

**FACTORS INFLUENCING PERFORMANCE CONTRACTS ON KENYA PUBLIC  
MANAGEMENT SERVICE DELIVERY: A CASE OF THE EVVASO NGIRO NORTH  
DEVELOPMENT AUTHORITY, KENYA**

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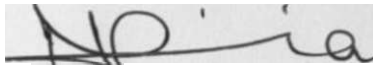
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**DECLARATION**

This research project report is my original work and has not been presented for award of any degree in any other University.



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

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## **DEDICATION**

I dedicate this project to my two children Grace and David, and to my wife Dories with whose great support, understanding and encouragement greatly inspired this work.

## **ACKNOWLEDGEMENT**

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## ABBREVIATIONS AND ACRONYMS

DPM	Department of Personnel Management
ERS	Economic Recovery Strategy
GOK	Government of Kenya
MDA	Ministry, Department, Agency
ENNDA	Ewaso Ngiro North Development Authority
ENNRB	Ewaso Ngiro North River Basin
NPM	New Public Management
PC	Performance Contract
PSR	Public Sector Reforms
UN	United Nations
UNDP	United Nations Development Programme
USA	United States of America
USD	United States Dollars

## ABSTRACT

With the intensified challenge of providing quality service for her citizens, Kenya adopted Performance Contracts as a tool not only to improve service delivery but also to refocus the mindset of the civil service from looking within to focusing on customers and results. The push factor for introduction of performance contracts in Kenya is the assumption that institution of performance measurements, customer orientation and an increased focus towards incremental productivity and cost reduction can lead to improvements in service delivery. The purpose of this research was to examine the performance contracts application at the Ewaso Ngiro North Development Authority and some of the challenges faced in its implementation, as well as the efficacy of the instrument in improving service delivery. This is a study with a main objective to determine the effect of Performance Contracting processes on service delivery. A descriptive study was done where a random sample of 50 service recipients and all the 100 employees of ENNDA at Isiolo headquarters were targeted. Questionnaires were administered by drop and pick method after which the raw data was coded, edited, sorted and classified. Data was subjected to both qualitative and quantitative statistical analysis techniques using Statistical Package for Social Sciences computer software. The findings were presented using frequency tables and percentages. This study established that work plan management was the most significant factor in influencing service delivery at ENNDA, followed by skills development and training then Monitoring and evaluation while reward system was the least significant. The study found that targets in the work plan aid in achievement of PC targets and work plans encourage teamwork. The study also deduced that skills development and training influences effective implementation of Performance Contracting. It was clear that training combines on the job, internal and external training and training provided by ENNDA helps improve skills so as to surpass targets. The study also established that monitoring and evaluation affect the implementation of Performance Contracting as they are conducted on an on-going basis. However, evaluation reviews are not well communicated to employees and service recipients were involved in M&E at the ENNDA. It was also clear that targets set for each employee are not realistic and are arrived at after consultation. This study recommends that ENNDA should provide adequate tools to the employees in order to ensure that they achieve their targets. More consultation with employees should be done when drawing up work plan targets. Effort should be made to ensure all targets in the work plan are specific, measurable, achievable, and realistic and time bound. The study also recommends that evaluation reviews should be well communicated to the employees by **their supervisors** to enable them **improve** their **performance**. **Service recipients** need to be more involved in monitoring and evaluation to ensure any gains made are a real indication of improvement on the ground. Where service recipients are involved in giving feedback, care should be taken to take their views seriously and consider them for implementation. The results of the findings of this study will benefit the government in policy formulation, improvement and implementation of performance contract.

## CHAPTER ONE

### INTRODUCTION

#### 1.1. Background of the Study

The primary role of any government is to ensure sustainable improvement in the standard of living of its citizens. The public service as a whole plays an important role in the provision of necessary services that are of great importance to a country's economy, therefore when the public service is ineffective the results are felt far and wide as the quality of life and development of the people is affected negatively.

There are many challenges which confront many developing countries and thus affect their ability to provide quality services (Lienert, 2003). These include the human resource factor such as manpower shortages in terms of numbers and key competencies and lack of appropriate mindsets. There is also the problem of shortage of financial and material resources necessary for effective service delivery. The problem of corruption and lack of accountability has continued to plague the public service.

At independence, the inherited civil service had not been designed to deal with the problems of post-independence Kenya. The pre-occupation of the colonial administration during the colonial period had been with system maintenance. The only institutions that were well developed were those that were responsible for maintenance of law and order. The reforms which were undertaken were a continuation of activities which were ongoing since independence (Kiragu and Mutahaba, 2005).

The Kenyan government responded to these challenges by the formulation and implementation of Public Sector Reforms (PSR) in 1993. The PRS was implemented in stages as follows:

Staff reduction resulted in reduction of the public service by 37% through measures such as Early Retirement, abolition of posts that had stayed vacant for too long, freezing of recruitment in Government ministries, withdrawal of automatic employment of trainees and graduates from tertiary education institutions, removal of 4.500 ghost workers from the

arc undertaken in the drainage basin 5. The drainage basin comprises of twenty nine (28) administrative Districts which includes; Moyale, Chalbi, Marsabit, Laisamis, Isiolo, Garbatulla, Wajir East, Wajir West, Wajir South, Wajir North, Garissa, Fafi, Ladgera, Mandera East, Mandera West, Mandera Central, Samburu East, Samburu Central, Sainburu West, Laikipia East, Laikipia North, Laikipia West, Meru Central, Imenti North, Tigania, Igembe, Nyandarua North and Nyeri North Districts.

ENNDA Vision is to be the leading organization in providing sustainable and equitable development for all within the Ewaso Ng'iro North River Basin. ENNDA mission is to contribute to development in the Ewaso Ng'iro North River Basin area through promotion of agro-industry development, creation of employment, resource conservation, sustainable exploitable and management of natural resources, promotion of tourism and sustainable utilization of the environment to alleviate poverty and enhancement of food self sufficiency.

## **1.2. Problem Statement**

The Government of Kenya introduced Performance Contracting in the Public Service as one of the tools to improve service delivery. Since its introduction in 2004, when only a few State Corporations were participating, Performance Contracting is now being implemented in a majority of Ministries, Departments And Agencies (MDAs). The decision to extend its coverage to all MDAs was as a result of the benefits that were beginning to be manifest in participating institutions through improved administrative and financial performance as well as improved service delivery. Ministries were for the first time being required to work towards set targets, draw out service charters with their clients and compare their performance with the best in the world. The results of these efforts were so significant that they won international recognition with various African countries wishing to learn from Kenya's experience.

Over the last three periods of performance contracting, the public has raised dissatisfaction on the results as they do not relate to performance (service delivery) on the ground as perceived and received by the public. The dissatisfaction with the performance results was not only limited to members of the public. Ministries, Departments and Agencies have also challenged the announced results (National Customer Satisfaction Survey Report, 2009). Due to these mixed results, it is imperative that research is conducted to really ascertain the efficacy of

Performance Contracting as a tool of improving service delivery.

A few studies have been conducted since then especially concentrating on the implementation challenges and impact of Performance Contract. To understand the successes and challenges of implementing performance contracting in Kenya, Kobia and Mohammed (2006) carried out a survey among the civil servants and identified the problems as lack of adequate resources needed to meet targets, resources not being released on time, and unplanned transfer of staff, staff had not received training in performance contracting and lack of experience with the implementation of performance contract. Njagi (2010) did a study on the effect of performance contracting on service delivery at postal corporation of Kenya and identified reward system as the main issues; Abdub (2010) conducted a study on performance contracting and implementation challenges in district hospital in Central Kenya Counties and found that the main issue was systematic monitoring and evaluation mechanisms; Mutisya (2010) studied the challenges facing implementation of performance contracting in the Ministry of Finance of the government of Kenya and concluded that lack of adequate resources was the main issue; Mungai (2010) did a study on the factors that influence performance contracting in the Municipal council Of Nakuru Kenya and found that there was a general lack of experience with the implementation of performance contract, on the other hand, Okeno (2011) did a study on the challenges facing performance contracting designs and implementation in the Kenya civil services and found that leadership style and performance appraisal system were the main issues while Wainbua (2011) did a study on the challenges of performance contracting as a tool of strategy implementation in Betting Control And Licensing Board and found that performance measurement, monitoring and evaluation were the main issues. None of these studies has ever focused on the implementation of performance Contracts Ewaso Ng'iro North Development Authority. This is despite the fact that ENNDA has been facing challenges in the implementation of PC such as inadequate skills and experience among the employees and also lack of functional integration which affect performance measurement, evaluation and monitoring. This is despite ENNDA continuous poor performance among the Autonomous Government Agencies (AGAs).

### **1.3. Purpose of the Study**

To understand the successes and challenges of implementing performance contracting in Kenya, Kobia and Mohammed (2006) carried out a survey among the civil servants. Given that Kobia and Mohammed study was conducted in 2006 (at the beginning of the Performance Contract (PC) cycle), it is prudent to test the efficacy of the PC tool after this time, and its effect on service delivery. This research aims at finding out if and in what ways performance contracting affects service delivery at the Ewaso Ngiro North Development Authority, while identifying any challenges the organization faces in implementing performance Contracts. It will also target the recipients of ENNDA services to find out if they have perceived improved services as a result of performance contracting. This will serve to show any lessons gained and will go a long way into informing managers and other implementing agents in the future. This study therefore seeks to establish the effect of Performance contracting processes on service delivery at ENNDA.

### **1.4. Objectives of the Study**

1. To establish the extent to which work plan management influences Ewaso Ngiro North Development Authority Performance Contract.
2. To investigate how skills development and training influences performance contracting in Ewaso Ngiro North Development Authority.
3. To determine how monitoring and evaluation influences the performance contracting in Ewaso Ngiro North Development Authority.
4. To establish the influences of performance measurement and reward on performance contracting in Ewaso Ngiro North Development Authority.

### **1.5. Research Questions**

The research sought answers to the following questions:

1. What impact does work plan management have on achievement of performance contracting targets at Ewaso Ngiro North Development Authority?



2. How does skill development and training affect implementation of performance contracting at Ewaso Ngiro North Development Authority?
3. To what extent does monitoring and evaluation affect the implementation of Performance Contracting in Ewaso Ngiro North Development Authority?
4. What is the effect of performance measurement and reward on implementation of performance contracting in Ewaso Ngiro North Development Authority?

