

**FACTORS INFLUENCING IMPLEMENTATION OF PERFORMANCE
CONTRACTING IN PUBLIC SERVICE IN KISII COUNTY.**

BY

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**A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENT FOR THE AWARD OF DEGREE OF MASTER OF
ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE
UNIVERSITY OF NAIROBI.**

AUG. 2015.

DECLARATION

This research is my own original work and has never been presented for a degree or any other award in any University or institution of learning.

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DEDICATION

This work is dedicated to my parents, Zachariah Metobo and Mary Kwamboka for supporting me in my education and teaching me to be God-fearing.

I also dedicate this work to my beloved wife, Jackline Kerubo and our children - Caleb, Bridgit, Marthin and Claudia.

I further dedicate this work to my University lecturers for patiently guiding me through my course.

ACKNOWLEDGEMENT

I would like to acknowledge my supervisor, Mr. Joseph Awino for his advice and tireless efforts in supervising me. Indeed, I will forever remember his good work.

I would also like to acknowledge all those who encouraged and inspired me to enroll for this course and in particular, those who guided and assisted me in every step during my study period.

My gratitude also goes to course-mates in the University of Nairobi, Kisii Campus for their support and encouragement.

Special thanks also go to my secretary Mrs. Zipporah Moraa for reading through and typing my work.

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LIST OF ABBREVIATIONS AND ACRONYMS

AAPAM:	African Association for Public Administration and Management.
CIDP:	County Integrated Development Plan.
CSRP:	Civil Service Reform Programme.
DPM:	Directorate of Personnel Management.
ECMs:	Executive Committee Members.
ERSWEC:	Economic Recovery Strategy for Wealth and Employment Creation.
ERS:	Economic Recovery Strategy.
GOK:	Government of Kenya.
KPLC:	Kenya Power and Lighting Company.
MOU:	Memorandum of Understanding.
NARC:	National Rainbow Coalition.
NPM:	New Public Management.
OECD:	Organization for Economic Co-Operation and Development.
PC:	Performance Contracts.
SAPs:	Structural Adjustment Programmes.

ABSTRACT

This study sought to establish factors that influence implementation of performance contracting in the Public Service in Kisii County Government. The specific objectives were to establish how leadership style, personnel, processes and financial resources influence implementation of performance contracting in the Public Service.

Chapter one is about the background to the study, statement of the problem, general objective, specific objectives, research questions, significance of the study, assumptions of the study, limitations of the study, delimitations of the study and organization of the study.

Chapter two deals with literature review of the study, factors influencing implementation of performance contracts, theoretical and conceptual frameworks, gaps and challenges in the literature review and summary of the literature review.

Chapter three is about the research methodology and it gives details on research design, target population, sample size, research instruments, validity of instruments, reliability of instruments, data collection procedures, data analysis and ethical considerations.

Chapter four tackles data analysis, presentation and interpretation of findings. Finally, chapter five gives the summary of the findings, conclusions and recommendations. The study concluded that indeed, leadership style, personnel, processes and financial resources do influence implementation of performance contracting in the Public Service in Kisii County Government. The chapter ends with appropriate recommendations and suggestions for further research.

CHAPTER ONE

1.0 Introduction

This chapter contains background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, limitations of the study, delimitations of the study, definitions of significant terms and organization of the study.

1.1. Background of the Study.

According to the African Association for Public Administration and Management (AAPAM, 2005), the primary development goal for any Country is to achieve broad-based, sustainable improvement in the standards of the quality of life for its citizens. Hence, the public service plays a key role in the effective delivery of public service that are crucial to the functioning of the country's economy.

Public sector reforms have become a common phenomenon around the globe, especially in developing countries (OCED, 2002). These reforms have become the way of responding to the needs of the public. One of the key priorities of the Kenyan Government is to implement and institutionalize public sector reforms that would lead to an efficient, effective and ethical delivery of services to the citizens (Kobia et al, 2006). The Government started to implement public sector reforms in 1993 with the aim of improving service delivery.

According to organization for Economic Co-operation and Development (OCED, 2002), there have been three phases in the implementation of different types of reform interventions. While there have been successes and challenges in the implementation of reforms in the public service, different concepts and new interventions have been introduced in the past. One such intervention relates to performance contracting in the state Corporation and Government Ministries. Performance contracting is therefore part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of public affairs (OCED, 2002).

The economic Recovery Strategy for wealth and Employment Creation (2003-2007) outlines the Government's commitment to improve performance, corporate governance and the management of the public service through performance contracting.

Performance contracting in Kenya is anchored on the existing Government Planning and Performance Management tools such as the National development blue-print (Vision 2030) in which the Country has developed a 5-year Medium- term plan (2008-2012) against which public agencies align their strategic plan. All other institutions derive their annual performance contracts operational plans from this document. The PCs are then cascaded downwards through departmental or divisional PCs against which public servants derive their individual targets and articulate these in their performance appraisal system through annual work plans and individual work plans.

The constitution of Kenya (2010) recognizes the importance of quality services to Kenyans. Kenya Vision 2030 is about a globally competitive and prosperous Kenya by year 2030 through three pillars, namely; economic, political and social pillars. Its objectives include improved performance and quality services delivery, promotion of transformative and accountable leadership that meets the expectations of citizens.

The County Government Act (2012) established devolved governments with the mandate to bring efficient services to the public. The first Kisii County Integrated Development plan (CIDP) contains proposals of development programmes and projects for the period 2013-2017. The CIDP states that the County Executive Committee shall design a performance management plan to evaluate performance of the County Public Service and the implementation of County policies. The plan shall provide for among others; objective, measurable and time-bound performance indicators, linkage to mandates, annual performance reports, citizen participation in the evaluation of the performance of County Government and public sharing of performance progress reports.

According to the aforementioned CIDP (2013-2017), the Governor shall submit the annual performance reports of the County Executive Committee and the County Public Service to the County Assembly for consideration. The performance management plan and reports shall be public documents

1.1.1. Performance Contracting

A performance contract is a management tool for measuring performance that establish operational and management autonomy between Government and public agencies, reduces quantity of controls and enhances quality of service, privatizes the style of public sector management by focusing on results and not processes and measures performance, enables recognition and reward of good performance and sanctions bad performance (GOK, 2005).

According to the sensitization Manual (GOK, 2004), performance contracting is a branch of management science referred to as management control system. A performance contract is a freely negotiated performance agreement between the Government, organization and individuals on one hand and the agency itself. It is also defined as an agreement between two parties that clearly specifies their mutual performance obligations (Langat, 2006).

Performance contracting is a branch of management control systems and apart of strategic management. It is defined as a binding agreement between two or more parties for performing, or refrains from performing some stipulated act(s) over a specified period of time.

Suresh Kumar defines it as a memorandum of understanding (MOU) which is rooted in an evaluation system, which ensures improvement of performance management comprehensively as cited by Kobia, 2006.

Performance contract is a central element of new public management aiming at liberal management where a manager of a public sector institution is relieved of unnecessary cumbersome rules and regulations which hinder quick decision making (Gianakis, 2002).

