DECLARATION

This Project is my original work and has not been presented for award of any degree in any other university.

Name: RUTH IKUNI MUSIEGA

Signature: ________________________  Date: _______________

REG. NO. D61/74110/2012

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

NAME: DR. VINCENT MACHUKI

Signature________________________           Date_________________

Department of Business Administration

School of Business

University of Nairobi
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Above all I thank almighty God for granting me sound health, energy and grace through the research period.
DEDICATION

To mum Everlyne Nanga Okwuosa who gave me a firm foundation for a fulfilled life.
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<tr>
<td>B.O.M</td>
<td>Board of Management</td>
</tr>
<tr>
<td>ERSWEC</td>
<td>Economic Recovery Strategy for Wealth and Employment Creation</td>
</tr>
<tr>
<td>G.O.K</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>MoEST</td>
<td>Ministry of Education Science and Technology</td>
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<tr>
<td>PC</td>
<td>Performance Contracting</td>
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ABSTRACT

The quest for productivity, quality and speed has spawned a remarkable number of management tools and techniques such as total quality management, benchmarking, re-engineering, change management and performance contracting. Performance contracting is a management tool to help public sector executives and policy makers in strategic planning which identifies clear and measurable objectives, selects indicators and sets explicit targets. Performance contracting has been around for more than a decade. The strategic use is intended to help drive change efforts from process to results orientation in the public service. It establishes clarity and consensus about priorities and ensures that systems are established to promote equality of all users of public service. The culture of non-performance and lack of accountability fights back to resist the change that comes with performance contracting raising questions as to whether performance contracting is good enough. It is agreeable that the challenges facing many organizations today are both operational and institutional on how to match and align performance measures with business strategy, structures and corporate culture. The objective of this study was to determine whether tertiary public colleges in Kakamega County were involved in the implementation of performance contracting and the perceived challenges of implementing performance contracting. The open and closed ended questionnaire was used to collect data since it allows systematic data collection on the research problem and it also gives a deep understanding of the issues. The sample population for this study comprised of forty-five administrators. The data collected was analyzed using on sample t-test where standard deviation and means were derived; percentage and frequency were also calculated. Key findings of the study were that most respondents hold a first degree, a few hold a master’s degree and most respondents had worked in the college for more than 6 years. Majority of the respondents agreed to a moderate extent that tertiary public colleges in Kakamega County participate in performance contracting process. Results from the study also showed that most respondents agreed that performance contracting faced operational and institutional challenges. The challenges identified included the lack of political goodwill to drive the process, lack of conformity to the requirements of the sub-systems of performance contracts and lack of provision for the impact of external factors such as changes in government policy, inflation and exchange rate fluctuations. The study concluded that the implementers of the performance contract at all levels of the college, from the administrators to the lectures and non teaching staff need to set the targets. In addition the implementers need to be fully aware of the performance contract process. The study recommends that for effective implementation of performance contracting in tertiary public institutions in Kakamega County all employees need to be included in setting the performance targets for their respective work areas. The study also recommends that, attention needs to increase on stakeholder needs in terms of the social, political, cultural and legal environment so as to raise the profile of service delivery. To minimize ignorance of how performance contracting implementation is to be undertaken, the study recommends training of all implementers to bring them to terms with critical performance contracting matrices. The study also recommends that the tertiary public colleges in Kakamega County should fast track for ISO certification which will improve implementation of performance contract. Further research should
be carried out to establish the external factors affecting implementation of performance contract in vocational colleges. Further study needs to be carried out on aspects that lead to successful implementation of performance contracting in the tertiary public colleges in Kenya.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance contracting is a central element of new public management, with the main concern being improved external accountability and increased internal efficiency and effectiveness at the same time (Gianakis, 2002). In pursuit of the goal of performance improvement within the public sector, new public management emphasis is on the adoption of private sector practices in public institutions (Balogun, 2003), in quest of this same goal, public sector reforms has been introduced as a remedy to reversing falling service delivery. Performance contracting is a tool used to ensure an organization commits to its intentions to achieve the strategic objectives for improving public budgeting, promoting a better reporting system and modernizing public management while enhancing efficiency in resource use and effectiveness in service delivery (Greiling, 2006). Organizations operate in uncertain environments and they deliberately have to engage in strategic management for them to achieve their corporate goals.

The concentration of knowledge surrounding theories makes for a comprehensive coverage of the subject matter of a field. Performance contracting can be anchored on the Goal-setting theory developed by Locke (Locke & Latham, 1990) which states that goal setting is essentially linked to task performance where specific and challenging goals along with appropriate feedback contribute to higher and better task performance. Results-based Management theory (RBM) can also be used to anchor
performance contracting. Karl, Rodriques & Sheils (2010) define it as a broad management strategy aimed at achieving improved performance and demonstrable results. Schouten & Beers (2014) indicate that RBM aims to achieve maximum results based on clear and measurable agreements made upfront.

Tertiary public colleges in Kakamega County are government institutions which are subjected to public sector reforms. These colleges participate in performance contracting and use it as a tool to negotiate targets. The parities in objectively evaluated performance of tertiary colleges at the end of the contract period, usually a year, is a concern that interrogated the perceived challenges that the tertiary public colleges experienced in implementation of performance contracting.

1.1.1 The Concept of Performance Contracting

The quest for productivity, quality and speed has spawned a remarkable number of management tools and techniques such as total quality management, benchmarking, re-engineering, change management and performance contracting. The definition of performance contracts has been a subject of considerable debate among the scholars. A few definitions however, suffice in explaining what the concept entails. McLeod (1986) defines a contract as, a binding agreement between two or more parties for performing, or refraining from performing some specified act(s) in exchange for lawful consideration. Hornby (2010) defines performance as the positive or negative outcomes of activities of an organization over a given period of time. Akaranga (2008) defines it as a the process of implementation that entails management, monitoring and evaluation of performance plus impact evaluation.
Karl, et al. (2010) identifies performance contracting as a management tool to help public sector executives and policy makers in strategic planning which identifies clear and measurable objectives, selects indicators and sets explicit targets. They further suggest that strategic planning moves on to performance measurement where performance monitoring systems are developed, actual results are then reviewed and analyzed then reporting is done vis-a-vis the targets. Boykin (2005) points out that the methodology involves establishing an integrated solutions team, describing the problem that needs solving, examining private-sector and public-sector solutions, developing objectives and decisions on how to measure and manage performance. A baseline period is set, allowing for due diligence by both parties then full execution of the metrics and associated incentives and disincentives. Everything is up-front, in writing.