### **1.6. Significance of the Study**

The question whether developing countries should adopt new public Management (NPM) has been asked development experts world over. While there may not be a clear cut yes or no answer to this question, this study would attempt to provide an answer in part by showing the impact or effect of Performance Contracting on service delivery in a public corporation. It would also show whether customer participation in Monitoring and evaluation can lead to improved accountability.

### **1.7 Limitations of the Study**

While conducting this research, challenges were anticipated. For example, the respondents especially staff members could give responses which are biased due to fear of higher authorities. Additionally, it is not always possible to control other variables which can influence the performance of ENNDA as an organisation. The researcher had however made adequate provisions to reduce the challenges.

### **1.8 Delimitation of the Study**

The study focused on staff and clients of ENNDA who were scattered in the entire Ewaso Ngiro North River Basin (ENNRB) which comprises of 11 counties namely: Mandera, Wajir, Garissa, Marsabit, Samburu, Isiolo, Meru, Laikipia, Nyeri and Nyandarua. However, considering the size of the ENNRB, distance across the basin affected reaching stations in the field, this therefore means that the study was done only in Isiolo headquarters and clients in Isiolo, Nanyuki and Narumoru regions only.

### **1.9. Basic Assumptions of the Study**

The study entailed examining persons who are involved in Performance Contracting process in one way or the other and it was therefore assumed that the sample size would represent the population. Further, it was assumed that the respondents were knowledgeable and provided accurate, truthful and correct responses to the items in the questionnaires.

### **1.10 Definition of Significant Terms**

**Contract** binding agreement between two or more parties for performing, or refraining from performing some specified act(s) in exchange for lawful consideration.

**Leadership** The ability of the top level management within the organization to provide the strategic direction required to implement the performance contract effectively.

**Performance appraisal** feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers.

**Performance Contract** is a management tool for measuring performance against negotiated performance targets. It is a freely negotiated performance agreement between the Government, acting as the owner of a public agency, and the management of the agency. The Performance Contract specifies the mutual performance obligations, intentions and responsibilities of the two parties.

**Performance management** an integrated process of defining, assessing and reinforcing employee work behaviour and outcomes.

**Stakeholders** Those persons and entities that have an interest in the strategy of an entity. Stakeholders normally include shareholders, customers, staff and the local community.

**Strategy** This is the determination of the basic goals and objectives of a firm and the adoption of courses of action including the allocation of resources necessary for carrying out these goals. Andrews (1987) argues that strategy is a rational decision-making process by which the firm's resources are matched with opportunities arising from the competitive environment.

**Structure** the means by which the organization seeks to achieve its strategic objective and implement strategies and strategic change.

Work **planning** This is an innovative approach to accomplishing the work in an organization, and to managing the staff who perform that work. It assumes that all staff members approach their work with a common and consistent desire to do their best.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter contains the literature review related to New Public Management (NPM) models in reform programmes of several public sector institutions in general, and Performance contracting process on service delivery, in particular. The review looked at global, regional, sub-region and national experiences in Performance Contract as a management tool for measuring improvement in Public Service delivery.

#### **2.2 Global, experiences in Performance Contract as a management tool**

The term performance contracting can be traced from France in the late 1960's and other countries including India, Pakistan and Korea (OECD, 1997). Prior to this period the business environment was rather stable and therefore strategic planning was entrusted in the hands of the top management of the organization. This practice was counterproductive as managers who were implementers of the strategic plans were not involved at the formulation stage. Aosa (2000) supports this view when he argues in his study that due to increased environmental turbulence in the early 1970's, especially 1973 top executives were forced to recast the way they looked at their business for survival. They redefined performance management as a proactive management tool for achieving business goals and objectives, through a structured and continual process of motivating, measuring and rewarding individual and team performance. Earlier, management tools for example the Carrot-and-Stick policies and behaviour which were common in the 19th Century Industrial Age had become increasingly irrelevant to modern management practices and therefore, this called for more flexible and adaptability in strategic planning, forcing managers responsible for implementing strategies be involved in all stages of strategy formulation (Barclays Africa, 1997).

However, Steiner (1983) speculates that many of the strategic planning systems failed to link planning and resource allocation and did not place emphasis on strategy implementation. He further observes that the existing systems failed to reward managers and employees for

strategic thinking, creativity and innovation. This led to disenchantment with strategic planning and thus forcing managers to believe that it was of little or no value to the organization. Despite of these problems practitioners and academics like Porter (1983) came in support of strategic planning by placing emphasis on strategy implementation.

In Canada the government's approach to performance contracting and management were rooted in early 1990's expenditure management systems designed to cut costs during a period of budget deficits (Kemaghan & Siegel, 1999) and in France they were first introduced in the Directorate General for Taxes (DGI) specifically designed to respond to two main concerns (Grapinet, 1999). First, as tools meant to ensure consistency in a decentralized context and second, as tools to enhance pressure on the entire services network in order to improve performance.

### **2.3 Regional, experiences in Performance Contract as a management tool**

In Brazil road maintenance is contracted out to private contractors and this has led to 25 percent savings over the use of government employees (World Bank, 1997). Also port management in Malaysia, plantations in Sri Lanka, the management of airports in Philippines, hotels in Egypt and Bulgaria have been contracted out.

There is evidence of the application of contracting out. Introducing contracting out, however, assumes that the capacity exists within the private sector to take on the provision of contracted-out services. This is not always the case in some developing countries, and in the case of social services. In some instances, the private sector was found to be ill equipped to take over the provision of non-clinical services (e.g. in Ghana). It is also the case that the capacity to manage and monitor contracts with a large variety of providers is usually lacking in government organisations. Also the prevalence of patronage systems, corruption and other institutional weaknesses undermine the successful application of contracting-out policies. In such circumstances contracting out may be economically inefficient and wasteful, if there are no mechanisms to mitigate the constraints.

## **2.4 East African experiences in Performance Contract as a management tool**

African countries emerged from the Structural Adjustment Programmes (SAPS) era of the 1980s both strained and scorched by the reforms in public sector management. Governments were encouraged to deregulate public enterprises and ensure that they were run like private sector business (World Bank, 1989). The emphasis on this shift was to maintain a macro-economic stability, lowering inflation and reducing the scope and cost of government (Therkildsen, 2001). These challenges led to introduction of New Public Management (NPM) models in reform Programmes of several public sector institutions in Africa.

NPM concepts incorporate the application of private sector management systems and managerial techniques into public services (Farnham and Horton, 1993) as well as a re assessment of which services should be returned to the private sector or non-government sectors (Minogue, 1998). Emphasis is shifted from traditional Public Administration to public management and entrepreneurship, pushing the state towards managerialism (Economic Commission for Africa, 2003). In the NPM reform wave, more market orientation in the public sector will lead to greater cost efficiency for governments, without having negative side effects on other considerations.

As a result, a main reform area which many developing countries have been pursuing in the implementation of reforms involves adoption of measures intended to improve service delivery. The emphasis over time has therefore shifted towards fixing management and performance aspects as a means of providing an immediate solution

These measures originate from the need to show gains that are demonstratable from reforms, especially following the pains of the imposed SAPS, responding to public demands for accountability as well as influence of NPM reform ideas and the shift to market economies and private sector led economic development among others (Kiragu and Mutahaba, 2005). As Jones and Thomson (2007) noted, the terminology used widely to label changes now occurring in the conduct of public sector business is 'managerialism'.

Performance management is often seen as fundamental to improved service delivery as part of

NPM. Emphasis on performance management for delivery of results is undoubtedly influenced by the basic assumption of performance management which lies in its professed ability to unite the attention of institution members on a common objective and galvanize them towards the attainment of this objective (Balogun, 2003).

It is this supposition of harmony of vision that underpins the New Public Management faith in leadership and its favourable inclination towards managerial empowerment, as seen in performance management principles. The use of performance data to inform management is not a new concept. The belief that concrete data on organizational performance, or performance metrics, should guide managers<sup>1</sup> decision making has framed most discussions of management in public and non-profit agencies in the developed and developing countries since the early 1990s.

With the increased emphasis on quantitative measurement of outcomes, the term "performance measurement" has become a higher priority. Measuring and reporting on organizational performance focuses the attention of public managers and oversight agents, as well as the general public, on what, where and how much value programmes provide to the public (Forsythe 2001; Ilatry, 2006 and Poister, 2003). The strategic use of performance management is thus intended to help drive change efforts from process to results orientation in the public service.

Performance management aims at broadly attaining operational effectiveness. This means a number of practices that allow a company or organization to better utilize its resources. Several management tools and techniques have come up as a result of the quest for productivity, quality and speed. These include total quality management, benchmarking reinventing and change management to name a few. Typically, public agencies either are not clear about their goals or are aiming at the wrong goals. This can be attributed to the fact that most public enterprises have to deal with multiple principals who have multiple and often conflicting interests (Triveldi, 2000). This leads to a lot of no clarity on the agencies perception of what is expected of them.

Performance management has therefore generally been seen as a way of improving service

delivery. Kervasdoue (2007) asserts that "no one would disagree that performance evaluation is necessary in public affairs. Government and their bureaucracies must be accountable to their citizens about all uses of taxes and public funds. Comparison of the use of these funds for the analysis of public service performance is the only way of justifying their use other than simple arguments of authority."

## **2.5. Performance Contracts in Kenya**

A Performance Contract (PC) is defined as a binding agreement between two or more parties for performing or refraining from performing certain act(s) over a specified period of time. It is a branch of management control systems which provide information which is intended for managers performing their jobs and to assist organizations in developing and maintaining viable patterns of behaviour (CAPAM, 2005) Performance Contracting is a central element that is a part of Performance management. This means that it is part of the global movement reflecting liberation and market driven management. In liberation management, managers are relieved from the excess and often cumbersome and unnecessary rules that usually hinder quick decision making in the organization (Gianakis, 2002)

In the public sector, the debate has been more complex than a simple increment in the effectiveness of strategic management systems and a narrowing in the gap between ambitious strategies and annual planning. The main concern has been to improve external accountability and increase internal efficiency and effectiveness at the same time. In essence, performance contracting is seen as a tool for improving public budgeting, promoting a better reporting system and modernizing public management. In addition, it enhances efficiency in resource use and effectiveness in service delivery (Greiling, 2006).