1.1.2. New Public Management (NPM).

Introduction of New Public Management (NPM) models in Africa was influenced by challenges emanating by African Countries trying to maintain a macro-economic stability, lowering inflation, reducing scope and cost of government and cutting deficit spending by deregulating public enterprises and ensuring they run as private sector business (World Bank, 1989).

Jones and Thomson (2007) as cited by Obong'o (2009), uses the term NPM widely to label changes occurring in the conduct of the public sector business in "Managerialism". The concept

has incorporated application and adoption of private sector management systems and techniques into public services and reassessing which services should be privatized. It shifts emphasis from traditional public administration to public management and entrepreneurship (Economic Commission for Africa, 2003).

The force behind NPM reform wave is that greater cost efficiency will be realized when public service becomes more market-oriented. As a result, most developing Countries have implemented reforms that involve adoption of multiplicity of measures intended to improve service delivery (Kiragu and Mutahaba, 2005). Their immediate remedy has been fixing management and performance aspects. However, rampant corruption and negative political influence have affected most of the agents' performance.

1.1.3. History of Public Reforms in Kenya.

The 1980s saw African countries/economies strained and charred after emerging from the aftershock of structural adjustment programmes (SAPS) era due to economic challenges that came with globalization. The reforms were categorized into two generations, according to International Journal of Research in Management, Economics and Commerce (2013).

The first generation reforms came soon after structural adjustment programmes, with a primary focus to deal with the globalization challenges and aftershock waves of structural adjustment programmes. In 1993, the Kenyan Government responded to these challenges by formulating and implementing civil service reform programme (CSRFP). The programme was implemented in three phases which were meant to deal with immediate issues and solutions so as to reshape the state for long-term goals. The first phase (1993-1998) focused on cost containment through staff rightsizing initiatives such as voluntary early retirement. The second phase (1998-2001) focused on performance improvement through rationalization of government ministries/departments

/functions for effective performance and budgetary limits.

While there was reduction in the size of workforce as the Government put it, Opiyo (2006) noted that productivity and performance in the public sector was not expected, was this a waste of time and resources? Of course it was, pushing for further reform initiatives targeting performance improvement. This led to the introduction of the third face which focused on fine-tuning,

consolidation and sustenance of reform gains guided by Economic Recovery Policy direction. However, this was a waste of public funding as corruption was not tackled (DPM, 2004).

The world bank had to come in and sponsor the programme and after five fruitless years, by hiring a team of expert mostly drawn from the private sector known as the “Dream Team” or “Technocrats”, a scenario similar to that of hiring Derek Lewis to lead UK prison service reforms following his track record of restructuring media companies (Wanyama, 2013).

The second generation reforms was about performance measurement. According to Wanyama, (2013), the dream team in Kenya was meant to restructure and turn around the public service but seemingly the Kenyan Government was in haste or some pressure to demonstrate quick results which did not materialize. This means that numerous measures undertaken did not ensure accountability of public resources’ use and efficiency in service delivery and the framework for guiding behaviour towards attaining results was not provided. This led to the ushering in of second generation reforms immediately after the change of government in 2002 and the subsequent launch of the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) in 2004.

Having been voted on a platform of change, the new government (NARC) pledged to pursue a national development strategy that would instill rapid and sustained economic growth with a promise to reduce poverty through creation of employment and wealth. To implement this strategy, the government had to adopt a private sector led growth by creating a competitive market conditions; employment/wealth creation by directing resources towards this, supporting initiatives that would efficiently and effectively sustain improved performance and service delivery (GOK-ERS 2004).

According to GOK-ERS (2004), the government shifted from a concern-to-do, towards a concern to ensure things is done to give speedy results. This is a managerial shift that is strongest in developed countries and slow in developing countries like Kenya. Over and above, the government aimed at restoring the public service and improving the national development which called for fundamental changes in the public service operations and relationships and how their staff behaviour collectively influence service delivery through the adoption of performance

contracting as a strategy to manage challenges. The aim is to enhance efficiency and effectiveness through probity and integrity (Wanyama, 2013)

1.2. Statement of the Problem.

According to Bayfield and Kashiwagi (2002), a number of studies on implementation of performance-based contracting were done in the states of Hawaii and Utah in U.S.A. Both studies were geared towards finding out whether performance contracting would solve the problems that existed in the construction industry. In fact, these studies were trying to identify the problems experienced in the implementation of performance contracts with a view to developing improvement. The results of the performance-based efforts in Hawaii and Utah show that information based performance can work. For both states, the success of implementing a performance-based contracting in the construction industry depended on the following; Contractors controlling the selection of the contractor by ensuring that the principle of best performer for the fairest price is upheld, profit is maximized for the contractors, design liability is minimized, contractors are motivated to continuously improve, owner is liable for the contractors' actions, partnering is enforced, construction risk is transferred and information on the environment is obtained.

Similar studies have also been done in Kenya. Othieno (2006) conducted a case study of KPLC on the process and experience of implementing performance contract. The case study was geared towards establishing the processes, procedures, and techniques adopted by the KPLC in the implementation of performance contract and challenges encountered. Another relevant study was that of Keboi, (2006). He conducted a survey on managing perception of performance contracting in state corporations in Kenya. This particular study was conducted among the sixteen state corporations that were used as a pilot project in performance contracting. The study sought to establish the management's level of awareness of the performance contracting and the perception of the same.

In her study on factors necessary for the design of good performance contracts for state corporations in Kenya, Langat (2006) found out that the design and implementation of performance contracts would only achieve the desired outcomes if necessary prerequisite conditions are actually satisfied. These include clear definition of the organization's vision,

Mission and strategic objectives, establishing and putting in place performance management and measurement systems and mitigating factors that are out of control of those who sign performance contracts.

Mary Mwangangi (2009) carried out a survey of factors influencing success of performance contract implementation by the public corporation in Kenya. In her study, she found out that the success of performance contract implementation depends largely on the following factors; focused leadership and participation of managers in the negotiation process, partnership and teamwork, quarterly reviews of performance contract reports, involvement of all staff at all levels in performance contracting and provision of adequate resources for all activities in the performance contract.

Judy Nyaga (2013) did research on management perception of the influence of performance contracting on service delivery at the Ministry of Education in Kenya. The study found out that the limitations to successful implementation of performance contracting in the Ministry of education in Kenya include lack of clear understanding of the performance contracting process by staff; a pessimistic attitude towards performance contract by some members of staff and lack of relevant training on performance contracting. In addition, lack of adequate financial resources, inadequate skilled personnel and lack of autonomy were cited as hindrances to achievement of targets already set in the performance contract.

The studies cited above and other available studies did not address factors influencing implementation of performance contracting in Public Service in Kisii County Government, hence the knowledge gap. This study therefore sought to establish factors influencing implementation of performance contracting in public service in Kisii County Government.

1.3. General Objective of the Study.

To establish factors influencing implementation of performance contracting in Public service in Kisii County Government.