Performance contracting as a strategic management tool has been around for more than a decade. The strategic use is intended to help drive change efforts from process to results orientation in the public service (Hatry, 2006). It establishes clarity and consensus about priorities and ensures that systems are established to promote equality of all users of public service. According to Larbi (2005) performance contract is of value as it focuses in ensuring impartiality and fairness in the process of delivery of public services while institutionalizing a culture of accountability integrity, transparency and promotes values and principles of the public service. Boykin, (2005) indicates that performance contracting ensures effective, efficient and responsible use of public resources enhancing responsiveness by public servants in delivery of services.
In Kenya, the first two parastatals to be put on performance contracting were Kenya Railways in 1989 and National cereals and produce board in 1990. These PC’s failed because of lack of political goodwill to drive the process as it was perceived as donor-driven (Letangula & Letting, 2012). PC was reintroduced in 2003 as clearly spelt out in the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC). Tertiary public colleges signed PC’s as from 2006 to date.

1.1.2 The Concept of Perception

Perception is defined by Gibson (1966) as a dynamic search for the best interpretation of the available data biased by an observer’s expectations being context-sensitive and it depends on culture and experiences. Perception is anchored on cognitive psychology theories in works such as the theory of direct perception.

1.1.3 Challenges in the Implementation of Performance Contracting

Challenges are defined differently by scholars depending on the subject in question. In this scenario it was looked at as the hindrances of implementing performance contracting. Hindrance is defined by Hornby (2010) as a thing or person that makes it more difficult for somebody to do something or for something to happen. The culture of non-performance and lack of accountability is fighting back to resist the change that comes with performance contracting raising questions as to whether performance contracting is good enough.

Mghenyi (2010) studying challenges facing implementation of performance contracting in the ministry of finance of the government of Kenya identified lack of political goodwill to drive the process as one of the challenges. Lack of conformity to
the requirements of the sub-systems of performance contracts and lack of provision for the impact of external factors such as changes in government policy, inflation and exchange rate fluctuations which would have made evaluation unfair were also identified. Mbua & Sarisar (2013) highlight some of the challenges being faced in the implementation of performance contracting as culture change, acceptability by all stakeholders, public views which are against performance contracting. Leadership and management practice may display interests that create a clash with the contract; systems and processes; rewards, dealing with low target setters, conflict of interest by the performance contracting committee, incentive systems, legal foundations and internal institutional challenges directly experienced by the managers.

For ten years Lienert (2003), studied civil service reform in Africa and it is agreeable that the challenges are both operational and institutional from the conclusion that the challenges facing many organizations today is how to match and align performance measures with business strategy, structures and corporate culture. In the same study, it is also evident that the type and number of measures to use, the balance between the merits and costs of introducing these measures and how to deploy the measures so that the results are used and acted upon are also a challenge.

1.1.4 Tertiary Education Sector in Kenya

Tertiary education sector in Kenya is made up of both public and private colleges which offer technical hands-on skills in various fields including, engineering, medical sciences, nursing, education, computer science, mass communication, tourism, and business (Wosyanju, 2009). The sector is responsible for the provision and co-ordination of education, training, research, education policy formulation and
implementation and quality assurance at all levels of learning. Wasyanju (2009) indicates that there is a deliberate intention by the government to increase the enrollment in schools to 95% as well as the transition rates to tertiary colleges and higher education to 8%.

According to the Ministry of Education Science and Technology (MoEST, 2014), tertiary education is expected to play a crucial role in the national, social and economic development of driving the country to the much anticipated vision 2030, which singles out education and training as the vehicle that will drive Kenya into becoming a middle income economy. Owino, Oanda & Olel (2011) attributes the focus on accountability and performance of education in Kenya to the events taking place in the developed nations such as United States of America, Japan, China and India. This has led to many changes in policy and guidelines in tertiary education sector in Kenya (GoK, 2010).

Tertiary public colleges sign performance contract and evaluation with the government of Kenya (GoK, 2010). Tertiary institutions identify and develop areas of enhancing technology and innovation, develop incubation hubs for science and technology related studies and redefine curriculum to meet the needs of Vision 2030 in the areas of science and technology. Wosyanju (2009) reports that tertiary education sector provides advanced training in science and technology. It also seeks linkages with the private sector to test the incubation ideas strengthening post graduate training in science and technology and it further coordinates all innovation ideas through the national council of science and technology.
1.1.5 Tertiary Public Colleges in Kakamega County

Tertiary public colleges in Kakamega County are placed under several government sectors such as technical, medical, education, business, engineering and business. Tertiary colleges and other institutions of higher learning in Kakamega County offer various certificate, diploma, bridging, undergraduate and postgraduate courses. Tertiary Public colleges in Kakamega County in the technical, medical and teacher training sign performance contacting so as to contribute to creating a result-oriented culture of accountability and transparency in the public sector.

Functionally the colleges report to the Ministry of Education Science and Technology, which oversees its operations and has the responsibility to handle college performance contract scheme as per the government specifications. Tertiary public colleges in Kakamega County as public service institution were impacted by the introduction of performance contracting scheme in the education sector (GoK, 2010). They operate under the performance contract scheme and have been evaluated in performance up to date. Performance contracting is signed by some top managers of tertiary colleges while others do not sign.

Implementation of performance contracting in tertiary colleges is a tiered process. It is between the government and the individual tertiary college through the relevant ministry. It is based on the concept of cascading where the Ministry contract with the college chairman Board of Management (BoM). The college BoM contract with the heads of department who then work with the other employees in implementation of the performance contract.
1.2 The Research Problem

Performance contracting was introduced in public enterprises as a means to improve organizational efficiency to enhance quality service and growth as a result of worldwide economic pressures and widespread technological, social and political change in the last two decades. Hatry, (2006) indicates that performance contracts aims at attaining operational effectiveness which in a broader sense refers to a number of practices that allow an organization to better utilize its resources. It focuses the attention of public managers as well as the general public on what, where and how much value programs provide to the public. This therefore may be the case with tertiary public colleges in Kakamega County.