According to GoK (2007), a Performance Contract is a management tool for measuring negotiated performance targets. It is a freely negotiated performance agreement between the Government, acting as the owner of public agency on one hand, and the management of the agency on the other hand. The Performance Contract specifies the mutual performance obligations, intentions and the responsibilities of the two parties.

A Performance Contract also addresses economic/ social and other tasks to be discharged for



economic/social and other tasks to be discharged for economic or other gain. It defines and organizes tasks so that management can perform them systematically and with reasonable probability of achievement. It is also useful in developing concepts that determine what gets to be done and how or in what order it should be done.

The expected outcomes of the introduction of performance contracts includes: improved service delivery, improved efficiency in resource utilization, institutionalization of a performance oriented culture in the public service, measurement and evaluation of performance, linking rewards and sanctions to measurable performance, retention or elimination of reliance of public agencies on exchequer funding and instilling accountability for results at all levels.

The Kenyan government acknowledges that there has been poor performance in the public sector over the years, especially in the management of public resources which has hindered economic growth (GoK. 2005). The government also recognizes through the Economic Recovery Strategy for Wealth and Employment creation (ERS) some of the factors that affect performance of the public sector. These include excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment (GOK, 2005).

In the ERS of 2003-2007, the government outlined its commitment towards the improvement in general of all ministries and corporations through the introduction of performance contracts. The Performance Contracts were established as a measuring tool that measures performance against negotiated performance targets. The contract specifies the mutual performance obligations, intentions and responsibilities between the two parties.

During the initiation phase, Performance Contracts were introduced on a pilot basis in 16 state owned corporations in the 2004-2005 financial year. In the evaluation stage, the corporations registered an increase of 282% in pre-tax profit over the previous period (2003-2004) and 14% increase over the set targets. The lessons learnt from the pilot study were incorporated in the launch of Performance Contracts in all government ministries and state owned corporations the following financial year.

The change of regime in 2002 and the subsequent launch of the Economic Recovery Strategy for Wealth and Employment Creation (ERS) in 2004 marked the ushering in of the second generation reforms. A new government, elected on a platform of change, pledged to pursue a national development strategy that sought to instil rapid and sustained economic growth and reduce the high incidence of poverty through wealth and employment creation. This strategy was to be implemented by: (a) creating a competitive market conditions for private sector led growth; (b) directing resources towards wealth and employment creation; (c) supporting both effective and efficient public sector performance and service delivery (GOK-ERS 2004).

Kobia and Mohammed (2006) developed a questionnaire from performance contracting literature and administered it to a sample of 280 senior public service course participants at the Kenya Institute of Administration. Data were collected from the course participants who were central in the implementation of performance contract in the government ministries and agencies. To investigate if the participants knew the goal of performance contracting, they asked them to state the goal of performance contracting in their ministries. A majority of the respondents (205 or 72.2 percent) summed the goal as the improvement of performance/enhance efficiency and effectiveness in service delivery through a transparent and accountable system. Further 206 or 73.6 percent acknowledged that their ministries had signed the second (2006/7) performance contract with the Government. His responses indicated that majority of the participants were conversant with performance contracting.

Regarding training in performance contracting, Kobia and Mohammed were fascinated to observe that only 57 respondents had received training in performance contracting while a majority 212 or 75.5 percent had not received any. It is interesting to note that 208 or 74.3% indicated that they would require further training on all aspects of performance contracting. The study shows that over 60 percent of the respondents acknowledged that with the implementation of performance contracting, public servants are more involved in decision making, felt evaluation of the performance is done fairly, they knew where to seek assistance concerning meeting the targets and had assisted in understanding government policy documents. However over 174 or 62.1 percent respondents indicated that they did not have

adequate resources needed to meet their targets which could easily adversely affect the individual and ministry performance.

To investigate participant's experience with the implementation of performance contract, the researchers asked several questions regarding whether the participants had signed performance contracts with their supervisor and whether they had experienced any problems with implementation of the performance contracting. The result was interesting as only 25 out of the 280 participants had signed the performance contract. They indicated some of the problems experienced during the implementation of the performance contract as, lack of adequate resources, resources not being released on time, and unplanned transfer of staff (Kobia and Mohammed, 2006).

In general, the study showed that performance contracting has induced the public service to become more oriented towards customers, markets and performance, without putting the provision of essential public services into jeopardy. The introduction of performance contracting and management by results is used to improve the performance of an organization as it emphasizes better the human resource management.

Mungai (2011) did an analysis of the factors affecting the implementation of performance contracting in local authorities A Case of Selected Local Authorities. The study found that organizational structure and leadership style influences implementation of performance contracting among local authorities to a great extent. The study has illustrated that there is a linkage between management styles in the local authority and implementation of performance contract agreements. The study also concludes that it influences to a moderate extent. The study indicates that performance appraisal in majority of local authorities is conducted quarterly and feedback on performance is communicated mainly through departmental meeting. On adequacy of financial resources influence on implementation of performance contracting among local authorities, the study has concluded that it influences to a moderate extent. Resources availability/funding, strategic allocation of resources and underestimation of projection are indicated to influence performance contract implementation to a great extent.

Further, Kiema (2009) factors affecting the implementation of performance contracting in the

public universities in Kenya. The study found that organisation structure affected performance contracting with organization structure being created to facilitate achievement of set targets/goals in performance contract, reporting structure being put in place to facilitate communication of objective of performance contract, prevailing organizational structure is supportive of performance contract implementation and system of communication set up to enhance feedback on performance being the most important organizational structure factors influencing performance contract implementation. The study further found that management style affects the implementation of performance contracting in the Public Universities in Kenya. This is supported by the fact that the top management made clear performance output/results expected from heads of service area, managers and subordinates jointly establish and clarify organizational goals, strategic plans exists and are used to develop performance contract and resources to accomplish objective and encourage performance have been provided were shown by the study important factors that influenced performance contract implementation. These factors are management style related.

## **2.6. Significance of Performance Contract**

OECD/PC (1999) argues that government needs to make savings from the organizations they own. be they commercial or non-commercial institutions. An organization's purpose defines the ways in which it relates to its environment. If this purpose is fulfilled, the organization will survive and prosper (Luo and Peng, 1999).

The main purpose of performance contracting according to Armstrong and Baron (2004) is to ensure delivery of quality service to the public in a transparent manner for the survival of the organization. According to Hope (2001), performance contracts specify the mutual performance obligations, intentions and the responsibilities which a government requires public officials or management of public agencies to meet over an agreed time frame. The common purposes of performance contracts as part of orientation in government are to clarify the objectives of the service organizations and their relationship with government and facilitate performance evaluation based on results instead of confined to bureaucratic rules and regulations which have killed innovation and creativity in the public sector.

The importance of performance contracting is recognized by Gore (1996) when he admits that

in the United States federal Government, performance contracts have in one way or another changing the way bosses do their jobs. Gore believes that many managers have changed their attitude towards workers which has encouraged innovation and good customer service. Hill and Gillespie (1996) argue that performance contracting is expected to increase accountability because clear and explicit managerial targets combined with managerial autonomy and incentives to perform make it easier to establish the basis for managerial accountability and increased outputs. Further, Therikildsen (2001) speculates that performance contracts if well executed increase political accountability by making it easier for managers to match targets with political priorities. Politicians can, in turn, hold managers accountable for their performance as witnessed in many developing nations.

## **2.7 Performance Contract Processes**

Sean (2009) points out that performance contracting should be much more than a process for documenting and delivering feedback, coaching and ratings. He believes that when expanded beyond these basics, performance contract becomes a powerful tool for helping employees develop and achieve their full potential. Processes should be fairly standard and be able to address agency objectives. The amount of detail provided depends on the level of guidance required to support the needs of business units. Performance management process typically involves four main stages namely work plan management, skills development, performance monitoring and evaluation, and rewarding of outstanding performance.

### **2.7.1 Work Plan Management**

Work planning provides a way of coordinating the work that needs to be done with an emphasis on continuous improvement and innovation. Its hallmarks are collegiality and cooperation, where collective responsibility is shared by each member of a group with minimal supervision from above (Korir, 2005). The group works and acts together willingly for a common purpose or benefit to accomplish the aim of the PC system. In order to function effectively, it is essential for all staff in an organization to have a clear understanding of the organization's overall strategic direction.

The work plan is based on a mutual understanding of what the job is. Each staff member

needs to understand what the critical success factors are which impact their individual work plan as well as the critical success factors for the work plan developed by their group. It is also important that the staff member understand what the indicators are for success, what the barriers to success may be, and what tools for success are needed. In order to be understood and achievable, the work plan needs to include criteria for measuring success as well as defining the roles of both staff member and manager in achieving the plan's goals and furthering the aim of the system (Therkildsen, 2001).

Work plan management is based upon business plans and other corporate documents. Key deliverables and areas of responsibility to which staff members will contribute are determined. A staff member and manager agree on the work and responsibilities of the staff member's position. The plan will also set out how the staff members' performance will be measured or evaluated against set objectives (Akaranga, 2008). However, members of staff are not sufficiently involved in drawing up contracts, a task which is largely still the work of managers. This means that performance goals are often perceived as being imposed from above rather than a collective thought process.

The performance contract formulation process ENNDA should be consultative. This will create ownership and enable the setting of targets that are realistic by the implementing agency. In Swaziland the use of consultants to develop the contracts lead to their failure. According to Kobia and Mohammed (2006) the performance agreement of the early 1990's failed to achieve its stated objective because of widespread use of consultants in the formulation of contract plans, including the determination of mechanisms for their monitoring and evaluation; Public enterprise management did not develop the necessary sense of ownership and commitment to the success of the enterprise contracts. This can be attributed to the fact that while the consultants may be knowledgeable about certain issues and areas that are generic to their field of specialization, they often lack an intimate knowledge of the unique socio-political and economic circumstances confronting individual countries, especially those of the third world. Different corporations have different mandates as per the laws establishing them. Therefore the entire ENNDA performance cannot be measured using the same targets. This can only be incorporated during the formulation process with their involvement. The same argument holds

true in regard to local authorities. For effective implementation of PC, the public service must be competent, well focused and effective. To achieve this, the public service should be adequately trained. There should also be continuous capacity building, research and development to ensure improvement and sustainability of PC process.