1.4. Specific Objectives of the Study.

The study was be guided by the following objectives:

1. To establish how leadership influence implementation of performance contracting in Public Service in Kisii county Government.
2. To determine how personnel influence implementation of performance contracting in Public Service in Kisii county Government.
3. To explore how processes influence implementation of performance contracting in Public Service in Kisii county Government.
4. To determine to what extent financial resources influence implementation of performance contracting in Public Service in Kisii county Government.

1.5. Research Questions.

The study was be guided by the following research questions;

- 1) How does leadership influence implementation of performance contracting in Public Service in Kisii County Government?
- 2) How does personnel influence implementation of performance contracting in Public Service in Kisii County Government?
- 3) How do processes influence implementation of performance contracting in Public Service in Kisii County Government?
- 4) To what extent do financial resources influence implementation of performance contracting in Public Service in Kisii County Government?

1.6. Significance of the Study

The study will be of particular significance to Kisii County Government, department of strategy and programmes in understanding factors that influence implementation of performance contracting in public service. The National Government, other County Governments, research

and learning institutions will also benefit from the findings and recommendations of the study. The study will further contribute to the available literature on performance contracting.

1.7. Assumptions of the Study

This study assumes that respondents will be available and cooperative and that they will give honest responses. It further assumes that the weather will be favourable and the set budget will be sufficient to carry out the study.

1.8. Limitations of the Study.

The limitation of the study will include uncooperative respondents, giving of false information and limited time on the part of the researcher. To overcome these limitations, the researcher will try to explain to the respondents the objectives of the study and that the provided data will be used solely for the intended purpose. On time limitation, the researcher will contract two research assistants to administer and collect questionnaires. This will ensure the target population is reached.

1.9. Delimitation of the Study.

The study will be delimited to established Factors that Influence Implementation of Performance Contracting in Public Service in Kisii County Government. Consequently, the study will target Executive Committee Members (ECMs), directors of various departments, administrators and other senior officers in the 9(nine) sub-counties that make up Kisii County.

1.10. Organization of the Study.

This research report is organized into five chapters. Chapter one contains the background to the study, statement of the problem, purpose of the study, objectives of the study, research

questions, significance of the study, limitations of the study and delimitations of the study. Chapter two is about the literature review that looks at the literature related to the study that is global, continental and local. The chapter also looks at the theoretical and conceptual frameworks reflecting the relationship between dependent and independent variables. Chapter three consists of the research methodology which is divided into research design, target population, sample size and sampling procedure, research instruments, data collection procedures, data analysis techniques and ethical considerations in research.

Chapter four tackles data analysis, presentation and interpretation of findings. Finally, chapter five gives the summary of the findings, conclusions and recommendation. The study concluded that indeed, leadership style, personnel, processes and financial resources do influence implementation of performance contracting in the Public Service in Kisii County Government. The chapter ends with appropriate recommendations and suggestions for further research.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1. Performance Management.

Philip Ndeda(2014) defines performance management as an ongoing, continuous process of communicating and clarifying job responsibilities, priorities and performance expectations in order to ensure mutual understanding between the supervisor and the employee. It is a philosophy which values and encourages employee development through a style of management which provides frequent feedback and fosters team work. It emphasizes communication and focuses on adding value to the organization by promoting improved jobs performance and encouraging skill development. Performance management involves clarifying the job duties, defining performance standards, and documenting, evaluating and discussing performance with each employee.

The objectives of performance management include increasing two-way communication between supervisors and employees, clarifying mission, goals, responsibilities, priorities and expectations, identifying and resolving performance problems, recognizing quality performance, providing a basis for administrative decisions such as promotions, succession and strategic planning and paying for performance. It is underlined by the notion that sustained organizational success will be achieved through a strategic and integrated approach to improving the performance and developing the capabilities of individuals and wider teams. Although competitive pressures have been the driving force in the increased interest in performance management, organizations have also used these processes to support or drive culture change and to shift the emphasis to individual performance and self-development (P. Ndeda 2014).

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what it is to be achieved in the short and longer-term. It focuses on people

doing the right thing by clarifying their goals and it is owned and driven by the line management (Armstrong 2006).

According to Bacal (1998), performance management is an ongoing communication process, undertaken in partnership between an employee and his or her immediate supervisors that involves establishing clear expectations and understanding about the essential job functions the employee is expected to do, how employee's job contributes to the goals of organization, how the employee and the supervisor will work together to sustain, improve or build on existing employee performance and the job performance will be measured. It is a means of removing poor performance and working together to improve performance through talking and listening to people, learning and improving.

Armstrong and Angela (2005) define performance management as a comprehensive, continuous and flexible approach to management of the organizations, teams and individuals which involves the maximum amount of dialogue between those concerned. Performance management is a natural process of management whose cycle corresponds with William Demind's PLAN-DO-CHECK-ACT model. In this model, planning entails agreeing on objectives and competence requirements, identifying the behaviours required by the organization, producing plans expressed in performance agreements for meeting objectives and improving performance. Acting includes carrying out the work required to achieve objectives by referencing the plans and responding to new demands. Monitoring involved checking on progress in achieving objectives and responding to new demands and treating performance management as a continuous process rather than annual appraisal event. Review entails holding a review meeting for a "stocktaking" assessment of progress and achievements and identifying where action is required to develop performance as a basis for completing the cycle by moving into planning stage.

Dresner (2007) notes that regardless of the size of the business, managing it requires four basic activities which form the management cycle. These are vision and strategy, goals and objectives, executions and evaluation. These activities should be linked together and should support the purpose of organization. He further states that more capable tools and the technologies need to be provided to support the management system and must empower

individuals in the organization through information that help people perform management activities and support management process.

Performance management is based on the promise that the clarification of corporate objectives and the empowerment of managers are all what it takes to energize organizations and orient them towards incremental productivity, cost reduction and customer satisfaction. However, regardless of the attention given to performance management in formal bureaucratic organization structures, diversity in stakeholders' world-view constitutes a major stumbling block to productivity gain with particulars reference to the African public service (Balogum 2003).

2.2. Purpose of performance management.

According to Ndeda (2014), performance management strategy aims at providing the means through which better results can be obtained from the organization, teams and individuals by understanding and managing performance within an a greed framework of planned goals, standards and competency requirements. It involves the development of processes for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way that increase the probability that it will be achieved in the shorter and longer term.

Performance management strategy has to focus on developing a continuous and flexible process that involves managers and those whom they manage. This should set out how they can best work together to achieve the required results. It focuses on future performance planning and improvement rather than on retrospective performance appraisal. It provides the basis for regular and frequent dialogues between manager and individuals or teams about performance and development needs. It measures outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it is concerned with targets, standards and performance measures or indicators. But it also deals with input-the knowledge, skills and competencies to produce the expected results (Ndeda 2014).

2.3. Performance –Based Contracting

The primary development goal of any country is to achieve broad-based, sustainable improvement in the standards of the quality of life for its citizens. The public service and in particular the civil service plays an indispensable role in the effective delivery of public services that are key to the functioning of state economy when the delivery of services is constrained or becomes ineffective, it affects the quality of life of people and the nation's development process (Sagwa 2014).

