientific Findings*. New York: Harcourt, Brace & World.
- Burgoon, J.K., Burgoon, M., Miller, G.R., & Sunnafrank, M. (1981). Learning theory approaches to persuasion. *Human Communication Research*, 7, 161-179.
- Choke, C. (2006). *Perceived link between Strategic Planning and Performance Contract in*

*Kenyan State Corporations*(Unpublished MBA Research Project). School of Business,  
University of Nairobi, Kenya.

Domberger, S. (1994).Public sector contracting: does it work? *The Australian Economic Review*, 3, 91-96.

Domberger, S. (1998).*The Contracting Organization*. New York: NY, Oxford University Press.

Drucker, P. (1992), "The new society of organisations", *Harvard Business Review*, 70 (5), 95-104.

Flick, U. (2009). *An Introduction to Qualitative Research*. London: Sage.

Gibson, J.L., Ivancevich, J.M., & James, H.D Jr.(1996).*Organizational Behavior Structure, Process*. (9thed.). Chicago: Irwin.

Government ofKenya. (2005).*Contracting Public Sector Services: A Meta-Analytic Perspective of the International Evidence*.Retrieved from [http://www.psrpc.go.ke/index.php?option=com\\_content&view=article&id=86:what-is-a-performancecontract&catid=103: introduction](http://www.psrpc.go.ke/index.php?option=com_content&view=article&id=86:what-is-a-performancecontract&catid=103: introduction).

Governmentof Kenya. (2001). *A Strategy for Performance Improvement inthe Public Service*. Nairobi: Government Printer.

Government of Kenya. (2007). *Review of Performance Contracting in the Public Sector*. Nairobi: Government Printer.

Hall, C. & Rimmer, S.J., (1994). Performance monitoring and public sector contracting. *Public Administration Journal*, 53(4), 53-61.

Hill, F. (1995). Managing service quality in higher education: The role of the student as primary consumer. *Quality Assurance in Education*, 3(3), 10-21.

Howard, F. (1997). Keeping the best employees in the 90's. *Property Management Journal*, 62(3), 20-25.

Huczynski, A. & Buchanan, D. (2001) *Organizational Behaviour: An introductory Text*. Harlow, London: Pearson Education.

Hussey, D.E. (1999). *Strategy and Planning. A Manager's Guide*. Chichester, England: John Wiley & Sons Ltd.

India Organization for Economic Co-operation & Development, (1994). Performance management in government: Performance and results oriented management. *Occasional Paper No. 3*, Paris.

Kiboi, W. (2006). *Management Perception of Performance Contracting in State Corporations* (Unpublished MBA project). School of Business, University of Nairobi,

Kenya.

Kitum, W.K. (2010). *Management Perception of Performance Contracting in the University of Nairobi*(Unpublished MBA project). School of Business, University of Nairobi, Kenya.

Korir, P.K. (2005). *The Impact of Performance Contracting in State Corporations*. The case of East African Portland Cement (Unpublished MBA project).School of Business, University of Nairobi, Kenya.

Kotler, P. (1997). *Principles of Marketing*.Engelwood Cliffs:Prentice-Hall, Inc.

Kumar, R. (1994). *Research Methodology. A Step-by-Step Guide for Beginners*. London: Sage Publication Ltd.

Langat,K. S. (2006). *Factors Necessary for the Design of Good Performance Contracts for State Corporations in Kenya*(Unpublished MBA project).School of Business, University of Nairobi, Kenya.

Langdon, D.G. (2000). *Aligning Performance: Improving People, Systems, and Organizations*. San Francisco, Calif: Jossey-Bass Pfeife.

Lockett, J. (1992). *Effective Performance Management: A Strategic Guide to Getting the Best from People*. London: Kogan Page.

Mapelu, J. (2005, July 13) Contracts to Fire up Slate Corporations. *The Daily Nation*, pp.9.

Merleau-Ponty, M. (2002). *Phenomenology of Perception*. London: Routledge.

Messer, B.A.E. & White, F.A. (2006). Employees Mood, Perceptions of Fairness and Organizational Citizenship behavior. *Journal of Business and Psychology*, 21(1), 65-82

Misumi, J.(2003).*Performance Contracting in Public Service: Public Sector Reforms and Performance Contracting*. Nairobi, Kenya:Charter Hall.

