ABSTRACT

Performance contracting is a performance management tool that defines responsibilities and expectations between parties to achieve mutually agreed results. Performance contracting process involves; workplan management, skills development, performance monitoring, evaluation and results. Successful implementation of performance contracting process depends on how employees perceive the process. It is important for organizations to understand the whole notion of perception and its related concepts to be able to determine factors that influence peoples’ behavior. The objective of the study was to establish employee perception of performance contracting process in the Ministry of Local Government. A descriptive design was used and all the 270 employees of the Ministry were studied. Descriptive statistics were used to analyze the data collected by way of a semi-structured questionnaire. The findings of the study showed that most employees did not participate in critical aspects of the performance contracting process and did not understand the performance contracting concept. The Ministry of Local Government did not have a clear and fair system of performance evaluation and reward and did not provide adequate and timely resources. There was improvement in performance, work attitude, accountability and motivation as a result of performance contracting process. It is concluded that since employees were not involved in the performance contracting process, they did not own it and were not committed to it. They did not have capacity to conceptualize the process. The study also concludes that the Ministry did not plan and budget effectively for its projects and programs leading to employees not being able to meet their performance targets. It had not institutionalized an integrated performance management system. Finally, the study concludes there was improvement in the following areas critical for improved performance as a result of the performance contracting process: work attitude, accountability, team work and employee
motivation. It is recommended that the Ministry involves its employees in critical aspects of the performance contracting process to be able to win their ownership, commitment and support. It should also train and sensitize its employees on the performance contracting concept for successful implementation of the process. The study further recommends that the Ministry should adopt an integrated performance management approach that links performance to all the other aspects of human resource management especially performance management and reward. It should plan and budget for its projects and programs effectively to ensure availability of resources to enable its employees meet their performance targets. Lastly, the study recommends that the Ministry should enhance the gains made so far as a result of performance contracting process. Limitation of the study is that it was confined to studying employee perception in the Ministry of Local Government and therefore its findings may not apply to other Government Ministries. It is suggested that suggests further studies on perception of external customers of the performance contracting process in the Ministry of Local Government for improvement.