According to MoEST, (2014), tertiary education is expected to play a crucial role in the national, social and economic development of driving the country to the much anticipated vision 2030, which singles out education and training as the vehicle that will drive Kenya into becoming a middle income economy. Performance contracts have been adopted as one of the measures to improve financial and operational performance of tertiary public colleges in Kakamega County. However in the ranking of institutions by excellence in performance by using composite score, tertiary public colleges in Kakamega County have not always achieved set targets against performance indicators. The RBM guide (2005) identifies challenges of performance contracting in the public sector as being excessive controls, multiplicity of roles, frequent political interference, poor management, and outright mismanagement.

Studies have been carried out by scholars, organizations and government ministries on performance contracting. For instance Ojango, (2012) studied implementation of
performance contracting in Kenya's public sector and Obong’o, (2009) delved into implementation of performance contracting. The factors affecting performance contracting by teachers was looked into by Komora (2010). Maina, (2010) studied the impact and challenges faced in the implementation of performance contacting in state corporations in Kenya. Larbi (2005) studied the Ghanaian experience with public private partnership and how it impacted on the supply of water. Uusikylä & Virtanen (1990) researched the Finland experience with performance contracting in the Ministries of social affairs and health and found that the Finland system still needed adjustments in terms of evaluation techniques and indicators to measure the actual effects which took place after setting the objectives.

Mghenyi (2010) delved into the challenges facing the implementation of performance contracting in the Ministry of Finance, Kenya. Despite the fact that tertiary colleges form part of the organizations that sign performance contracting with the different ministries depending on the sector, the research undertaken by Mbua & Sarisar (2013) on challenges in the implementation of performance contracting initiative in Kenya did not directly capture the challenges of implementation of performance contracting in tertiary public colleges in Kakamega County. In the sighted researches undertaken on performance contracting in the public service, some have used case studies and unavailability of documented data on tertiary colleges on performance contracting is wanting. This study attempted to address the gaps. What are the perceived challenges faced in the implementation of performance contracting in tertiary public colleges in Kakamega County.
1.3 The Research Objective

The objective of this study was to establish whether tertiary public colleges in Kakamega County were involved in the implementation of performance contracting and to determine the perceived challenges of implementing performance contracting in tertiary public colleges in Kakamega County.

1.4 Value of the Study

The research study will be of imperative significance to the body of academia in building of theory and add knowledge on challenges of performance contracting. This is because the research findings are expected to contribute in global knowledge in the area of the issues facing performance contracting in public institutions. It will open up areas for future research which will be helpful in refining and validating findings which will contribute to theory and practice. Future researchers may also use the findings and recommendations as a source of secondary data in their scholarly work.

The findings will inform policy development in the Ministry of Education as it will be better informed when formulating performance-related policies and regulations for tertiary colleges. Performance contract is one element of the broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs. The findings will better place the relevant ministries for the multi-sectored tertiary colleges to address all challenges that negatively influence on performance contracting implementation in Kenya. The research findings on what can be done to improve performance contracting in the tertiary colleges are expected to be of key contribution in developing policy to better performance contracting.
Managerial practice can use the findings to re-align the framework of performance contracts to involve all stakeholders and make the different roles clear towards the achievement of its objectives. The findings will help managers in establishing how well their management skills and styles affect the performance contracting and thereby come up with practices that will enhance all operations of the institution.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This is a chapter reviewing literature from journal articles and published studies on the existent state of knowledge on performance contracting, as well as exposing gaps in knowledge. The review first covered the theoretical foundation of goal setting theory and results-based management theory, followed by an in-depth study of the challenges facing performance contracting.

2.2 Theoretical Foundation

Goal setting theory is a theory that can give foundation for performance contracting. It was crafted by Locke (Locke & Latham, 1990) which states that goal setting entails linking specific and challenging goals along with appropriate feedback which contributes to higher and better task performance. Hadavi & Krizel (1993) record programmatic use of goal setting and feedback increases productivity by up to 20% while Menger (2008) considers two types of goals as categorized by the goal setting theory as directional goal and the other an accuracy goal.

Locke & Latham (1990) identifies the postulation of goal setting theory as the willingness to work towards attainment of a goal where as specific and clear goals lead to greater output and better performance. He also indicates that better and appropriate feedback of results directs the employee behavior and contributes to higher performance than absence of feedback. Locke & Latham (1990) argue that
employees’ participation in goal-setting is not always desirable while participation of setting a goal, however, makes the goal more acceptable and leads to more involvement together with eventualities such as self-efficiency and goal commitment.

The limitations of Goal setting theory can be identified when the organizational goals are in conflict with the managerial goals and very difficult and complex goals end up stimulating riskier behavior. These limitations are also evident if the employee lacks skills and competencies to perform actions essential for goal, then the goal-setting can fail and lead to undermining of performance. There is also no evidence to prove that goal-setting improves job satisfaction.

Result based management (RBM) as a theory can be used to anchor performance contracting and implementation. Karl et al. (2010) identifies RBM as a broad management strategy aimed at achieving improved performance and demonstrable results. RBM identifies why the organization exists and whether it is serving its purpose, mentioning whose needs the organization intended to serve and whether it is serving those needs and what the organization is supposed to deliver.

RBM entails three main phases which include strategic planning, performance measurement and results based performance management. Karl et al, (2010) broadly describes the phases as follows; clear and measurable objectives are identified during the strategic planning phase, indicators are selected and explicit targets are set. At performance measurement, performance monitoring systems are developed, actual results are reviewed, analyzed and reporting done vis-à-vis targets. Finally, evaluation findings are used to generate lessons and increase the understanding of strengths, weaknesses and comparative advantages. The performance information is also used
for internal management accountability, learning, resource management and reporting to stakeholders and partners.

As much as RBM may be a good and relevant management theory for performance contracting implementation, it experiences limitations when stakeholders are not adequately involved and thus they do not own it; when the staff time and capacity is inadequate for policy and analytical work and it may not succeed with low amounts of financial resources. RBM is mainly project focused rather than result and impact focused; weak partnership strategies, poor communication of results and inadequate monitoring and evaluation are also limitations of the RBM theory.