Mugenda, O.M., &Mugenda, A. G. (2003). *Research MethodsQuantitative & Qualitative Approaches*. Nairobi: Press African Center for Technology Studies (ACTS).

Mugenda, O.M. &Mugenda, A.G. (1999). *Research Methods Quantitative & Qualitative Approaches*. Nairobi: Press African Center for Technology Studies (ACTS).

Ngahu,(2008).*A Study on the Impact of Performance Contract Scheme on Organization Productivity: A Case Study of Kenya Revenue Authority*(Unpublished MBA project).School of Business, University of Nairobi, Kenya.

Njeri, J.M. (2011). *Institutional Factors Influencing Performance Contract Implementation in Primary Teacher Training Colleges inEastern andCentral Kenya*(Unpublished MEd Thesis). College of Education & External Studies, University of Nairobi, Kenya.

Pearce, J.A. & Robinson, R.B. (2007). *Strategic Management: Formulation, Implementation and Control of competitive strategy* (9th ed.). Boston, MA: McGraw Hill Irwin.

Performance Contract Steering Committee, (2005). *Sensitization, Training Manual on Performance Contracts in the Public Service*. Nairobi: Kenya.

RBM Guide. (2005). *Results Based Management Training Manual*, Kenya.

Robert, M.W. (1970). *Man's Information System*. Scranton, PA: Chandler Publishing Company.

Robbins, S.P., Odendaal, A., & Roodt, G. (2003). *Organisational Behavior Global and Southern Africa Perspectives*. (9th ed.). Cape Town: Prentice-Hall International.

Runyon, K.E. (1990). *Consumer Behaviour*. (2nd ed.). Columbus, Ohio: Charles E. Merrill Publishing Company.

Schultz, D. (1982). *Psychology and Industry Today*. New York: Macmillan Publishing Co. Inc.

Sekaran, U. (2001). *Research Methods for Business: A skills building approach* (2nd ed.). New York: John Wiley & Sons, Inc.

Sherif, M. & Cantril, H. (1946). The psychology of attitudes: II. *Psychology Review*, 53, 1-24.

Spangenberg, H. (1994). *Understanding and Implementing Performance Management*. Cape Town: Juta & Company Limited.

Swanepoel, B.J., Erasmus, B.J., Van Wyk, M.W. & Schenk, H.W. (1998). *South African Human Resource Management: Theory and Practice*. South Africa: Juta.

Trivedi, P. (2004). *How to Evaluate Performance of Government Agency: A manual for Practitioners*. Washington D.C: World Bank

Williams, R.S. (2002). *Managing Employee Performance: Design and Implementation in Organisations*. London: Thomson Learning.

William, T.M. (1993). *The Collins Paperback English Dictionary*.

## APPENDICES

### Appendix I: Letter of Introduction

University of Nairobi  
School of Business,  
P.O. Box 30197  
Nairobi

5<sup>th</sup> June, 2013

Dear sir/Madam,

#### **RE: COLLECTION OF RESEARCH DATA**

I am a postgraduate student at the University of Nairobi, School of Business. In order to fulfill the degree requirements, I am required to submit a research project. The title of my project is *“Management perception of the influence of performance contracting on service delivery at the Ministry of Education, Kenya”*.

This is therefore to request your assistance in filling the attached questionnaire as truthfully as you can. The information you will provide will be treated with strict confidence and will only be used for academic purposes without mentioning the name of your organization.

Your assistance and co-operation will be highly appreciated

Yours sincerely,

**Judy Nyaga**



Appendix II: University Introduction Letter



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

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

P.O. Box 30197  
Nairobi, Kenya

DATE 13/07/2013

**TO WHOM IT MAY CONCERN**

The bearer of this letter JUDY MUTHONI NIAGA

Registration No. 261/7437/2003

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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 your assistance to enable him/her collect data in your organization.

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.

  
**PATRICK NYABUTO**  
FOR: MBA CO-ORDINATOR  
SCHOOL OF BUSINESS



### Appendix III: Questionnaire

This questionnaire is designed to gather information on the management perception of the influence of performance contracting on service delivery at the Ministry of Education, Kenya. I, therefore, kindly request you to provide information to all items in the questionnaire by putting a tick (√) on one of the options. For questions that require your own opinion fill in the blanks. (.....)