According to Sagwa (2014), public service in many Africa countries are confronted with many challenges, which constrain their delivery capacities. They include the human resource factor, lack of appropriate mindset, and socio-psychological dispositions. There is also the perennial problem of the shortage of financial and material logistics that are necessary to support effective service delivery .On the other hand, the gradual erosion of the ethics and accountability has continued to bedevil the public sector in delivering public services to the people. The public sector reforms meant to address these challenges have achieved minimal results.

In the Economic Recovery strategy for wealth and Employment creation(ERS) 2003-2007 policy document, the government accords high priority to economic recovery and improving the performance of public service to deliver results to the people. Up to this point, the goal of public sector reform was restoration so as to equip it well in order to play a pivotal role in national development. This called for fundamental changes in the way the sector operates in institutional organization and relationships, and in the individual and collective behaviours of those serving in the sector. The aim is to enhance efficiency and effectiveness together with probity and integrity. An an effort to achieve the objectives and targets of ERs are to manage performance challenges in public service, the government adopted performance contracting (PC) in public service as a strategy for improving service delivery to Kenyans (Ndeda 2014).

Farazmand (2001) defines a performance contract as a negotiated agreement between the management of a public enterprise and its owners (the Government) with respect to the future goals of the enterprise, the way that performance of each goal will be measured, performance targets, management incentives, financing of activities, the autonomy of management

information system (accounting, reporting, audit) to establish and enforce accountability through the contract.

Powell (1987) says that for many developing countries, the public enterprise is the major vehicle for economic development. They have the responsibility for the management of infrastructure activities that must be operated effectively for the development to take place at all. They are responsible for generating a significant share of gross national product. Net capital formation in the Country is often substantially that of public enterprises. In view of the importance of the role of the public enterprises in developing countries, the many conclusions about their unsatisfactory performance are disquieting. Experience from any field projects and surveys confirm the failure of the public enterprises in many countries to contribute to the wealth of their communities.

The office of Federal Procurement Policy (1998) as quoted by Lawrence (2002) defines performance-based contracting as an approach where the statement of work is based on objective, measurable performance standards outputs. That a performance based contract contains performance standards (quality, quantity, timeliness). Performance-based contracting means structuring all aspects of an acquisition around the purpose of the work to be performed with contract requirements set forth in clear, specific and measurable outcomes as opposed to either the manner in which the work is to be performed or broad statements of work. Hence, performance-based contracting methods are intended to ensure that the required performance quality levels are achieved and that total payment is related to the degree that services performed meet contract standards.

In a mid-term review of the Economic Recovery Strategy carried out by the ministry of Planning and national Development for the period 2003-2006, it was noted that the underlying objective of performance contracting is to align strategic plans, annual work plans and budgets of public agencies in order to improve accountability while focusing resources on the attainment of key national policy priorities. In order to roll out the strategy, the government established the performance steering committee (PCSC) in August 2003 and gazetted it on 8th April 2005. The PCSC was responsible for the overall administration and coordination of performance contracts in the public service. In the process of implementing performance contracts, the committee is assisted by an ad hoc “Negotiation and Evaluation Task Force” comprising of experts drawn

from outside the public service whose role is to negotiate and evaluate the performance of public corporations (GOK, 2007).

In order to move the implementation of public sector reform programmes (PSRP) forward, the government of Kenya developed and launched the strategy for performance improvement in the public service in 2001. The strategy sought to increase productivity and improve service delivery are offered. Underpinning this strategy was the result-oriented-management (ROM) approach, which makes it necessary to adjust operations to respond to pre-determined objectives, outputs and results (AAPAM, 2005).

The adoption of the above approach demanded a paradigm shift in Government. This called for a transformation from a passive, inward looking bureaucracy to one that is pro-active, outward looking and results-oriented, one that seeks customer satisfaction and value for money. As a result, the Ministries/ departments were required to develop strategic plans which reflected their objectives delivered from the National Development plan, the poverty Reduction strategy paper, based on the medium. Term expenditure Framework (MTEF), Sectoral priorities and millennium Development Goals. The strategic plans should also focus on the attainment of vision 2030.

Preparation of the strategic plans and individual plans ensure that the agency focuses on results hence making it possible to prepare performance contracts as results/outputs can be defined (GOK 2005)

2.3.1 The Origin and Evolution of Performance Contracting.

According to International Journal of Research in Management, Economics and Commerce (2013), performance contract is a system that originated in France in the late 1960s. It was later developed with great deal of elaboration in Pakistan and Korea and thereafter introduced to India (OECD, 1997). It has been adopted in developing countries in Africa including Nigeria, Gambia, Ghana and now in Kenya. The last fifteen years has seen implementation of performance contracts in developing countries and over thirty countries in Asia , Africa and Latin America are currently implementing it. Almost all organizations for Economic cooperation and Development (OECD) countries use it in managing their public sectors. Selected enterprises in Africa have used it. They include Benin, Burundi, Cameroon, Congo, Gambia, Ghana, Nigeria, Madagascar,

Senegal, Togo, Tunisia, Zaire and now Kenya. They have been used in different times in Latin America, Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Hungary and Venezuela. Others include UK, U.S.A, Canada, Denmark and Finland (OECD, 1997)

The common issues that have necessitated performance contracts include delivery of quality and timely services through improved performance, maximization of shareholders wealth through improved productivity, reduce reliance on the exchequer, utilization of resources by instilling a sense of accountability and transparency, reduction/ elimination of bureaucracies so as to give government agencies autonomy (IJRMEC, 2013).

The result of performance contracting have been mixed some countries have witnessed enhancement in public enterprise, while others have recorded no positive response. Countries such as France, Pakistan, South America, Malaysia, South Korea, Ghana, Botswana and India have found performance contracting successful. However, performance contracting are not problem-free; they have inherent difficulties as experienced by other international countries such as moral hazard problem and principal-agent information asymmetry where managers have information advantages over the government and can negotiate targets that outsiders find complex to evaluate or easy to achieve. For instance, Kenya sometimes institutions set low targets to themselves deliberately, hence without 'stretching' are able to score highly thus a big challenge to implementation of performance contract (IJRMEC 2013).

According to IJRMEC (2013), some countries have taken different approaches and interpretation of performance contracting. UK for example, uses public service Agreements, contracting; Malaysia adopts programme Agreements which are less linked-up with the government instead, focuses on agencies executing Malaysian vision 2020 target which requires funding from Treasury. Different countries have variation in design and architecture of performance contracting. For example, New Zealand has increased accountability and manages public activities efficiently because of use of performance improvement system which uses three types of contracts: an employment contract, a purchase agreement and a performance agreement (Bale, 1998). There is also a variation in which performance contract is linked to the budgeting system, the legal framework and the institutional arrangement for management of performance in different jurisdictions.