Gibson (1966) claimed that perception is, in an important sense, direct providing an explanation for the fast and accurate perception of the environment as we are equipped with sense organs such as the eye, ear and nose. Each sense organ is part of a sensory system which receives sensory inputs and transmits sensory information to the brain. The theory cannot explain why perceptions are sometimes inaccurate, for example in illusions. Gibson (1966) claimed the illusions used in experimental work constituted extremely artificial perceptual situations unlikely to be encountered in the real world and cannot realistically be applied to all illusions. Gibson's theory cannot also account for perceptual errors like the general tendency for people to overestimate vertical extents relative to horizontal ones. Neither can the theory explain naturally occurring illusions.

The findings on goal setting theory and RBM were of value and relevant to this study since they closely relate to factors of performance contracting such as involvement of stakeholders in the formulation of strategic plan, setting performance targets based on
the strategic plan plus staff training and involvement on implementation of performance contracting. Adequate and timely availability of resources also contribute to the implementation of performance contracting. This then highlights the perceived challenges in implementing performance contracting in tertiary public colleges in Kakamega County.

2.3 Implementation of Performance Contracting

Performance contracting is multi-faceted and its implementation involves internal processes, organizational structures, monitoring and evaluation. The implementation has turned out to be a powerful tool in restoring and building trust in a government by the public (Muthaura, 2007). The issues that involve the implementation of performance contracting focus on key areas such as citizen service delivery charter; public/private partnership; customer satisfaction surveys; evaluation of quality of service delivery; and ranking of institutions by excellence in performance by using composite score.

Citizen service delivery charter is a key performance indicator in the performance contract of every public institution. Muthaura, (2007) identifies it is a statement prepared by a public institution which outlines the nature, quality and quantity of service that citizens should expect from the institution. It sets out, what the institution does, what services users can expect, the standard of the service to be provided, time frame within which the service will be provided, any user charges, and the requirements, and how users may seek redress if they are dissatisfied with the service or in the event the institution does not live up to the commitments in the charter. Obong’o, (2009) establishes that the charter is supposed to create radical paradigm
shift in the management of the public service by aligning service delivery with the values and needs of the public; ensure focus on customer value provision so as to entail evaluation of service delivery through the eyes of the customer and to provide strong feedback mechanisms on quality and timeliness of service delivery.

Public-Private Partnership is the involvement of private sector and civil society in the broad process of policy determination. These partners negotiate performance targets with public institutions and as an independent body, evaluate performance and provide feedback on implementation of the institution programs and service delivery shortfalls. They also link performance to incentives or disincentives (Muthaura, 2007).

The public institutions are required to carry out annual customer satisfaction surveys and then progressively work towards increasing customer satisfaction. These performance contracting implementation key areas are supposed to result in wide credibility in the process because evaluation of performance is carried out by the citizens themselves. It is meant to highly positively impact on service delivery and to bring about remarkable change in attitude to work and work ethics by public employees (Armstrong & Baron, 2007).

Gonjera & Wanjala, (2012), indicate that evaluation of quality of service delivery and ranking of institutions by excellence in performance by using composite score should be judged at the end of the year systematically against targets negotiated at the beginning of the year with a balance in the availability of information between the evaluator and the negotiator. Consequently, performance contracting is expected to improve service delivery and efficiency in resources utilization, institutionalize a
performance-oriented culture in the public service, measure and evaluate performance and enhance overall performance.

2.4 Challenges in Performance Contracting Implementation

Challenges in the implementation of performance contract range from operational to institutional. Political goodwill is paramount in the implementation of performance contracting yet Mghenyi (2010) identifies lack of political goodwill to drive the process as one of the challenges. Other challenges noted by Mghenyi include lack of provision for the impact of external factors such as changes in government policy, inflation and exchange rate fluctuations which would have made evaluation unfair. Lack of conformity to the requirements of the sub-systems of performance contracts was also identified. The lack of universal acceptability is one of the reasons various institutions began participation in the system at different times with the bulk of the institutions however registering their first participation in 2005 (GoK, 2010).

Culture change, acceptability, public views, leadership and management practice and legal foundations and internal institutional challenges directly experienced by the managers have been pointed out by Mbuu & Sarisar (2013) as some of the challenges being faced in the implementation of performance contracting, systems and processes, rewards, dealing with low target setters, conflict of interest by the performance contracting committee, incentive systems are also mentioned by Mbuu & Sarisar (2013). It is agreeable that the challenges facing many organizations today is how to match and align performance measures with business strategy, structures and corporate culture (Lienert, 2003). In the same study by Lienert (2003) who for ten years studied civil service reform in Africa it is also evident that the type and number
of measures to use, the balance between the merits and costs of introducing these measures and how to deploy the measures so that the results are used and acted upon are also a challenge.

Several dynamics inform the success of the performance contracting process. Performance contract is a contract that requires preparation of document and the signing of such document which will constitute a contract between the state on one side and the management of the state enterprise on the other, setting out certain targets to be achieved in a given time frame (Kurui, 2010). However conformity to the contract is required from the two parties in order to guarantee success. The current performance management system popularly known as performance contracting in government was introduced in 2004. Since then, the system has gone through its own measure of successes and challenges. Mbua & Sarisar (2013) established that the culture of non-performance and lack of accountability fight back to resist change. Whereas, in some sectors, the system has contributed significantly to the improved administrative and financial performance, in others, results are yet to be realized. As with the introduction of any new system, the introduction of performance contracting has met some resistance within certain Government institutions.

According to Kobia and Mohammed (2006) stability of resources enhances the motivating effect of the contract and yet organizations still experience challenges such as the lack of adequate resources, resources not being released on time; some performance targets are highly ambitious and unplanned transfer of staff. When resources are not available or availed late, the staff involved gets frustrated. Jarso (2011) study on implementation of performance contracting identifies that the Ministry of State for Public Service faces both operational and institutional challenges
in undertaking performance contracting. The challenges mainly ranged from the organizational structure, leadership and management styles, rigid organizational culture and lack of effective performance management.