According to Kobia and Mohammed (2006), all the stakeholders should be involved in the various stages of the PC process. This includes consultation in the design stage, representation of the private sector during workshops and formulation of contracts. Some of them have been involved in the implementation of PC through evaluation and improvement of tools evaluation. They believe that the public is not adequately involved in the process and this can be enhanced by development of a chapter for the inclusion in civic education and a course on PC in institutions of higher learning. It can also be done through public administration and barazas and an arrangement where the private sector plays a key role through Public-Private Partnership.

At the ENNDA, work plans are drawn up yearly and targets in the work plan are drawn from that year's Performance Contract. A work plan identifies goals or problems to be solved, makes them finite, precise and verifiable as objectives, indicates the resources needed and constraints to be overcome, outlines a strategy, and identifies the actions to be taken in order to reach the objectives and complete the outputs.

### **2.7.2 Skills Development**

Skills management is the practice of understanding, developing and deploying people and their skills. Well-implemented skills management should identify the skills that job roles require, the skills of individual employees, and any gap between the two. On the other hand, in terms of skills development, the staff member and the manager identify and agree the learning, development and information needs of the staff member to meet their performance and the business needs of the business unit. This would include selecting options and the development of an action plan to access the opportunities identified (Armstrong, 2006).

According to an adoption from Kenya Institute of Administration (1999), systematic training

approach is a term covering different stages and processes. They are all complementary in that while working on one stage you may find that changes become pertinent elsewhere. This involves having to develop an orderly schedule or plan which will take into account every detail that is essential. The four main stages are identifying training need, planning and designing the training programme, training implementation and assessment of the results (Kobia, 2006).

In some cases, it may be difficult to identify concrete outcomes or results for a service. For example, training and education services might be provided with the goal of disseminating information and modifying people's behaviour, however, it may be difficult or impossible to track participants and determine whether the training helped people to think and act differently. In these cases, the development of or output measures such as the number of people served or the number of training sessions or outcome measures to evaluate the impact of the training effort such as pre/post test scores should be developed. If a department is unable to identify performance outcomes for a specific service type, a meeting with head of the section and other departments may be useful to stimulate new ideas and share best practices (Korir, 2005).

To appraise a subordinate and his performance is part of a manager's job. Indeed unless he does the appraising himself he cannot adequately discharge his responsibilities for assisting and training his subordinates (Lorsch, 2002). This activity can be coupled with training and development within ENNDA nization to ensure that there is evident improvement and progress in the working procedures that is reflected in the kind of service being offered to the customers.

When the delivery of services is constrained or becomes ineffective, it affects the quality of life of the people and nation's development process (AAPAM, 2005). The development of the employee through skills gained further increases employee motivation thus affecting the output of the employee.

### **2.7.3 Performance Monitoring and Evaluation**

A crucial factor in the success and effectiveness of employee performance evaluation is the monitoring of employee's performance. This means to regularly check how the employees



are performing their duties and responsibilities against service standards and targets. The employee performance evaluation provides strict monitoring to ensure that the employees meet the goals of the organization. With strict monitoring issues relative to employee performance can be immediately addressed and ENNDA management can obtain data to evaluate performance. With monitoring and evaluation, management can identify the employees that are exceeding or failing to meet performance expectations and institute the corresponding action. Monitoring will mean consistently measuring performance and providing ongoing feedback to employees on their progress towards achieving standards and performance targets.

Similarly, under performance monitoring, the staff member provides regular feedback to the manager on their progress towards the achievements of the agreed performance objectives. The manager provides regular formal and informal feedback on their assessment of the staff member's achievements. Within the context of performance evaluation, Armstrong and Baron (2004) argue that the manager and the staff member should periodically evaluate the staff member's performance and the achievement of the objectives in the work plan as well as the agreed training and development plan. This phase should then feed into the next cycle of the performance management process.

Control and monitoring is frequently identical with accountability when public needs and interests are involved. As was viewed by Stewart and Ranson (1994), organizations in the public domain exercise substantial power for which they are accountable. Public accountability must involve a political process which responds to the many voices of citizens and other stakeholders. A response is defined by Hirschman (1980) as a pure political action compared with an exit which represents more of an economical action. Since citizens generally do not have the alternative of exit in a public market, the option of voice becomes more relevant and imminent. Moreover, it seems that western democracies are facing pressures for greater rather than less accountability on behalf of their citizens (Anthony and Young, 1984).

Pollitt (1988) acknowledges that while it is not obvious that the accumulated wisdom of the

private sector is transferable to the public sector, inevitable interactions between the two spheres are productive for both. Businesses are constantly attempting to increase employee efficiency and therefore managers are becoming more concerned in improving employee productivity. This consecutively increases the organization performance and for ENNDA service delivery. Performance evaluation and monitoring contributes to effective management of employees in order to achieve high levels of organizational performance. It is a systemic process that leads to improved organizational effectiveness in the accomplishment of the organization mission and goals. ENNDA service delivery standards and performance are central to its mission.

#### **2.7.4 Performance Measurement and Rewards**

The fourth step deals with how to measure and manage performance. This involves a review of the success determinants (which answers the following questions: Where do you want to go? and how will you know when you get there?), and also relies on commercial quality standards, if applicable. It is important to select only a few meaningful measures on which to judge success, including contractual language for negotiated changes to the metrics and measures, consider "award term" which ties the length of contract to the performance, consider other incentive tools, recognize the power of profit as motivator, and most importantly, consider the relationship. Smith (1993) on the other hand, identifies two different indicators for measuring public sector performance which are internal and external to the organization. Measures of internal performance, such as managerial processes, routines and formal procedures, are of limited interest to ordinary citizens yet there are also those which attract more attention in management literature. The main objective is to enable the central government secure closer control of devolved management teams.

However, Palfrey *et al.* (1992) argue that the external indicators are intended to enhance the accountability of public organizations to external interested parties, for example service users, the electorate, taxpayers and central government. The role of such outcome indicators is to furnish external users with information about the consequences of public sector activity so that citizens can make better judgments about the organization's performance. They compare this process of public accountability to stakeholders, with the role adopted by financial reporting

in the private sector. As in the private sector, increasing external related outcomes, such as the responsiveness of public authorities to citizens' demands, will have a profound impact on internal control mechanisms, as managers and public servants become more sensitive to their duties and highly committed to serve the people.

Muralidharan (1997) argued that citizens are the clients and main beneficiaries of public sector operation and thereby should be involved in every process of performance evaluation. Performance evaluation is, therefore, a critical stage in the performance contracting process, it is based on the principle that what gets measured gets done. Performance evaluation assesses the extent to which public agencies have achieved the agreed performance targets. Thomas and Palfrey (1996) conceive that citizens are the clients and main beneficiaries of public sector operation and thereby should be involved in every process of performance evaluation. In their study, responsiveness of the public sector to citizens' demands is mentioned as an important part of performance control. This is because it refers to the speed and accuracy with which a service provider replies to a request for action or for information. According to this definition, speed can refer to the waiting time between citizens' requests for action and the reply by the public agency. Accuracy means the extent to which the provider's response is appropriate to the needs or wishes of the service user (Miller and Friesen, 1983). Nonetheless, while speed is a relatively simple factor to measure, accuracy is a more complicated factor to measure. In Kenya, many public institutions have developed citizen service charters which spell out their service commitments in terms of timeliness, service requirements; value for the service provided and redresses mechanisms. These service charters are, however not well monitored as there is no measuring mechanism put in place to ensure that services are being provided as stipulated in the service charters. In private sector like Barclays bank of Kenya Ltd, service monitoring gadgets have been fixed closer to the cashiers where customer gives feedback on the service provided.

Contrary to the private sector, public service accuracy must take into consideration social welfare, equity, equal opportunities, and fair distribution of public goods and services to all citizens. To test for accuracy of governmental endeavours, one must examine how citizens feel when consuming public services. A well-accepted method is to use satisfaction measures

indicating the outcomes of certain activities and the acceptance of public administration actions as fruitful, contributive, equally shared among a vast population, and responding well to public needs (Rhodes, 1987).

In a study carried out by Akaranga (2008), it was revealed that all government ministries and state corporations in Kenya had formally implemented performance contracts. According to the study, there was clear evidence of improvement in income over expenditure as well as service delivery in the state corporations and government ministries. This is evidenced by results for financial year 2005/6 where majority of state corporations posted excesses of revenue over expenditure (GOK, 2006). Akaranga argues that for it to have impact on the populace, the evaluation of this improved performance should be done not only by the government but also by the service users. The government needs therefore, to come up with evaluating tools which will bring to board other stakeholders.

According to an adoption from Kenya Institute of Administration (1999), systematic training approach is a term covering different stages and processes. They are all complementary in that while working on one stage you may find that changes become pertinent elsewhere. This involves having to develop an orderly schedule or plan which will take into account every detail that is essential. The four main stages are identifying training need, planning and designing the training programme, training implementation and assessment of the results (Kobia. 2006).

Performance contracting took place before the finalization and approval of rewards and sanctions system. The winners expect to be rewarded, over and above the normal pay and not just the high performers who expect to be rewarded; the public also expected the poor performers to be punished. When this does not happen, it may demoralize the high performers but also cast aspersion on the rationale and motivation for the whole exercise. The performance contracts should be developed with the internal systems in mind (Petrie, 2002). The anticipated changes of the systems in place should be incorporated in the performance contract. Training should be provided to key people or the change agents in the corporation before and during implementation process.

Within the government and also the corporations a reward system need to be put in place. A performance with reward motivates the implementers of the contracts. Verbeeten (2007) noted that the use of incentives appears associated with an increase in quantity performance yet a decrease in quality performance.