2.3.2. Performance contract in Kenya

Performance contract in Kenya is a hybrid system borrowed from the international best practices and balanced scorecard. The best practice has been drawn from countries such as Korea, China, U.S.A, UK, Morocco, and Malaysia but domesticated to suit the native context. The balanced score card connects the government's vision, mission and strategic objectives in provision of desired results to its citizens and stakeholders. It is needed, financial/budget, internal process and capacity building (learning and growth) and links long-term targets and annual budgets to strategic objectives (Wanyama 2013)

Performance contract in the Kenya context is a written agreement between the government and the state agency (local authority, state corporation or central government ministry) delivering services to the public wherein quantifiable targets are explicitly specified for a period of one financial year (July to June) and performance measured against agreed targets. This closely mirrors the definition "as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results" (OECD, 1997)

In his paper, Obongo cites Elmore (2007) explaining the relationship as an exchange involving reciprocity: capacity of performance and vice versa. This means that for every demanded performance by the government, it shall provide the agency with a unit capacity, of which the agency is obliged to provide the performance. An agency may default on performance if the government defaults in provision of capacity. Thus the relationship between the government and the agency is guided by reciprocity which operates as a political governor or control system. In Kenya, the key features of a performance contracting system which include: Aligning national policies and development with performance management system at the national level (Vision 2030) and its related medium term, plans, sectoral level plans and institutional level (strategic plans which informs both annual performance target and work plans); monitoring, reporting and evaluation (performance measurement); and feedback mechanism including rewards and sanctions system which is effective.

In as much as performance contracts are being adopted, the incentives and penalties may not be credible or sufficient. Commitment by political owners to performance management may at

times be inconsistent or low and some do have indicators problem. Initially financial were the primary indicators for performance contracts worldwide,

2.2.3. Performance contracting System in Kenya

State corporations, a number of policies were recommended including; non-strategic parastatals were liquidated, commercial activities in agencies were contracted to the private sector were allowed to compete with existing state monopolies and removal of potentially conflicting objectives as an improvement in operating environment for all strategic parastatals (Kobia and Mohammed 2006)

According to Wanyama (2013), two agencies saw the piloting of performance contracting, namely Kenya Railways corporation (April 1989) and the National cereals and produce Board (Nov. 1990). However, the two agencies finally failed to deliver on their mission because the process was perceived as donor driven hence lack of political will to drive it due to ignorance and perception that the process was a political witch-hunt, Kenyans were not receptive and they did not understand the whole process, as is lacked clarity.

The signed PCs did lack performance incentive system as they did not conform to the requirement to the three sub-systems of performance contracts. The restructuring and compensation process was done poorly and majority felt short-changed as it did not have a human face and no link between the National strategy and agencies and the departments were not harmonized. Lack of adequate infrastructure, capacity and resources, Kenya Railways still operate with the same old assets acquired over 100 years ago. The administration also lacked the technical know-how in implementation of that same (Kobia 2006).

2.3.4. The Institutional Framework.

A performance contracting steering committee (PCSC) was established at the apex of governance structure. It comprised of 11 members and chaired by the permanent secretary/director of performance management and had a mandate to coordinate implementation of performance contracts, facilitate the introduction of performance contracts by developing and

advising on policy framework, counsel the government on enabling legal institutional framework that supports the introduction of performance contracts, give technical and logistic support to performance contracting parties, monitor performance to ensure that contracting parties are within the parameters of the agreed performance targets, carry out research and development in performance contracts, sensitive/induct concerned parties into the process of performance contracting, coordinate and work with other relevant departments, both locally and internationally to ensure smooth development and implementation of the performance contracting process and submitting quarterly reports (Performance contracts steering Committee, Kenya 2005)

2.3.5. Factors Influencing Implementation of Performance Contracts.

A world bank study of twelve public enterprises which had been subjected to performance contracting showed that efficiency (measured by total factors productivity) increased in three cases and remained the same or deteriorated in the other nine cases. Analysis show that failure has often been due to lack of information, lack of incentives and lack of commitment (World Bank 1995).

According to Farazmand (2001), many enterprises are instruments of political power and will. As such, they are subject to intervention, both overt and covert from politicians and regulatory officials who are charged with interpreting and implementing political directions. Many professional managers in the system prefer a “hands off” policy from the politician which does not always happen. The political and cultural environment determines an acceptable level and quality of intervention by politicians, ranging from ill-informed or misguided interventions to out-right abuse of the system for personal or political ends.

Kobia et al (2006) cites that some of the problems experienced during the implementation of the performance contract in Kenya include lack of adequate resources, resources not being released on time, some performance targets were highly ambitious and unplanned transfer of staff . the report suggests that in order to ensure performance contract is successful, a number of strategies are crucial including continuous training on performance contracting, allocation of adequate

resources, develop a reward system for performers, increase salaries, enhance teamwork and availing the resources on time. Key success factors to implementation of performance contracts in African countries include involvement of public enterprise managers and citizen in performance contracting in order to institutionalize and create ownership of the performance contract parties, allocate adequate resources to achieve the set target, select few realistic target rather than too many objectives and the government should honour its financial commitment to the enterprise.

According to Kobia and Mohammed (2006), public enterprises in Africa are suffering financially and many are seeking financial assistance. Their problems stem from unclear and conflicting objectives and a lack of autonomy and accountability. In implementing performance contracts, the common issues that were being addressed include; improve performance to deliver quality and timely services to the citizen, improve productivity in order maximize shareholders wealth, reduce or eliminate reliance on the exchequer, instill a sense of accountability and transparency in service delivery and the utilization of resources and give autonomy to government agencies without being subjected to the bureaucracies and unnecessary procedures.

Critical success factors (CSFs) in the implementation of performance contracts include support at the highest political levels, the support of the public and other key stakeholders such as trade unions, high level institutional framework to coordinate the processes, the need to induct and sensitise all the key players and the process is more readily accepted if it is internally driven. Strong and workable performance contracts should be founded on strategic plans and the evaluation should include continuous dialogue to minimize disputes, feedback on all levels, performance targets must be linked not only to national planning instruments but also to budgetary resources, involvement of outside experts. Customer service delivery charter is of particular importance because it addresses the customer value proposition directly (Ndubai, 2008).

Peter (2005, Romzek et al 2002 and Kobia et al 2006) identify other critical success factors that determine how successful performance based contracting is implemented. They include partnership and teamwork where a number of different individuals and organizations are involved in performance based contracting which means a change in the business relationships.

That collaborative relationships need to be formed between the agency staff and the contractors. Trust, open communication and strong leadership have also been mentioned. Staff and contractor training is also another critical factor. The types of training include establishing performance measures and preparing various contract provisions such as the statement of work or objectives, the contract payment process, incentives and penalties and a monitoring or quality assurance plan.

Martin et al (2002) argues that conducting sufficient planning before implementing performance based contract is an important element. Planning efforts involve establishing who should be involved, identifying performance measures and desired outcomes in tandem with contractors and vendors, determining the current performance level, identifying potential risks, evaluating what services and programmes will benefit the most from performance based contracting and developing an implementation plan. A key indicator of agency planning is whether the agency already has a strategic plan and has established performance measures for its various programmes.