From the literature on performance contracting in the public service, some researchers have used case studies and others have researched on state corporations. The lack of available documented data on challenges of implementation of performance contracting in tertiary college is wanting. This study attempted to address the gaps by investigating the perceived challenges faced in the implementation of performance contracting in tertiary public colleges in Kakamega County.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology refers to the way the research is arranged, organized and structured. It begun with the research design, followed by the population of the study, then the data collection techniques and lastly the method of analyzing data,

3.2 Research Design

The cross-sectional descriptive survey design wa used in the study. Cross-sectional studies are carried out once and represent a snapshot of one point in time while descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Cooper & Schindler, 2008).

Surveys are used to gather systematically factual information necessary for decision making. Survey explains events as they are, as they were, or as they will be and to simply describe events or opinions without manipulating variables, the researcher used descriptive survey design.

The cross-sectional descriptive survey was the most appropriate for this study because of the cross-sectional nature of the data to be collected and the inherent analysis. Cross-sectional descriptive survey makes it possible to verify information across several tertiary public colleges from the different sectors of education, health and technical.
3.3 Population of the Study

The population of the study were the administrators that signed and implemented performance contracting from five tertiary public colleges in Kakamega County as at August 31st 2014. It was derived from three technical training institutes, one medical college and one teacher training college. The population of the administrators that implement performance contracting from the tertiary public colleges in Kakamega County included principals, deputy principals, registrars, deans and heads of department. The total size of the population used for the study was forty-five administrators.

Table 3.1 Number of respondents from tertiary public colleges

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<tr>
<td>Bushangala Technical Training Institute</td>
<td>7</td>
</tr>
<tr>
<td>Sigalagala Technical Training Institute</td>
<td>13</td>
</tr>
<tr>
<td>Kenya Medical Training College</td>
<td>7</td>
</tr>
<tr>
<td>Eregi Teachers Training College</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>45</td>
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</table>

3.4 Data Collection

Primary data was collected using a semi-structured questionnaire which involved using both open-ended and close-ended questions to collect data from the administrators of tertiary public colleges in Kakamega County. The questionnaire method was used as it yields highest cooperation and lowest refusal rates.
The questions were structured in such a way to ensure definite, concrete, and precise responses. They were as much as possible guided by the performance contracting process and the questions were derived from the strategic planning phase to implementation. From these questions, the challenges of implementation were derived.

The questionnaire was divided into three parts. Part I identified the demographic characteristics of the respondent; Part II delved into the performance contracting process that is perceived to be followed by the college while Part III addressed the challenges in implementation of performance contracting. The questionnaires were administered to respondents through “drop and pick” method by the researcher. Where possible the researcher waited as the respondents filled the questionnaire.

### 3.5 Data Analysis

The results of the questionnaires were easily and quickly quantified and analyzed scientifically and objectively (Popper, 2004). To ensure completeness and consistency, completed questionnaire were edited, then coded and checked for any errors and omissions. Data was analyzed using the one sample $t$-test at test value 3 because the data was collected from a single sample drawn from a defined population.

The $t$-tests estimated the population standard deviation using sample data [S]. The mean was compared and calculated on a single set of scores [one sample] to a known population mean ($m$). In the first step, as developed by Zikmund (2003) the researcher calculated the sample mean, standard deviation. The researcher then found the $t$-value
associated with the desired level of statistical significance. A 95 percent confidence level was desired, the significance level was .05.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objective of this study was to establish the perceived challenges of implementing performance contracting in tertiary public colleges in Kakamega County. The researcher chose gender, education, experience and position as the demographic characteristics and 45 respondents were identified for the study. To achieve this, a questionnaire was used to collect data. The responses were organized in this section as the respondent bio–data, performance contracting in tertiary public colleges, challenges of implementing performance contracting and lastly discussion.

4.2 Respondents’ Bio – Data

Out of the 45 respondents identified, 38 answered and returned the questionnaire. The 38 returned questionnaires was an 84 percentage response rate. The 84 % response rate was statistically acceptable for analysis. The bio-data of the respondents was collected and the findings presented on different tables starting with table 4.1 showing the gender

Table 4.1 Respondents gender

<table>
<thead>
<tr>
<th>Demographic detail</th>
<th>Indicators</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>22</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>16</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.1 shows that out of the 38 respondents 58% were male while 42% were female. The percentage difference in gender was at 16%. This small difference in the gender of the respondents did not have bias on how they responded to the questionnaire.

Table 4.2 Respondents education level

<table>
<thead>
<tr>
<th>Demographic detail</th>
<th>Indicators</th>
<th>Frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Diploma</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Bachelors</td>
<td>27</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Master</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

The study established that a majority of the respondents at 71% had bachelor’s degree while 5% had a diploma and 9% had a master degree. This suggests that all study respondents had adequate educational qualifications and were adequately able to respond to the survey instrument.

Table 4.3 Respondents experience

<table>
<thead>
<tr>
<th>Demographic detail</th>
<th>Indicators</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>0 – 5</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>6 – 10</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>11 - 15</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Over 15</td>
<td>12</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

The survey also revealed that 32% of the respondents had worked for over 15 years, while 26% had worked for 6-10 years another 26% had worked for 11-15 years. This was an indication that the respondents had worked long enough to be conversant with the operations of their respective colleges and this enabled them to answer the survey instrument adequately.
Table 4.4 Respondents position

<table>
<thead>
<tr>
<th>Demographic detail</th>
<th>Indicators</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>Principal</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Deputy/principal</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Dean</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Register</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Head of department</td>
<td>16</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>Head of subject</td>
<td>13</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.4 indicates that 42% of the respondents were heads of department and 34% were heads of subjects who were administrators directly involved in implementation of performance contracting and were able to answer the survey instrument adequately.