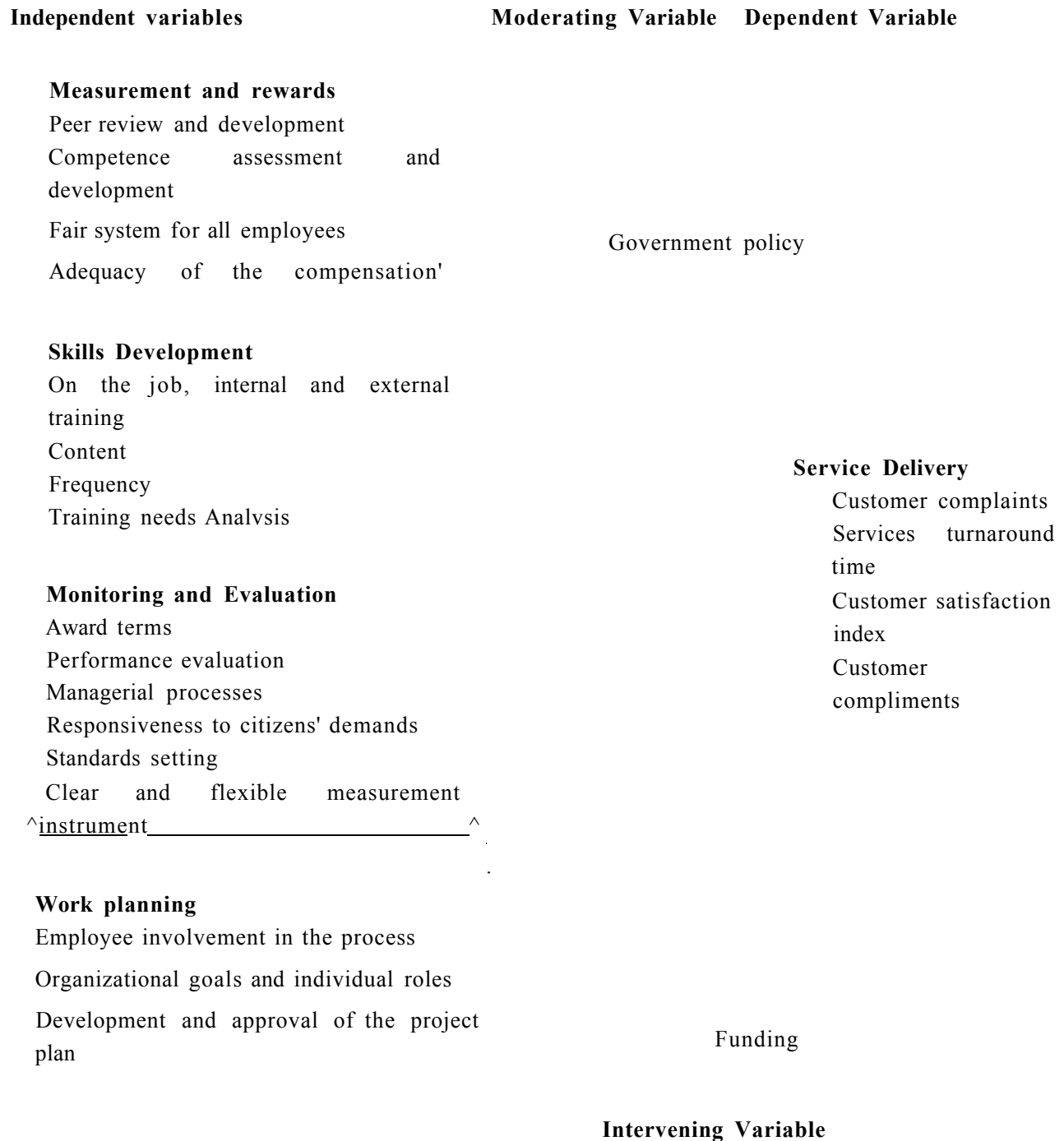
The reporting systems need also to be improved to enhance accountability and transparency. According to Lienert (2003), to increase transparency, performance measurements requires improved external reporting systems and must avoid overloading Kenyans with so many indicators most of which may be difficult to comprehend.

Lastly, with regard to rewarding outstanding performance, there is need to reward outstanding workers which is recognized from the evaluation reports. The top performers need to be rewarded in various ways ranging from recognition to award of medals and other material endowments (Armstrong, 2006).

## **2.8. Conceptual Framework**

The conceptual framework is developed to provide clear links of dependent and independent variables as they relate to each other in this research. The framework therefore shows factors that affect improved service delivery and their possible linkages. The framework shows how Work Planning, Skills Development, Monitoring and Evaluation and Measurement and Rewards affect the Improvement of Service Delivery. Apart from the independent variables, the Improved also depends on schooling environment as moderating variable

The framework is illustrated in Figure 1.



**Figure 1 Conceptual framework**

One of the major aspects of PC is work plan management. It is important that the group works and acts together willingly for a common purpose or benefit to accomplish the aim of the PC system. In order to be understood and achievable, the work plan needs to include criteria for measuring success as well as defining the roles of both staff member and manager in

achieving the plan's goals and furthering the aim of the system. This activity can be coupled with training and development within the organization to ensure that there is evident improvement and progress in the working procedures that is reflected in the kind of service being offered to the customers. Regularly checking on how the employees are performing their duties and responsibilities against service standards and targets is also important. The employee performance evaluation provides strict monitoring to ensure that the employees meet the goals of the organization. In addition, performance measurement and rewards involves a review of the success determinants and also relies on commercial quality standards, if applicable. Measures of internal performance, such as managerial processes, routines and formal procedures, are of limited interest to ordinary citizens yet there are also those which attract more attention in management literature.

## **2.9 Knowledge Gap**

Most of the literature reviewed is mostly from different countries whose strategic approach and strategic footing is different from that of Kenya. Further, the studies do not centre into the issue of performance contract implementation per se. The studies done in Kenya have also not looked on the issue of challenges in the process and are done in other areas other than the ENNDA. Thus, there is a research gap on the factors influencing performance contracts on Ewaso Ngi'ro North Development Authority, Kenya which this study seeks to fill.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter covers the methodology which was used in gathering information for this study. The chapter discusses the research design used, target population for the study, sampling techniques used, sample size and procedure, methods of data collection used and procedure for data analysis as well as operationalization of variables.

#### **3.2. Research Design**

A descriptive survey research design was used in this study since the tools allow the use of the gathered primary and secondary data. Descriptive studies allow fact-finding as well as result information with important principles of knowledge and solution. The method was chosen since it is more precise and accurate since it involves description of events in a carefully planned way. This research design also portrays the characteristics of a population fully. The research design was both quantitative and qualitative with the aim of determining the relationship between the independent and dependent variables.

#### **3.3. Target population**

Ewaso Ngiro North Development Authority (ENNDA) has 6 semi-autonomous regional offices across the Ewaso Ngjro North River Basin (ENNRB) to serve one or two counties each. Each of these branches offers all ENNDA services including payments but have to do regular returns to the headquarters for reconciliation. Smaller satellite offices and service points in three districts have been created to serve some large districts which can't be adequately served at the regional offices. The study was conducted in the Authority headquarters in Isiolo and the target population comprised of the 78 employees in the Authority headquarters in Isiolo. To avoid bias from the officers and allow for comparison, the target population also included the 387 service recipients.



### **3.4 Sample Size and Sampling Procedure**

#### **3.4.1 Sample Size**

A total of 150 respondents were used in this study. The study collected data from all the 100 employees of the ENNDA in order to ensure that employees from all levels are involved. A sample of 50 out of 387 service recipients was also used in the study.

#### **3.4.2 Sampling Procedure**

The research took the census approach due to the population size of ENNDA employees. A census is where data is collected from all members of the population (Hair et al, 2011). Simple random sampling was used in selecting the service recipients in the study. Simple random sampling was the most suitable form of sampling as it allows all members of a population to have an equal and unbiased chance of appearing in the sample (Gay, 1992).

### **3.5. Data Collection Tools**

Primary and secondary data were used in the study. Primary data was acquired by researcher using questionnaires which were administered to the respondents. In the use of a questionnaire, the subject responded to the questions. The advantage of the questionnaire is that it can be issued to a large number of people at the same time (Fraenkel and Wallen, 2000). Both close ended and open ended questions were used since they are easy to use, analyze and capture data. These questions also enhance consistency of response across the respondents. Secondary data was collected through literature review and from other documents such as strategic plans, former performance contracts and customer and employee satisfaction surveys. In addition, focus group discussion interviews were also done in order to collect data from service recipients to allow for comparison of similarity of views and attitudes, to allow for idea generation and to aid in development of questionnaires. Interviews are often used to collect primary data for qualitative research as they capture the respondent's actions, attitudes, intentions and motivations in a flexible manner (Saunders et al, 2003). Other empirical data such as past Performance Contracts and Strategic Plans were also used in the study as secondary data.

### **3.6 Data Collection Methods**

This refers to the means the researcher used to gather the required data or information. The researcher administered the questionnaire individually to all respondents. The researcher exercised care and control to ensure all questionnaires issued to the respondents are received and to achieve this, the researcher maintained a register of questionnaires, which were sent, and which were received. The questionnaires were administered using a drop and pick later method to the sampled respondents. In addition, the study conducted focus group discussions using face to face interviews.

### **3.7 Validity of Research Instruments**

Validity indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). The questionnaire was well structured to ensure that it remains focused, accurate and consistent in the course of the study. The validity of the research instruments was established by seeking opinions of experts in the field of study especially my supervisors. In addition, the validity of the instrument was enhanced through pilot testing on two employees and 3 customers who were not included in the final study. Validity of the research instrument simply imply that the conclusion the researcher derives is correct or true. This was assured through consultations between the researcher and the supervisor giving guidelines.

### **3.8 Reliability of Research Instruments**

Reliability of a research instrument enhances its ability to measure consistently what is intended. Reliability was increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. The researcher selected a pilot group of 15 individuals from the target population to test the reliability of the research instruments. In order to test the reliability of the instruments, internal consistency techniques were applied using Cronbach's Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability (Mugenda, 2008). The pilot data was not included in the actual study.