#### SECTION A: GENERAL INFORMATION AND BIO DATA

1. Name of Department.....
2. Designation of the respondent.....
3. How long have you worked in the current position?.....
4. What is your Gender?
  - a) Male [ ]
  - b) Female [ ]
5. What is your age bracket?
  - a) Between 31- 40 years [ ]
  - b) Between 41- 50 Years [ ]
  - c) Over 50 years [ ]
6. What is your highest level of education?
  - a) Doctor of Philosophy [ ]
  - b) Master degree [ ]
  - c) Bachelor’s Degree [ ]
  - d) Diploma [ ]

e) Postgraduate diploma [ ]

7. Does your position require signing a Performance Contract?

a) Yes [ ]                      b) No [ ]

**SECTION B: MANAGEMENT PERCEPTION OF THE INFLUENCE OF PERFORMANCE CONTRACTING ON SERVICE DELIVERY AT THE MINISTRY**

1) The following statements describe the influence of Performance Contracting on Service Delivery at the Ministry. Please indicate the level of your agreement with each of the following statements.

Use the following key:

1. Strongly disagree; 2. Disagree; 3. Neither agreed nor disagree; 4. Agree; 5. Strongly agree.

	<b>STATEMENT</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
i.	Performance contracting has led to effective prioritization of tasks and activities in the Ministry					
ii.	Performance contracting has led to an improvement in office ambience in the Ministry					
iii.	Performance contracting has improved your attitude towards work.					
iv.	Performance contracting has enhanced team spirit and harmony amongst employees in the Ministry.					
v.	Performance contracting has led to job specialization among employees in the Ministry.					
vi.	Performance contracting has led to value adding job rotation at the Ministry.					
vii.	Performance contracting has led to timely responsiveness in resolving complaints in the Ministry					
viii.	Performance contracting has reduced conflicts among employees					

	in the various departments within the Ministry.					
ix.	Performance contracting has created awareness to the employees on the strategic direction of the Ministry.					
x.	Performance contracting has encouraged a participatory approach to decision making in the Ministry.					
xi.	Performance contracting has enhanced accountability and transparency in the Ministry.					
xii.	Performance contracting has enhanced staff promotions based on performance.					
xiii.	Performance contracting has encouraged proactive tendencies among employees thus improving efficiency.					
xiv.	Performance contracting has led to low level of employee supervision at the Ministry					
xv.	Performance contracting has emphasized competition among staff to meet their targets in the Ministry.					
xvi.	Performance contracting has encouraged strategic planning in the Ministry					
xvii.	Performance contracting has equipped staff with knowledge to cope with institutional issues in the Ministry.					
xviii.	Performance contracting has made it possible to link reward to good performance					
xix.	Performance contracting has enhanced a link between performance contract and performance appraisal					
xx.	Performance contracting has led to clarity of roles and responsibilities in the Ministry.					

2) The following factors influence your perception of the influence of Performance Contracting on service delivery at the Ministry. Please indicate the extent of your agreement with each of the following statements.

Tick the appropriate box as either;

1. Not at all; 2. Small extent; 3. Moderate extent; 4. Great extent; 5. Very great extent.

	<b>STATEMENT</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
i.	The organizational norms in the Ministry					
ii.	The organizational ethos in the Ministry					
iii.	The strategic direction of the Ministry					
iv.	Role definition and assignment in the Ministry					
v.	The reporting relationships in the Ministry.					
vi.	The power structures in the Ministry					
vii.	The existing reward and sanction policy in the Ministry					
viii.	The relationship between and among the various departments in the Ministry.					
ix.	Mechanism of setting performance goals in the Ministry					
x.	Communication and feedback mechanisms in the Ministry					
xi.	Performance measurement mechanisms in the Ministry					
xii.	The mechanisms of monitoring and evaluation in the Ministry					
xiii.	Past experiences in the Ministry					
xiv.	The individual-organizational exchange relationship					
xv.	The organization climate for justice in the Ministry.					
xvi.	The programmed organizational routines in the Ministry.					

THANK YOU!