4.3 Performance Contracting in Tertiary Public Colleges

The researcher aimed at establishing the extent of performance contracting presence in the institutions using various statements that related to the performance contracting process. Collected data was recorded in table 4.5

Table 4.5 Presence of performance contracting

<table>
<thead>
<tr>
<th>Performance contracting process</th>
<th>N</th>
<th>Mean</th>
<th>Std Deviation</th>
<th>t</th>
<th>Sig (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning is undertaken before performance contracting</td>
<td>35</td>
<td>3.057</td>
<td>0.937</td>
<td>2.27</td>
<td>.086</td>
</tr>
<tr>
<td>Stakeholders identify themselves with the strategic plan</td>
<td>37</td>
<td>2.621</td>
<td>0.794</td>
<td>1.73</td>
<td>.182</td>
</tr>
<tr>
<td>Setting performance targets is efficient</td>
<td>36</td>
<td>3.000</td>
<td>0.792</td>
<td>1.60</td>
<td>.208</td>
</tr>
<tr>
<td>Actual performance is measured at the end of the contract period</td>
<td>37</td>
<td>2.864</td>
<td>0.821</td>
<td>2.05</td>
<td>.132</td>
</tr>
<tr>
<td>Performance-oriented culture is not institutionalized in your college</td>
<td>37</td>
<td>2.864</td>
<td>1.058</td>
<td>2.40</td>
<td>.074</td>
</tr>
<tr>
<td>Efficiency in resource utilization has improved</td>
<td>38</td>
<td>2.973</td>
<td>0.787</td>
<td>1.56</td>
<td>.192</td>
</tr>
</tbody>
</table>
Results from the study reflected in table 4.5 revealed that most respondents cited that there has been performance contracting in the tertiary public colleges and strategic planning was undertaken before performance contracting. This was shown by the mean of 3.05 and t-value of 2.27 and a significance level of 0.08 which shows the statement was significant as it was within the 0.95 confidence level. A significant mean of 3.00 and t-value of 1.60 indicated the respondents agreement to the efficient setting of performance targets. The rating on the improved efficiency in resource utilization was agreed on as shown by the mean of 2.97 and standard deviation of 0.787. However majority of the respondents disagreed to the statements that the stakeholders identify themselves with the strategic plan since the implementation of performance contract in tertiary public colleges shown by a mean of 2.62 and standard deviation of 0.794.

On the other hand the respondents equally rated the institutionalization of performance-oriented culture and measurement of actual performance at the end of the contract period at a mean of 2.864 and a standard deviation of 0.821. There is low variability in respondents opinion as shown by the values of standard deviation.

4.4 Challenges of Implementing Performance Contracting

The study established the level of agreement on the various statements that related to perceived challenges of performance contracting implementation in tertiary public colleges in Kakamega County. A scale of 1 = strongly disagree, 2 = disagree, 3 = indifferent, 4 = agree and 5= strongly agree was used. Data collected was recorded in table 4.6.
Table 4.6 Perceived challenges of implementing performance contracting

<table>
<thead>
<tr>
<th>Implementation challenges</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t</th>
<th>Sig (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The college does not enjoy political goodwill</td>
<td>38</td>
<td>2.86</td>
<td>1.21</td>
<td>-66</td>
<td>.507</td>
</tr>
<tr>
<td>Developments in the country such as inflation have affected payment of fees and operations in the college</td>
<td>37</td>
<td>1.91</td>
<td>1.18</td>
<td>-5.53</td>
<td>.000</td>
</tr>
<tr>
<td>There is non-conformance of your department to the requirements of performance contracting</td>
<td>36</td>
<td>3.02</td>
<td>1.29</td>
<td>0.12</td>
<td>.899</td>
</tr>
<tr>
<td>Performance-oriented culture is lacking in the college</td>
<td>38</td>
<td>2.65</td>
<td>1.30</td>
<td>-1.62</td>
<td>.113</td>
</tr>
<tr>
<td>Performance contracting is not accepted in the college</td>
<td>36</td>
<td>3.63</td>
<td>1.04</td>
<td>3.66</td>
<td>.001</td>
</tr>
<tr>
<td>The performance targets are too low</td>
<td>36</td>
<td>3.52</td>
<td>1.05</td>
<td>3.00</td>
<td>.005</td>
</tr>
<tr>
<td>The college leadership does not adequately facilitate implementation of performance contracting</td>
<td>37</td>
<td>2.91</td>
<td>1.21</td>
<td>-4.0</td>
<td>.686</td>
</tr>
<tr>
<td>Resources for implementation are not availed on time</td>
<td>37</td>
<td>2.37</td>
<td>1.20</td>
<td>-3.12</td>
<td>.004</td>
</tr>
<tr>
<td>Incentives or disincentives are not given by your college to reward performance</td>
<td>38</td>
<td>2.05</td>
<td>1.18</td>
<td>-4.93</td>
<td>.000</td>
</tr>
<tr>
<td>A resolved service charter has not been developed by the college</td>
<td>38</td>
<td>3.44</td>
<td>1.08</td>
<td>2.54</td>
<td>.015</td>
</tr>
<tr>
<td>Customer satisfaction survey is not undertaken</td>
<td>37</td>
<td>3.10</td>
<td>1.30</td>
<td>.50</td>
<td>.618</td>
</tr>
<tr>
<td>Staff satisfaction survey is not done</td>
<td>38</td>
<td>2.68</td>
<td>1.49</td>
<td>-1.30</td>
<td>.200</td>
</tr>
<tr>
<td>Idle assets have not been disposed of in the last five years</td>
<td>37</td>
<td>3.48</td>
<td>1.46</td>
<td>2.02</td>
<td>.051</td>
</tr>
<tr>
<td>The college complies with set budget levels</td>
<td>36</td>
<td>3.08</td>
<td>1.31</td>
<td>.38</td>
<td>.707</td>
</tr>
<tr>
<td>Repairs and maintenance have not been done in the last five years</td>
<td>37</td>
<td>3.18</td>
<td>1.56</td>
<td>.73</td>
<td>.466</td>
</tr>
<tr>
<td>The college does not have ISO certification</td>
<td>36</td>
<td>2.25</td>
<td>1.44</td>
<td>-3.12</td>
<td>.004</td>
</tr>
<tr>
<td>Gender mainstreaming is part and parcel of the college policy</td>
<td>36</td>
<td>2.33</td>
<td>1.14</td>
<td>-3.48</td>
<td>.001</td>
</tr>
<tr>
<td>A HIV &amp; AIDS policy is in place for the college</td>
<td>38</td>
<td>2.47</td>
<td>1.15</td>
<td>-2.80</td>
<td>.008</td>
</tr>
<tr>
<td>Certain policies relating to performance contracting should be improved</td>
<td>38</td>
<td>2.07</td>
<td>1.21</td>
<td>-4.66</td>
<td>.000</td>
</tr>
<tr>
<td>The set goals are well defined and adhered to</td>
<td>38</td>
<td>2.86</td>
<td>1.21</td>
<td>-6.6</td>
<td>.507</td>
</tr>
<tr>
<td>Organizational goals are at times compromised by some external influence such as political, non-political, equity</td>
<td>37</td>
<td>2.45</td>
<td>1.0</td>
<td>-3.07</td>
<td>.004</td>
</tr>
</tbody>
</table>