### **3.9 Data Analysis**

This involved interpreting information gathered from the respondents once questionnaires have been received from them. At the end of the data collection process questionnaires were checked thoroughly for completeness. Only duly filled instruments by the respondents were used. The researcher used both qualitative and quantitative data analysis technique to analyze the collected data. The descriptive statistics which comprise of frequency tables and graphs were used to analyse quantitative data. Data was analyzed with the help of statistical package for social science in order to get frequency tables and percentages. It has been observed that percentages are easy to calculate and understand (Babbie, 2011), and are the most widely used and understood standard proportion (Kahn et al 1989). The data was presented using tables for ease of comparison and understanding. The qualitative data was coded thematically and then analyzed statistically. Content analysis was used for data that is qualitative nature or aspect of the data collected from the open ended questions and the focus group discussions. This was presented in prose form.

### **3.10 Ethical Considerations**

In this research, consent was obtained, firstly, by talking to the managers. Consent was also obtained from individual participants before they were interviewed. The nature of the research was explained to them and after several questions on anonymity and confidentiality have been answered and the participants have been reassured that their identities as well as the information will remain confidential,,they agreed to take part in the study. Since the respondents were reluctant to disclose some information, the researcher reassured them of use and confidentiality of the information given by carrying an introduction letter from the university indicating the data is only for academic purpose.

### 3.11 Operational Definition of Variables

The operationalization of variables is as shown in Table 3.1

**Table 3.1: Operationalization Of Variables**

<b>Objective</b>	<b>Independent variable</b>	<b>Indicators</b>	<b>Tools of analysis</b>	<b>Measurement scale</b>	<b>Type of analysis</b>
1. To establish the extent at which Work Plan Management contributes to achievements of targets in the ENNDA Performance Contract.	Work Plan Management	Employees involvement Work plan targets Linking organizational goals and individual roles Teamwork Internal pattern of relationships Functional integration	Means Percentage	Ordinal	Descriptive
2. To investigate how skills development and training influences effective implementation of Performance Contracting in ENNDA.	Skills development and training	On the job training Internal training External training  Training needs analysis  •	Means Percentage	Ordinal ratio	Descriptive
3. To determine the effect of in monitoring and evaluation on the implementation of Performance Contracting in ENNDA.	Monitoring and evaluation	Consultation in the design stage Representation in formulation of contracts Participation in implementation of PC Consultation in the improvement of tools Participation in review and monitoring	Means Percentage	Ratio	Descriptive

<b>Objective</b>	<b>Independent variable</b>	<b>Indicators</b>	<b>Tools of analysis</b>	<b>Measurement scale</b>	<b>Type of analysis</b>
4. To establish the effect of performance measurement and reward on implementation of Performance Contracting in ENNDA	Performance measurement and reward	Reward mechanisms Clear and flexible measurement instrument Realistic Targets Peer review and development Competence assessment and development Standard setting Kind of evaluation/ranking system Promotioas Employee empowerment	Means Percentage	Ratio	Descriptive
<b>Dependent Variable</b>	Service delivery	Implementation of Service delivery Charter Customer complaints handling Service delivery Innovations Turnaround time Delays in services Customer satisfaction index customer compliments Customer queries are handled faster Faster services convenience Faster response to customer enquiries and problems	Means Percentage	Ratio	Descriptive



### 4.3.2 Respondents Classification by Age

Table 4.1 show the respondents' age.

**Table 4. 1: Respondents'Age**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
Below 25 years	10	14.1
26-35 years	31	42.4
36-45 years	24	33.7
46-55 years	7	9.8
Total	72	100

The respondents were required by the study to indicate their age. According to the figure above, most of the respondents were aged between 26 and 35 years, 33.7% were between 36 and 45 years of age, 14.1% were aged below 25 years while 9.8% were aged 46 to 55 years. It therefore depicts that majority of ENNDA employees are youthful and therefore energetic to perform their tasks accordingly.

### 4.3.3 Respondents' Education Level

Table 4.2 gives the education level of the respondents.

**Table 4. 2: Respondents education Level**

<b>Education level</b>	<b>Frequency</b>	<b>Percent</b>
Secondary education	8	11
Diploma/certificate	38	53
Degree and above	24	34
Others	1	2
Total	72	100

Of the 92 respondents, 34% had an undergraduate degree or higher qualification, 53% had a

diploma or certificate, 11% had a secondary school certificate while 2% had other type qualification (Table 4.2). This illustrates that majority of ENNDA employees have diploma/certificate and above as their minimum work qualification

#### 4.3.4 Respondents' duration of service

Table 4.3 shows the respondents duration of service.

**Table 4. 3: Respondents' duration of service**

<b>Duration of service</b>	<b>Frequency</b>	<b>Percent</b>
Below 3 years	7	9.8
3-5 years	19	26.1
5-10 years	22	30.4
Over 10 years	24	33.7
Total	72	100

Table 4.3 shows the respondents' duration of service at the ENNDA. Most of the employees had worked for ENNDA for more than 10 years, 30.4% for 5 to 10 years, and 26.1% for 3 to 5 years while 9.8% said that they had worked in ENNDA for less than 3 years. From the results, it is clear that majority of the employees at the ENNDA have worked for the organization for more than 5 years and therefore could give relevant information as sought by the study.

### 4.4 Performance contract and service delivery

#### 4.4.1 Length of the Performance Contract

The study requested the respondents to give length of the performance contract currently in ENNDA. All the respondents involved in the survey listed one year as the length of the PC currently in use at the ENNDA. The respondents also indicated that the PC was fair, citing that it had a good basis and that was easy to understand. They further supported the reward system as it acted as a learning guide.



#### 4.4.2 Understanding of PC details before signing

**Table 4. 4: Understanding of PC before signing**

	<b>Frequency</b>	<b>Percent</b>
Did not understand	18	25
Understand	54	75
Total	72	100

On the issue of whether the respondents understood the details in the PC before they signed it, 75% said that they understood while the remaining 25% did not understand the details but signed all the same (Table 4. 4). This is due to the fact that it is mandatory to sign the PC at the beginning of every financial year, it therefore indicates that performance contracting is not a voluntary process.

#### 4.4.3 Terms of the PC

**Table 4. 5: Terms of the PC**

	<b>Frequency</b>	<b>Percent</b>
Not comfortable	27	37
Comfortable	45	63
Total	72	100

The study required that the respondents state whether they were comfortable with the terms of the PC. Most (63%) respondents indicated that they were comfortable with the terms while 37% said that they were not comfortable with the terms (Table 4.5). Those who were not comfortable cited lack of proper rewards systems and unclear measuring standards as the reasons they were uncomfortable.

#### 4.4.4 Performance Contract's effect on service delivery.

The results of performance contract's effectiveness on service delivery are shown in Table 4.6 below.

**Table 4. 6: PC Effect on Service Delivery**

	<b>Frequency</b>	<b>Percent</b>
Yes	57	79
No	15	21
Total	72	100

The researcher sought to establish from the respondents whether service delivery had improved as a result of the PC. According to the table 4.4, 79% of the respondents felt that the PC had helped improve service delivery, while 21% felt that service delivery had not improved to a large extent as a result of PC. Majority of the employees perceived that the PC helped them come up with viable targets and benchmarks of acceptable service delivery hence improving the output.

#### 4.4.5 Service recipients' perception of PC and service delivery

The results of service recipients' perception of PC and service delivery are shown in Table 4.7 below.

**Table 4. 7: Service recipients' perception of PC and service delivery**

	<b>Frequency</b>	<b>Percent</b>
Strongly agree	23	32
Agree	43	60
Neutral	2	3
Disagree	2	3
Strongly disagree	1	2
Total	72	100

Majority of the participants in focus group meetings, 60%, agreed that service delivery had improved as a result of PC, 32% strongly agreed while 3% either disagreed or were neutral while 2% strongly disagreed that PC had helped to improve service delivery. It therefore

depicts that PC had helped to improve service delivery in ENNDA to a great extent.

#### 4.4.5 Tools provision

The findings on whether enough tools were provided to the employees to facilitate in target achievement are shown Table 4.8.

**Table 4. 8: Provision of Tool to Facilitate CP**

	<b>Frequency</b>	<b>Percent</b>
Sufficient	37	52
Insufficient	35	48
Total	92	100

Regarding whether enough tools were provided to the employees to facilitate in target achievement, 52% of the recipients felt that tools provided were adequate while 48% felt that they were not provided enough tools. The tool in question included fuel or transport to and from work related duties, stationery, computers and printers as well as other office equipment.

#### 4.5 Work Plan Management

The respondents were asked to respond to a series of questions using the likert scale, where: strongly disagree = 1, disagree = 2, neutral = 3, agree = 4 and strongly agree = 5. Table 4.9 shows the results on various aspects of Work Planning.

**Table 4. 9: Work Plan Management**

	<b>Mean</b>	<b>Std. deviation</b>
ENNDA employees are involved in all stages of drawing work plans.	1.902	0.1605
Targets in the work plan aid in achievement of PC targets.	3.978	1.0312
Targets draw from clear organizational goals and individual roles.	3.902	0.7496
Work plans encourage teamwork.	3.641	0.6566
Work plans are specific, measurable, achievable, and realistic and time bound.	3.435	0.7021

The respondents were required by the study to indicate their agreement with various

statements regarding work planning. Majority of the respondents were in agreement with the statement that targets in the work plan aid in achievement of PC targets as shown by a mean score of 3.978 and that target are drawn from clear organizational goals and individual roles as shown by a mean score of 3.902. Further, they were in agreement with statement that work plans encourage teamwork as shown by a mean score of 3.641 and that work plans are specific, measurable, achievable, and realistic and time bound as shown by a mean score of 3.435. However, they disagreed that ENNDA employees are involved in all stages of drawing work plans as shown by a mean score of 1.902.

#### 4.6 Training and skills development

The aim of this section was to determine if the employees have the training and skills necessary to achieve PC targets, as well as how training needs and the actual training was carried out. The Table 4.10 shows the results obtained.

**Table 4. 10: Training and Skills Development**

	<b>Mean</b>	<b>Std. dev.</b>
Training provided by ENNDA helps improve skills so as to surpass targets	3.673913	0.678917
Training combines on the job, internal and external training	3.76087	0.6563
Staff are involved and consulted in coming up with training needs	2.423913	0.208741
There is clarity in how individual training needs are arrived at	2.728261	0.241759

The study required that the respondents indicate their level of agreement with above statement on skill development and training. Majority of the respondents were in agreement with statement that training combines on the job, internal and external training as indicated by a mean score of 3.76087 and that training provided by ENNDA helps improve skills so as to surpass targets as indicated by a mean score of 3.673913. They were neutral about the statement that there is clarity in how individual training needs are arrived at as indicated by a mean score of 2.728261. Nevertheless, they were in disagreement with statement that staff are involved and consulted in coming up with training needs as indicated by a mean score of 2.423913

#### 4.7 Monitoring and evaluation

The monitoring and evaluation results are shown in Table 4.11.