Internal management systems are key to measuring and monitoring for both the agency and the contractors. Management information systems that can provide data to support performance and outcomes measures as well as a monitoring plan are critical. Other factors that may influence the implementation of performance contract include, communication, on-going feedback, adequate resources (Kobia et al, 2006), customer identification, learning and growth, environmental scanning of both internal and external environmental and institutionalized accountability for performance (Langat ,2006, GOK 2005).

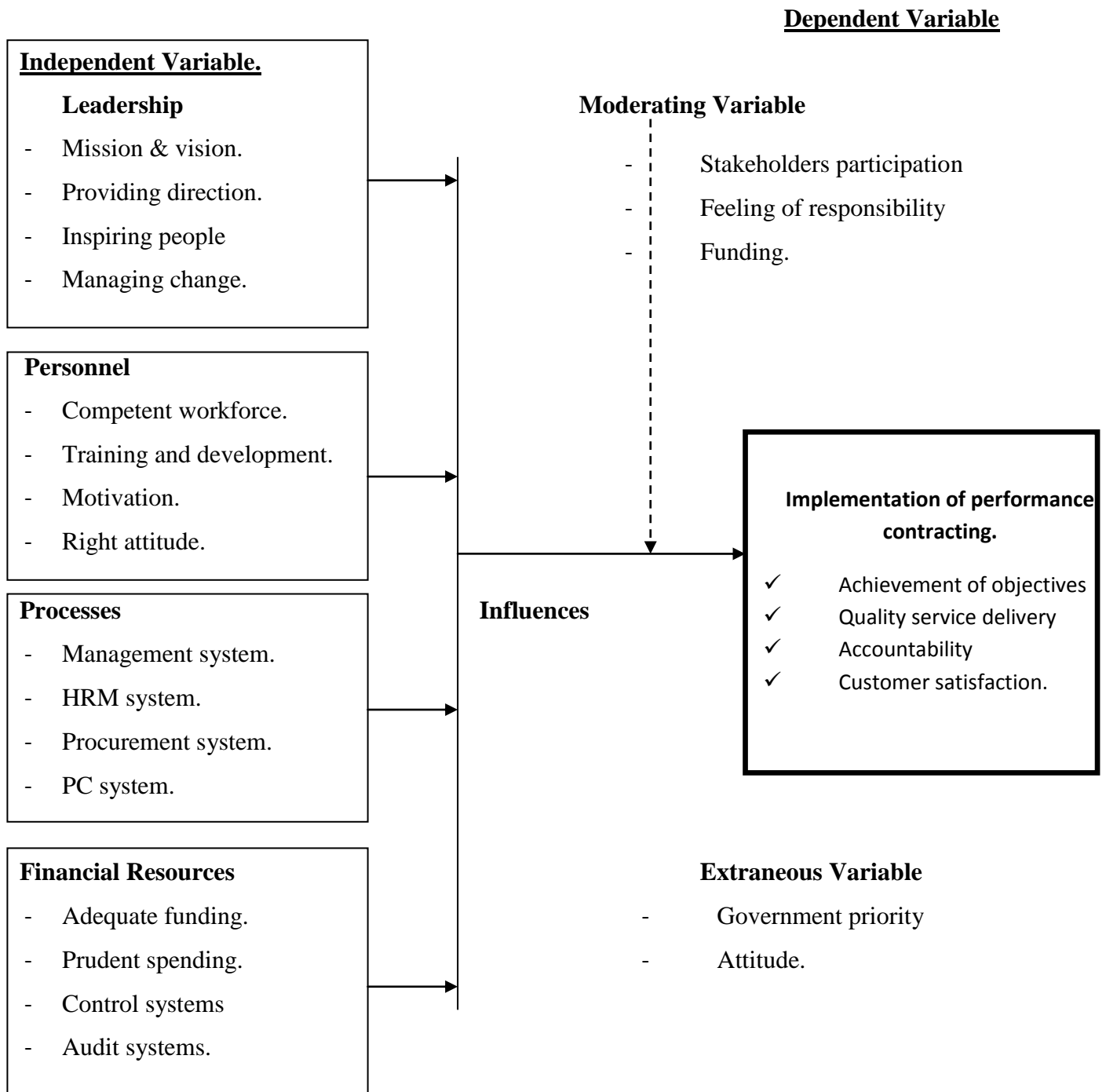
2.4. Theoretical Framework.

According to emotional involvement theory, before implementing the performance contracts, the government should try to draw people in, get them involved before giving them things to do and letting them make decisions about the performance measurements evaluation criteria. Besides, the government/implementation agency should also understand the principle of action theory that there is no action without intentionality and we are able to get results after we have acted. In performance terms, this theory explains why individuals will never act unless they have intentions, (Hunter, J.D, 1998).

Another critical theoretical view of analyzing performance contract in public service sector is adoption of innovations theory. According to Ahorani (1986), an innovation is an idea, practice or object that is perceived new by an individual or other unit of adoption. The novelty in an innovation need not just involve new knowledge because some may have known about an innovation for some time but not yet developed a favorite attitude towards it, nor have adopted or rejected it. Nevertheless, diffusion is defined as the process by which an innovation is communicated through certain channels overtime among members of a social system. It is the novelty of the idea in the message content of communication that gives diffusion its distinct character. According to this author, the general convention is to use the word “diffusion” to include both planned and the spontaneous spread of new ideas.

According to happiness and success theory, which attempts to relate success of work and happiness, people feel happy when they achieve their set goals and especially so when it is a hard-won goal. Positive anticipation and attendant happiness occur when we predict that we will achieve our goals and feel confident about those predictions, perhaps because they have been right recently. According to this theoretical view, happiness is not a permanent state, and no matter what we get, we will always swing between happiness and sadness (Himer, 1993). Secondly, people feel a sense of their own significance where they cared about. The sense of significance grows with the size of the impact and the number of people affected. Hence, if they save the world they feel pretty significant (Korir 2005).

2.5. The Conceptual Framework.



(Fig. 1.1. Conceptual Framework)

The figure above explains the relationship between independent, moderating, extraneous and dependent variables. In this study, attempts were made to establish how independent variables – leadership, personnel, processes and financial resources influence implementation of performance contracting in public service in Kisii County Government. Stakeholders’ participation, feeling of responsibility and funding were presented as moderating variables. Government priority and attitude to public service are extraneous variables.

2.8. Gaps and Challenges in the Literature Review.

According to international journal of research in management, Economics and Commerce (2013), there exist a number of critical gaps in the system and implementation that hamper the full realization of the benefits of performance contracting. These include substantive disconnect between the stated PC outcomes and the design and the framework of the PC instrument, making it difficult to effectively measure the extent to which these outcomes are realized even though this has grown with consistency in the content. In Kenya in Particular, there is no harmony between budgeting, planning and performance contracting process and there is no structured framework for systematic review of PC system and most MDAs do not have implementation guidelines.