Results from the study as recorded on table 4.6 shows that most respondents cited that performance contracting was not accepted in the college as seen in the mean of 3.63
and t-value of 3.66. The level of setting of performance targets were rated at a mean of 3.52 and a t-value of 3. Disposal of idle items in the last five years was rated at a mean of 3.48 and standard deviation of 1.46 while the development of a service charter was rated at a mean of 3.44 and standard deviation of 1.08. The institutionalization of performance oriented-culture was not agreed to as the respondents rated it at a poor mean of 2.65 and standard deviation of 1.30

In addition, the respondents did not agree that developments in the country such as inflation have affected payment of fees and operations in the college as seen in the mean of 1.91 and the t-value of -5.53. The respondents opinion is of low variability as shown by the values of standard deviation.

4.5 Discussion

The study findings mean that the respondents had adequate educational qualifications, they had worked for long enough and were conversant with the operations of their respective colleges which enabled them to answer the survey instrument. The findings also revealed that tertiary public colleges had a functional HIV and AIDS policy and they undertook strategic planning before implementation of performance contracting which concurs with the results based management theory by Karl et al (2010) who support this finding. Karl et al argue that strategic planning has to precede performance contracting for its effective implementation.

The study was also able to derive that developments in the country such as inflation did not affect the operations of the college probably as a result of the individual college innovations on fee collection and creation of income for the college through
other forms other than fee. The study also found that targets were also efficiently set and there was an improved efficiency in resource utilization since the introduction of performance contracting.

The research findings however also indicate that the performance-oriented culture had not been institutionalized in the public tertiary colleges, customer satisfaction survey were not done and the stakeholders did not strongly identify themselves with the strategic plan. These findings relate to the study by Larbi (2005) on implementation of PC in Ghana water sector where original proposals had to be revised to increase attention to stakeholder needs in terms of the social, political, cultural and legal environment of Ghana so as to raise the profile of service delivery.

Further to this, the findings also show that performance contracting was not accepted in the public tertiary colleges and the set targets were too low and the set goals were not adhered to. Implementers of performance contracting can only go as far as the available resources can allow them and to the extent to which they are involved in setting the targets. RBM by Karl et al (2010) recommends that for performance contracting to succeed, explicit targets have to be set, performance measured and actual results developed against the targets. This is also consistent with the goal setting theory by Locke & Latham (1990) which points out that setting specific and clear goals leads to better performance.

The research findings can ultimately be used to give new insights and enrich existing theory and to also generate new theory on performance contracting which states that performance contracting entails involving the implementers in setting specific targets,
to successfully institutionalize the performance-oriented culture for better task performance
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The findings were summarized in this section, first as the key findings along the objective of establishing the challenges of implementation of performance contracting in tertiary public colleges in Kakamega County. Then the conclusions of the key findings and discussion followed by the recommendations for policy and practice. The conceptual, contextual and methodological limitations of the study are recorded in and finally the suggestions for further research each suggested limitation.

5.2 Summary of Findings

This study established that majority of the respondents hold a first degree, a few hold a master’s degree and most respondents had worked in the college for more than 6 years and they were adequately able to respond to the questionnaire. Tertiary public colleges were involved in performance contracting and strategic planning was undertaken before performance contracting. Performance targets were efficiently set, there was improved efficiency in resource utilization and the developments in the country such as inflation had not affected operations in the college. These were not perceived as challenges in the implementation of performance contracting in public tertiary institutions in Kakamega County.
Stakeholders did not fully identify themselves with the strategic plan and performance-oriented culture was not institutionalized in the colleges these were perceived as key challenges to the implementation of performance contracting in tertiary public colleges in Kakamega County. The performance targets that were set were too low and the lack of development of a service charter were also perceived as key challenges to the implementation of performance contracting in tertiary public institutions.

5.3 Conclusion

The researcher was able to make the conclusion that tertiary public colleges were involved in performance contracting and they undertook strategic planning before signing of a performance contract. Performance targets were efficiently set for the colleges, resources were efficiently utilized after the introduction of performance contracting utilization and the developments in the country did not affected operations in the college. These were not part of the perceived challenges in the implementation of performance contracting in public tertiary institutions in Kakamega County.

However the researcher also concludes that stakeholders not fully identifying themselves with the strategic plan was a challenge in the implementation of performance contracting in tertiary public colleges in Kakamega County face. To a large extent the lack of institutionalization of performance-oriented culture in the colleges was also a challenge to the implementation of performance contracting. The low performance targets that were set and the lack of development of a service charter were also challenges to the implementation of performance contracting in tertiary public institutions.
The finding that strategic planning is undertaken by the colleges concurs with the results based management theory by Karl et al. (2010) which asserts that strategic planning has to precede performance contracting. The goals were set but adherence was dependant on factors such as timely availability of resources which the researcher concludes is not consistent with the goal setting theory by Locke & Latham (1990) which points out that setting specific and clear goals leads to better performance.

5.4 Recommendation for Policy and Practice

In relation to the finding that performance-oriented culture was not institutionalized in the tertiary public colleges, the researcher recommends that for effective implementation of performance contracting, the performance-oriented culture needs to be developed in the respective colleges. Management can actualize this by enhancing training of the key implementers on performance contracting and also benchmarking on the same with institutions that have succeeded in developing performance oriented culture.