**Table 4. 11: Monitoring and evaluation**

	<b>Mean</b>	<b>Std. Dev.</b>
Monitoring and evaluation is conducted on an on-going basis	3.793	0.6949
Evaluation reviews are well communicated to employees	2.250	0.1993
Service recipients are actively involved in M and E	2.891	0.3442
Customer reviews are useful in improving service	3.457	0.6069

On monitoring and evaluation, majority of the respondents were in agreement that monitoring and evaluation is conducted on an on-going basis as shown by a mean score of 3.793 and that customer reviews are useful in improving service as shown by a mean score of 3.457. They were neutral on the statement that service recipients are actively involved in M and E as shown by a mean score of 2.891. However, they were in disagreement with the statement that evaluation reviews are well communicated to employees as shown by a mean score of 2.250.

From the focus group discussion, it emerged that service recipients were involved in M and E at the ENNDA.

#### Feedback Methods

In relation to the methods of providing feedback, the respondents indicated that they were suggestions/complaints box, customer satisfaction survey, telephone, mail/email and oral report. The respondents also indicated that they felt that their input or suggestions were ignored or not acted upon.

#### 4.8 Measurement and Rewards

Results of measurement and rewards are given in Table 4.12.

**Table 4. 12: Measurement and Rewards**

	<b>Mean</b>	<b>Std. Dev.</b>
The measurement tool is clear and flexible	3.739	0.6775
Targets set for each employee are realistic and are arrived at after consultation	3.043	0.4565
the reward system is considered fair by all employees	2.880	0.2903
Rewards are always given for targets achieved	2.337	0.4347

The study required the respondents to indicate their agreement on above statement concerning measurement and rewards. The respondents were in agreement with statement that the measurement tool is clear and flexible as shown by a mean score of 3.739. The respondents were neutral on the statements that targets set for each employee are realistic and are arrived at after consultation as shown by a mean spore of 3.043 and that the reward system is considered fair by all employees as shown by a mean score of 2.880. They were however neutral on the statement that rewards are always given for targets achieved as shown by a mean score of 2.337.

#### **4.9 Correlation Analysis**

A correlation analysis was conducted in this study so as to test relationship among independent variables (independent) on service delivery. The research used statistical package for social sciences (SPSS V 17.0) to code, enter and compute the measurements of the multiple regressions correlation analysis. The results obtained are shown in Table 4.13.

**Table 4. 13: Coefficients**

	Service delivery	Work plan Management	Skills development and training	Customer participation	Measurement and Reward
Service delivery (r) (p) Sig. (2 tailed)	1.000				
Work plan Management (r) (p) Sig. (2 tailed)	0.894 0.008	1.000			
Skills development and training (r) (p) Sig. (2 tailed)	0.661 0.014	0.316 0.047	1.000		
Monitoring and evaluation (r) (p) Sig. (2 tailed)	0.493 0.018	0.163 0.019	0.216 0.047	1.000	
Measurement and Reward (r) (p) Sig. (2 tailed)	0.402 0.031	0.161 0.029	0.233 0.0464	0.462 0.014	1.000

The data presented before on work plan management, skills development and training, Monitoring and evaluation and reward system were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlation analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. The Table above indicates the correlation matrix between the factors (work plan management, skills development and training, Monitoring and evaluation and measurement and reward) and service delivery. According to the table, there is a positive relationship between service delivery and work plan management, skills development and training. Monitoring and evaluation and reward system of magnitude 0.894, 0.661, 0.493 and 0.402 respectively. The positive relationship indicates that there is a correlation between the factors and service delivery with work plan management having the highest value and reward system having the lowest correlation value.

This notwithstanding, all factors had a significant p-value ( $p < 0.05$ ) at 95% confidence level. The significance values for relationship, between service delivery and work plan management, skills development and training, Monitoring and evaluation and measurement and reward were 0.008, 0.014, 0.018 and 0.031 respectively. This implies that work plan management was the most significant factor, followed by skills development and training then Monitoring and evaluation while measurement and reward was the least significant.



## CHAPTER FIVE

### SUMMARY OF THE FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of findings, discussion, conclusions drawn from the findings and recommendations made therefore. This study sought to determine the effect of Performance contracting processes on service delivery at ENNDA. The study also sought to establish the extent at which Work Plan Management, skills development and training, level of Monitoring and evaluation and reward system is tied to achievement of the Performance Contracts targets in ENNDA.

#### 5.2 Summary of the Findings

**Table 5.2: Summary' of the Findings**

Objective	Summary of the findings
To establish the extent at which Work Plan Management contributes to achievements of targets in the ENNDA Performance Contract.	<ol style="list-style-type: none"> <li>1. Targets in the work plan aid in achievement of PC targets</li> <li>2. Target are drawn from clear organizational goals and individual roles</li> <li>3. Work plans encourage teamwork</li> <li>4. Work plans are specific, measurable, achievable, and realistic and time bound</li> </ol>
To investigate how skills development and training influences effective implementation of Performance Contracting in ENNDA.	<ol style="list-style-type: none"> <li>1. Skills development and training influences effective implementation of Performance Contracting</li> <li>2. Training combines on the job. internal and external training</li> <li>3. Training provided by ENNDA helps improve skills so as to surpass targets</li> </ol>
To determine the effect of in monitoring and evaluation on the implementation of Performance Contracting in ENNDA.	<ol style="list-style-type: none"> <li>1. Monitoring and evaluation affect the implementation of Performance Contracting</li> <li>2. Monitoring and evaluation is conducted on an on-going basis</li> <li>3. Customer reviews are useful in improving service</li> </ol>

Objective	Sumiliary of the findings
	4. Evaluation reviews are not well communicated to employees Service recipients were involved in M&E at the ENNDA
To establish the effect of performance measurement and reward on implementation of Performance Contracting in ENNDA	1. Measurement tool is clear and flexible 2. Targets set for each employee are not realistic and are arrived at aft consultation 3. Rewards are not always given for targets achieved

### 5.3 Discussion

Some discussion of the findings is given below. Performance contracts were introduced in Kenya in 1989 with the aim of transforming the public sector service delivery system and making it a net contributor to the growth in the economy. The ENNDA, being a state corporation, followed suit by introducing Performance Contracts with a view of improve service delivery.

The main aim of this research was to find out if and what impact introduction of the PC has had on service delivery, while paying attention to the whole PC process. On this basis, a survey was done targeting both the ENNDA employees as the implemented of the PC and customers who are receive services from the ENNDA. To this end, a questionnaire was used for the employees while focus group meetings were held with the service recipients.

#### 5.3.1 Performance Contract and service delivery.

The study established that PC as an instrument is mostly thought to be fair as it has a good basis, is easy to understand and acts as a learning guide. In a study carried out by Akaranga (2008), it was revealed that all Government Ministries and state corporations in Kenya had formally implemented performance contracts. According to the study, there was clear evidence of improvement in income over expenditure as well as service delivery in the state corporations and government ministries. The terms of the performance contract are felt by the employees to be comfortable. This is mainly due to the reciprocal nature of the contract, where one binds themselves to achieve certain targets, but also binds the employer to provide all the necessary tools to make this possible. Most of the employees at the ENNDA understand

the PC before they sign it.

Majority of the employees also feel that the PC has helped improve service delivery. This is **also** reflected by more than half of the service recipients involved in the focus discussion, who **also** agree that service delivery has improved as a result of the PC.

On tool provision, about half the employees' feel that they are provided enough tools to achieve the set targets, while the other half feels that they could do with more tools.

### **5.3.2 Work Plan Management**

Work plans are drawn on a yearly basis, and the targets are drawn from the Performance Contract. The study has shown that targets in the work plan aid in achievement of PC targets and that target are drawn from clear organizational goals and individual roles. Further, it has indicated that work plans encourage teamwork and that work plans are specific, measurable, achievable, and realistic and time bound.

These findings correlate with Akaranga, (2008) argument that work plan management is based upon business plans and other corporate documents. Key deliverables and areas of responsibility to which staff members will contribute are determined. A staff member and manager agree on the work and responsibilities of the staff member's position. The plan will also set out how the staff members' performance will be measured or evaluated against set objectives. However, members of staff are not sufficiently involved in drawing up contracts, a task which is largely still the work of managers. This means that performance goals are often perceived as being imposed from above rather than a collective thought process.

### **5.3.3 Training and skills development**

This is considered an important part, as it provides the employees with the necessary skills to achieve their set targets. These findings correlate with Armstrong, (2006) argument that skills management is the practice of understanding, developing and deploying people and their skills. Well-implemented skills management should identify the skills that job roles require, the skills of individual employees, and any gap between the two. Most of the employees who took part in the study are satisfied with the training provided, and consider it useful and appropriate for their work. Training offered at the ENNDA encompasses on the job training, internal and

external training. This ensures that appropriate methods are used to pass skills to the employees depending on need. Armstrong, (2006) had earlier indicated that the development of the employee through skills gained further increases employee motivation thus affecting the output of the employee.

There is however two problems identified in this area during the course of this research. One is that most of the employees are not involved or consulted when coming up with training needs; their supervisors simply decide or guess what skills might be needed. The other is that there is no clarity in understanding how training needs for individuals are arrived at, which is related to the problem above. This leaves some employees thinking that there is favoritism, nepotism and corruption involved in determining training needs for individual employees.

#### **5.3.4 Monitoring and Evaluation**

Monitoring is mostly done on an on-going basis, while evaluation is mostly done at the end of every quarter that is every three months. Customer evaluation surveys are done at least twice in the year. The study has shown that monitoring and evaluation in ENNDA is conducted on an on-going basis and that customer reviews are useful in improving service. The study has also indicated that service recipients' views, even when received are not acted upon, leaving them reluctant to offer more opinions in future.