The report (IJRMEC) says that compared to USA, there is an absence of an enabling legal framework for implementation of performance management/contracting, hence MDAs cannot legally enforce PC as it is based on administrative authority. To ensure that there is appropriate alignment in National to the sub-national goals, MDAs are expected to cascade performance targets from the National level to devolved levels (Countries).

Most countries lack the capacity to design and implement performance contracting initiatives despite the fact that they are required to deliver effective and efficient services to the public, hence the knowledge gap. This study therefore sought to establish factors that influence effective implementation of performance contracts in the public service in Kisii County Government.

2.9 Summary of Literature Review

This chapter reviewed existing Literature on performance management; purpose of performance management, performance based contracting, the origin and evaluation of performance contracting, performance contract in Kenya, performance contracting system in Kenya, the institutional framework in Kenya, factors influencing implementation of performance contracts, theoretical framework, the conceptual framework, gaps and challenges in the literature review.

CHAPTER THREE

3.0. RESEARCH METHODOLOGY

3.1. Introduction

This chapter outlines the methodology used in carrying out the research. It gives details on the research design, target population, sample size, research instruments, validity of instruments, reliability of instruments, data collection procedures, data analysis and ethical considerations.

3.2. Research Design

Kerlinger W.F. (1986) defines research design as a plan and as structure of investigation so conceived as to obtain answers to research questions. This study will adopt a descriptive research design.

3.3. Target Population

The study will target about 4,000 employees on permanent pay roll in Kisii County Government.

Mugenda and Mugenda (1999) recommend that 10%-30% of the survey population is representative enough to generalize the characteristics being investigated. Below is a table showing how the sample was taken:

3.4. Sample Size

Table 3.1. Sample Size.

Category	Target Population	Sample Size (25%)	Percentage
Senior Management	200	50	5
Middle Management	800	200	20
Operational staff	3000	750	75
Total	4000	1000	100

Source: Author (2015)

3.5. Research Instruments

The study used both the questionnaire and interview schedule as research instruments. A questionnaire is commonly used to obtain important information about the target population. Each item in the questionnaire is developed to address a specific objective, research questions or hypothesis of the study (Mugenda and Mugenda, 1999). An interview schedule (also called personal interview) is an important and powerful tool for collecting data and was therefore be used in this research.

3.6. Validity of Instruments

According to Mugenda and Mugenda (2003), validity is a measure of relevance and correctness. It is the accuracy and meaningful inferences which are based on the research results. Data collection techniques must yield information that is not only relevant to research questions but also correct. To enhance the validity of instruments, pre-testing was done to determine whether the questions were acceptable, answerable and well understood. Pilot testing of research instruments will be important because it revealed vague questions, unclear instructions and enabled the researcher to improve the efficiency of instruments (Nachmias & Nachmias, 2007)

3.7. Reliability of Instruments

Reliability is a measure of degree to which research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda 2003). Data collected from the test –retest will be used to calculate the reliability co-efficient

3.8. Data Collection Procedures

The administration of data collection instruments was done by the researcher at both pilot and main study. The researcher sought approval for this study from University of Nairobi. Once permission was granted, and introductory letter obtained by the researcher, the study proceeded as follows; recruitment of two research assistants, conducting briefing for research assistants on study objectives, data collection instruments and administration of instruments. Assessment of

filled questioners through serialization and coding for data analysis and discussion, preparation of the conclusion and recommendations.

3.9. Data Analysis

According to Bailey (1984), data analysis procedure entails the process of packaging the collected information, putting it in order and writing it in components in a way that the findings can easily and effectively be communicated. Editing, coding and tabulation were done. The collected questionnaires were checked for completeness and accuracy. Both qualitative and quantitative techniques were used to analyze data and present information.

3.10. Ethical Considerations

The researcher informed participants/respondents about the purpose of data gathering and where it would be used. The researcher also explained to respondents about data privacy and confidentiality and how it would be protected, necessary permission was obtained and the respondents' cultural norms were understood before approaching them for data.

CHAPTER FOUR

4.0. DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1. Introduction.

The general objective of the study was to establish factors influencing implementation of performance contracting in the Public Service in Kisii County Government. To achieve this objective data was gathered using structured questionnaires and scheduled interviews. This chapter therefore presents the analysis of the data, interpretations and discussions of the findings in relation to the objectives of the study. A total of 1000 questionnaires were administered and 900 were filled and returned, representing 90% response.

4.2. Presentation of Findings

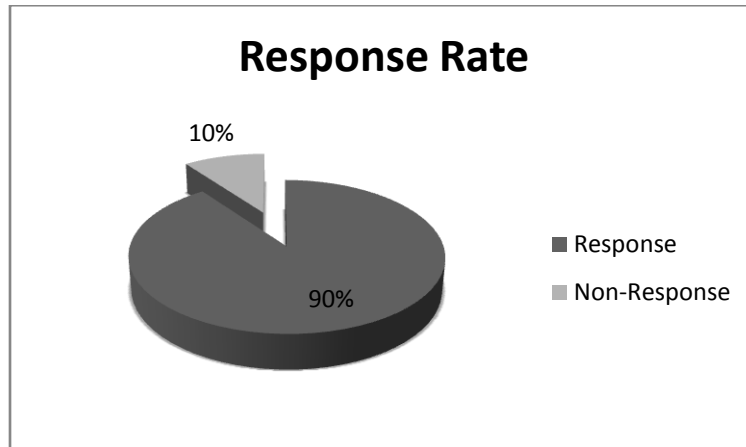
4.2.1. Response Rate.

Table 4.1. Response Rate

Category	Frequency	Percentage
Response	900	90
Non-Response	100	10
Total	1000	100

Source: Author (2015)

Fig. 4.1. Response Rate



Source: Author (2015)

From both table 4.1 and fig. 4.1 above, the researcher sampled a total of 1000 respondents. Out of the total 1000 respondents, 900 responded by filling the questionnaires and returned them. This represents 90%. Hundred respondents did not return the questionnaires, representing non-respondents of 10%. The researcher therefore found the response rate adequate and sufficient for purposes of data analysis.

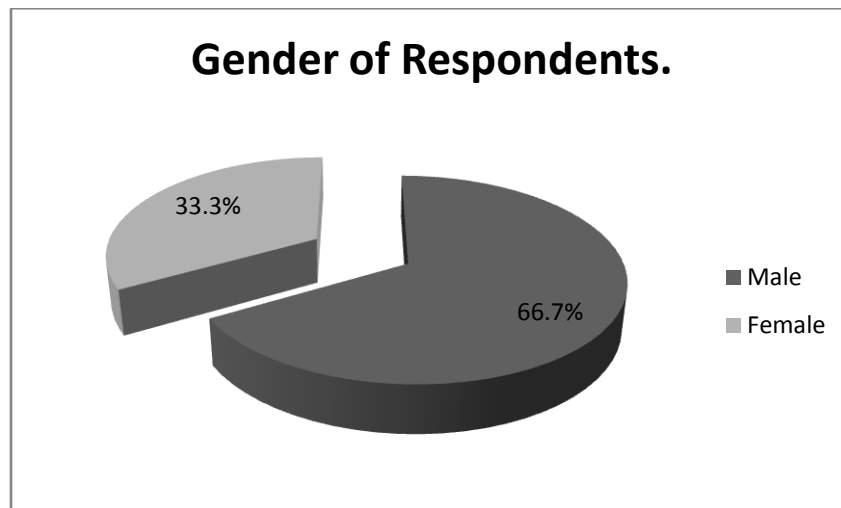
4.2.2. Gender of Respondents.