To minimize ignorance and dislike of performance contracting the researcher recommends that the colleges need to increase attention on the stakeholders (board of management, staff, students and any other relevant stakeholder) needs in terms of the social, political, cultural and legal environment. These needs can be included in the college policy as much as is possible. This will inform the stakeholders to adequately participate in the formulation or revising of the strategic plan and consequently positively participate in the implementation of the performance contract.
The researcher also recommends that the set goals and targets need to be realistic and in relation to the strategic plan and the availability of financial, physical and human resource. The key implementers have to be incorporated to systematically develop the performance contracting matrices from the college day to day routine and functions.

5.5 Limitations of the Study

The concept of performance contracting is generally an area of study where the existing body of knowledge was a limitation to the study as the researcher was mainly limited to electronic access of information. The researcher did not access a print text exclusively on performance contracting process and implementation.

Tertiary public colleges as learning institutions are mainly technical and skill based in nature and very little resources are allocated to research and academic work. This was a limitation to the study as most of the information available in books, periodicals and reports did not delve into the state of performance contracting in these institutions. The respondents did not have sufficient information on performance contracting in tertiary colleges.

Shortcomings of questionnaire as the tool used for data collection may have to some extent interfered with the research findings as some questions were not answered. Due time limitations not all required respondents especially the principals and deputy principals were available to respond to the questionnaire as the researcher requested. The questionnaire should have also included the chairperson to the board of management as being a agent that signs the performance contract with the ministry of education.
5.6 Suggestions for further Research

A further study should be carried out to establish the factors affecting the publication of academic work on performance contracting. Studies also need to be done on the state of knowledge on performance contracting implementation. The researcher suggests that research should be done on the state of academic qualifications of staff in tertiary public colleges and also on the external aspects that affect implementation of performance contracting in tertiary public colleges.

A further study should be carried out on the perceived challenges of implementing performance contracting in tertiary public institutions and different methods used to collect data and analyze data. An interview guide can be used in the place of a questionnaire and a case study of each institution can be done to ascertain the exact and unique challenge of each institution as opposed to generalizing them. This would probably generate better and more practical tailor made solutions to the unique challenges of each college.
REFERENCES


APPENDICES

Appendix I: MBA Research Questionnaire

This questionnaire is designed to collect data from tertiary public colleges in Kakamega County on the challenges of implementing performance contracting. The data shall be used for academic purposes only and will be treated with confidence. Your participation in facilitating the study is highly appreciated.

Part I: Demographic characteristics

Tick [✓] as appropriate

1. Gender
   - Male [ ] Female [ ]

2. Age (years)
   - 20-30 [ ] 31-40 [ ] 41-50 [ ] 51-60 [ ] Above 60 [ ]

3. Level of education
   - Certificate [ ] Diploma [ ] Bachelors [ ] Master [ ] PhD [ ]

4. How many years have you worked at the college?
   - 0-5 [ ] 6-10 [ ] 11-15 [ ] Over 15 [ ]
5. What is your current position at the college?

Principal [ ] D/Principal [ ] Dean [ ] Registrar [ ] Head of Department [ ]

Part II: Performance contracting process

Another aspect of this study is the performance which consists of factors considered during your college’s performance contracting process. On the basis of the planning stage in performance contracting, please provide answers to this section.

6. With which ministry does the college sign performance contract?

Ministry of Education Science and Technology [ ] Ministry of Health [ ]

Use the key provided to appropriately **Tick** the extent to which the college participates in the performance contacting process

**Key:**
1-Not at all; 2-Less extent; 3-Moderate extent; 4-Large extent; 5-Very large extent

<table>
<thead>
<tr>
<th>Performance contracting process</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning is undertaken before performance contracting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulation of strategic plan in your college involves all the stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholders identify themselves with the strategic plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting performance targets is efficient</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of performance contracting is within the real time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring and reporting is according to set targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual performance is measured at the end of the contract period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-oriented culture is not institutionalized in your college</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service delivery has been improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency in resource utilization has improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key staff are involved in the development of the audit report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part III: Implementation challenges

The following are some of the challenges faced in the implementation of performance contracting. Please indicate the extent to which you agree or disagree with each statement.

**Key:**
1-Strongly agree; 2-Agree; 3-Undecided; 4-Disagree; 5-Strongly disagree

<table>
<thead>
<tr>
<th>Implementation challenges</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The college does not enjoy political goodwill</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developments in the country such as inflation have affected payment of fees and operations in the college</td>
<td></td>
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<td>There is non-conformance of your department to the requirements of performance contracting</td>
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<td>Performance-oriented culture is lacking in the college</td>
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<td>Performance contracting is not accepted in the college</td>
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<td>The performance targets are too low</td>
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<td>The college leadership does not adequately facilitate implementation of performance contracting</td>
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<td>Resources for implementation are not availed on time</td>
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<td>Incentives or disincentives are not given by your college to reward performance</td>
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<td>A resolved service charter has not been developed by the college</td>
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<td>Customer satisfaction survey is not undertaken</td>
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<td>Staff satisfaction survey is not done</td>
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<td>Idle assets have not been disposed of in the last five years</td>
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<td>The college complies with set budget levels</td>
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<td>Repairs and maintenance have not been done in the last five years</td>
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<td>The college does not have ISO certification</td>
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<td>Gender mainstreaming is part and parcel of the college policy</td>
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<td>A HIV &amp; AIDS policy is in place for the college</td>
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<td>Certain policies relating to performance contracting should be improved</td>
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<td>The set goals are well defined and adhered to</td>
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<td>Organizational goals are at times compromised by some external influence such as political, non-political, equity</td>
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Thank you for your time and cooperation

END
Appendix II: Introductory Letter

TO WHOM IT MAY CONCERN

The bearer of this letter Ms. Ruth Ikuri Musiega

REGISTRATION NO: D61/74110/2012

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, she is expected to carry out a study on "Perceived challenges in the implementation of performance contracting in Tertiary Public Colleges in Kakamega County, Kenya."

She has identified your organization for that purpose. This is to kindly request your assistance to enable her complete the study.

The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

MR. ALEX JALEHA
COORDINATOR, SOB, KISUMU CAMPUS

P.O Box 19134-40123
Kisumu, Kenya

Date: 08th October, 2014.