The study has also revealed that evaluation reports are not well communicated to employees by their supervisors, and thus there is little or no feedback on their performance. Within the context of performance evaluation, Armstrong and Baron (2004) argue that the manager and the staff member should periodically evaluate the staff member's performance and the achievement of the objectives in the work plan as well as the agreed training and development plan. There is need to involve customers more when doing Monitoring and evaluation as they are an important stakeholder.

#### **5.3.5 Measurement and Reward System**

The study has indicated that the measurement tool was clear and flexible. These findings correlate with Smith (1993) argument that it is important to select only a few meaningful measures on which to judge success, including contractual language for negotiated changes to

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the metrics and measures, consider "award term" which ties the length of contract to the performance, consider other incentive tools, recognize the power of profit as motivator, and most importantly, consider the relationship. It has however, shown that targets set for each employee are unrealistic and that there is no consultation in coming up with them. The study indicated that the respondents disagreed that reward system is considered fair by all employees and that rewards are always given for targets achieved.

#### **5.4 Conclusions**

It is concluded from the study that performance contracting has a positive impact on service delivery. It has shown that majority of the employees also feel that the PC has helped to improve service delivery.

It is further concluded that work plan management contributes to achievements of targets in the performance contract to a great extent. It has been indicated in the study that work plans encourage teamwork and that work plans in ENNDA are specific, measurable, achievable, and realistic and time bound and therefore helps achievements of targets in the performance contract.

On training and skills development effect on performance contracting, it was concluded that training and skill development influences performance contracting to a great extent. The study identified that ENNDA used appropriate methods to pass skills to the employees depending on need. Training provided by ENNDA helps improve skills so as to surpass targets.

It was also concluded that ENNDA encourages Monitoring and evaluation in performance Monitoring and Evaluation strategies. It is therefore indicated that ENNDA involved service recipients in M&E. it also indicated that monitoring and evaluation in ENNDA is conducted on an on-going basis.

On whether reward system is tied to achievement of the PC targets, it was concluded that rewards were not tied to achievement of the PC targets. It indicated that rewards are not always given for targets achieved thus employees are not well motivated to achieve them.

#### **5.5 Recommendations**

Based on the findings and conclusions, the following recommendations are made from the

study. ENNDA should provide adequate tools to the employees in order to ensure the employees achieve their targets. More consultation with employees should be done when drawing up work plan targets. Effort should be made to ensure all targets in the work plan are specific, measurable, achievable, and realistic and time bound.

In coming up with training needs, it is recommended that the employees should be more involved in designing of training schedules. There should be more clarity in how individual training needs are arrived at to minimize suspicion of corruption. The study further recommends that ENNDA should provide adequate resources needed for training.

It is also recommended that evaluation reviews should be well communicated to the employees by their supervisors to enable them improve their performance. Service recipients need to be more involved in monitoring and evaluation to ensure any gains made are a real indication of improvement on the ground. Where service recipients are involved in giving feedback, care should be taken to take their views seriously and consider them for implementation.

Targets used in measurement should be clear and should be arrived at with the help of the employees. There is a great importance to attach rewards to achievement of targets so as to motivate the employees. It is therefore recommended that the following motivational approaches should be considered for inclusion as rewards for targets achieved: Listening ear, professional training, conducive work environment, special recognition, fringe benefits, promotions and monetary rewards.

## **5.6 Recommendations for Further Research**

This study sought to determine the effect of Performance contracting processes on service delivery at ENNDA. It is recommended further that studies in the area of factors affecting the implementation of performance contracts in Kenya should be done. It is also recommended that a similar study should be conducted on the effect of performance contracting on employee productivity in the local authorities, other ministries and parastatals. A study should also be conducted on the effectiveness of M&E in parastatals in Kenya.

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## APPENDICES

### APPENDIX I: LETTER OF TRANSMITTAL

**KIEMA MWANDIA**  
**P.O BOX 346-10400**  
**NANYUKI**  
**DATE**

Dear Sir / Madam,

**RE: LETTER OF TRANSMITTAL OF DATA COLLECTION INSTRUMENTS**

This is to inform you that I am carrying out a research leading to the award of The Master of Arts Degree in Project Planning and Management. The study focuses on "Factors Influencing Performance Contracts on Kenya Public Management Service Delivery: A Case Study of The Ewaso Ngiro North Development Authority (ENNDA), Kenya"

When the research is successfully completed the results will be useful to transport and hospitality industries and the government in order to understand the effects of drug abuse among the transport and hospitality industries in Isiolo Town. All information provided will strictly be handled confidentiality.

Attached please find a questionnaire which requires you to provide information by answering questions honestly and objectively. Do not write your name anywhere on the questionnaire.

Yours faithfully

KJEMA MWANDIA

Mobile Phone; 0721703041

## APPENDIX 2: QUESTIONNAIRE FOR EWASO NGIRO NORTH DEVELOPMENT

### AUTHORITY STAFF

#### Instructions

*Please tick (✓) in the appropriate box or fill in the empty spaces. Kindly respond to all questions freely and honestly. Your response will be kept strictly confidential and your names are not required.*

#### Section A: Demographic Information (Tick one)

1. What is your gender?

Male

Female

2. Age in years

Below 25

26-35

36-45

Above 45

3. What is your highest academic qualification?

Diploma

Degree

Masters

Others (specify)

4. For how many years have you been working at ENNDA?

Below 3 years

3-5 years

5-10 years

Over 10 years

**Section B: Nature of ENNDA'S PCS**

5. What is the duration of the Performance Contract (PC) signed at the ENNDA?  
(Indicate in months or years)

6. Did you understand all the details in the PC before you signed it? **(Tick one)**  
Yes [ ] No [ ]

7. Are you comfortable with the terms of your PC? **(Tick one)**  
Yes [ ] No [ ]

8. In your opinion, has service delivery improved as a result of the PC? **(Tick one)**  
Yes [ ] No [ ]

9. Are you provided sufficient tools to meet the targets set out in the PC? **(Tick one)**  
Yes [ ] No [ ]

10. To what extent does performance contracting enhance the following in your organization?

	<b>Not at all</b>	<b>Low extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very great extent</b>
Reduction in customer complaints					
Delays in services have reduced					
Customer satisfaction index has improved					
Increase in customer compliments					
Staff are able to offer better services					
Customer queries are handled faster					
Faster services					
Customers enjoy greater convenience and control					
Faster response to customer enquiries and problems					



**Section C: Work Planning:**

*Please indicate to what extent you agree with the following statements:*

S/NO		Totally disagree	Disagree to a large extent	Neither agree nor disagree	Agree to a large extent	Totally agree
10.	ENNDA employees are involved in all stages of drawing work plans.					
11.	Targets in the work plan aid in achievement of PC targets.					
11.	Targets draw from clear organizational goals and individual roles.					
11.	Work plans encourage teamwork.					
14.	Work plans are specific, measurable, achievable, and realistic and time bound.					

**Section D: Skill Development and Training:**

*Please indicate to what extent you agree with the following statements:*

S/NO		Totally disagree	Disagree to a large extent	Neither agree nor disagree	Agree to a large extent	Totally agree
15.	Training provided by ENNDA offers to improve employees' skills in order to surpass their targets.					
16.	Training combines on the job, internal and external training.					
<b>r</b>	Staff are involved and consulted in coming up with training needs.					
18.	There is clarity in understanding how training needs for individual employees are arrived at.					

**Section E: Monitoring and Evaluation**

S/NO		Totally disagree	Disagree to a large extent	Neither agree nor disagree	Agree to a large extent	Totally agree
19. <b>1</b>	Monitoring and evaluation is conducted on an					

S/NO		Totally disagree	Disagree to a large extent	Neither agree nor disagree	Agree to a large extent	Totally agree
	on-going basis.					
1 <sup>20</sup> ,	Evaluation reviews are well communicated to all employees.					
21.	Service recipients are actively involved in M&E.					
22.	Customer reviews are useful in improving service delivery.					
123	Methods of evaluation on performance contracting are well understood					
24	Evaluation system in performance contracting is fair to all					
25	There is feedback of monitoring and evaluation results					

**Section F: Measurement and Rewards**

S/NO		<b>Totally disagree</b>	<b>Disagree to a large extend</b>	<b>Neither agree nor disagree</b>	<b>Agree to a large extend</b>	<b>Totally agree</b>
26.	The measurement instrument is clear and flexible.					
27.	Targets set for each employee are realistic and are arrived at after consultation between employee and employer.					
28.	The reward system is considered fair by all employees.					
29.	Rewards are always given for targets achieved.					
30	Performance contracting has resulted in employee empowerment	.				
31	Compensation/ reward scheme is adequate					
32	Promotions are more transparent					

**Thank you.**

## **APPENDIX 3: QUESTIONNAIRE FOR ENNDA SERVICE RECIPIENTS' FOCUS**

### **GROUP DISCUSSION GUIDE**

**Research title:** *"Factors Influencing Performance Contracts on Kenya Public Management Service Delivery: A Case Study of The Ewaso Ngiro North Development Authority (ENNDA), Kenya"*

#### **SECTION A: INTRODUCTION.**

1. Explain the purpose of study
2. Request for full cooperation
3. Assure participants that information gathered will be kept confidential and used only for research purposes.
4. District/Town:
  
5. Number of service recipients present:  
Male  
  
Female

#### **SECTION B: PERFORMANCE CONTRACTS AND SERVICE DELIVERY**

6. Establish how often ENNDA services are sought.
7. Establish to what extent service recipients are aware of PC at the ENNDA.
8. Are services offered satisfactory?
9. Has service delivery improved in the last 5 years/ since implementation of PC?
10. Establish if staffs at the ENNDA points of service have a positive attitude towards service recipients.

#### **SECTION C: MONITORING AND EVALUATION**

11. Do service recipients feel it is important to be involved in M&E?

12. What method do they use to provide feedback to the ENNDA?

- The complaints and suggestion boxes
- Customer satisfaction surveys
- Telephone, Mail and e-mail
- Oral reports at point of service

13. How well is feedback received?

- Well received and action taken on suggestions
- Tolerated
- Not acted upon
- Poorly received

14. Are service recipients willing to be involved in provision of M&E in the future?

Thank you.