Table 4.2. Gender of Respondents

Category	Response	Percentage
Male	600	66.7
Female	300	33.3
Total	1000	100

Source: Author (2015)

Fig. 4.2. Gender of Respondents.



Source: Author (2015)

Table 4.2 and fig. 4.2 above show that 66.7% respondents were male while 33.3% were female. Hence, the majority of the respondents were male.

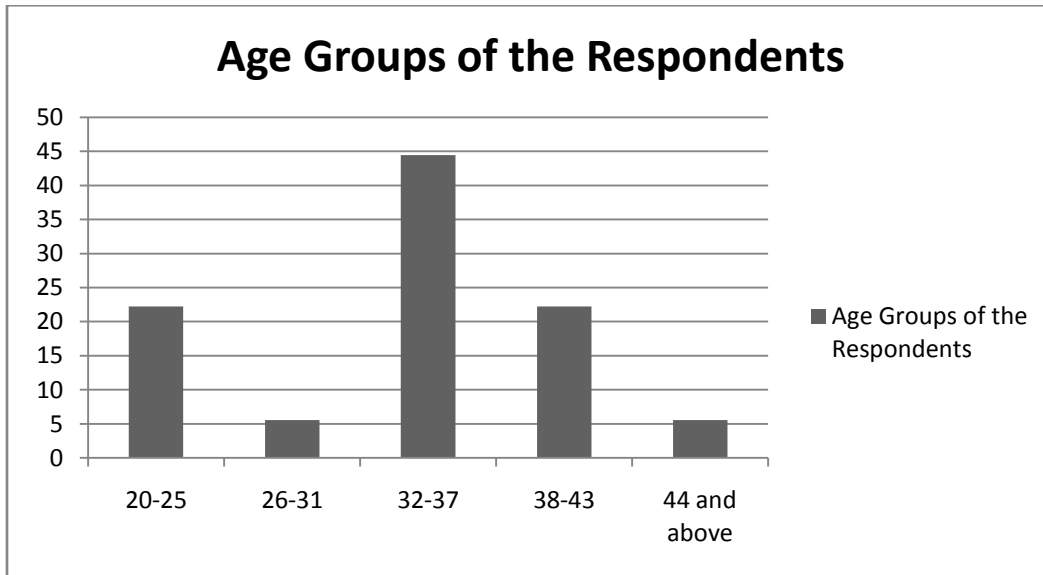
4.2.3. Age Groups of the Respondents.

Table 4.3. Age Groups of the Respondents

Range of Years	Frequency	Percentage
20-25	200	22.22
26-31	50	5.56
32-37	400	44.44
38-43	200	22.22
44 and above	50	5.56
Total	900	100

Source: Author (2015)

Fig. 4.3. Age Groups of the Respondents.



Source: Author (2015)

Table 4.3 and fig. 4.3 above show the age groups of respondents. 22.22% represent respondents between 20-25 years, 5.56% represent 26-31 years, 44.44% represent 32-37 years, 22.22% represent 38-43 years and 5.56% represent 44 years and above. Hence, the majority of the respondents were between 32-37 years.

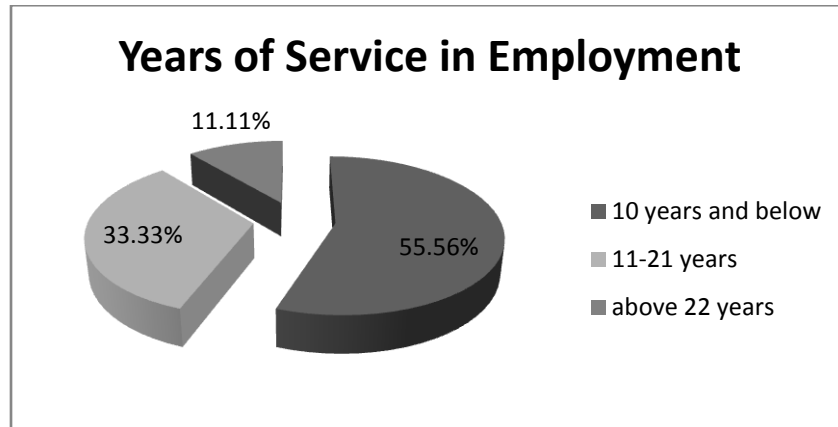
4.2.4. Years of Service.

Table 4.4. Years of Service in Employment.

Number of Years	Frequency	Percentage
10 years and below	500	55.56
11-21 years	300	33.33
Above 22 years	100	11.11
Total	900	100

Source: Author (2015)

Fig. 4.4. Years of Service in Employment.



Source: Author (2015)

From both table 4.4 and figure 4.4 above, 55.56% of the respondents have worked in the public service for not more than 10 years, 33.33% have worked between 11-21 years and only 11.11% have worked for more than 22 years. Hence, the majority of the respondents in public service in Kisii County have worked for less than 10 years.

4.2.5. Highest education Level.

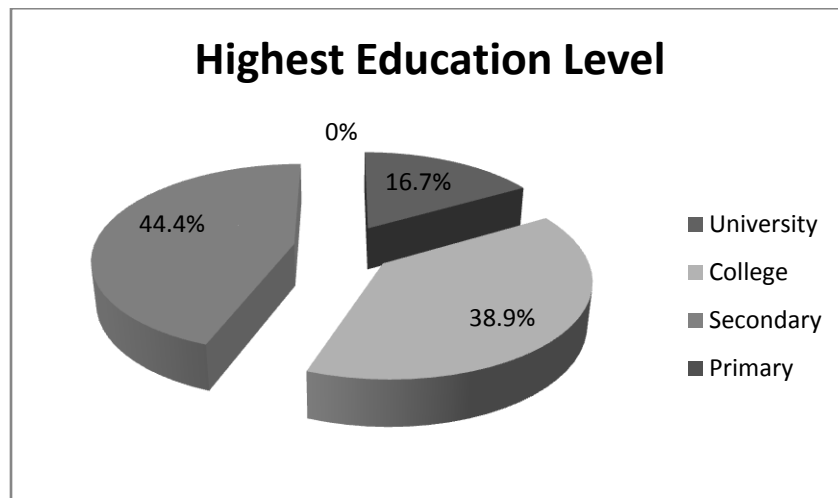
The education level of respondents was critical in the study as it was thought to have influence on the type of responses received concerning the independent variables.

Table 4.5. Highest Education Level.

Education Level	Frequency	Percentage
University	150	16.7
College	350	38.9
Secondary	400	44.4
Primary	0	0
Total	900	100

Source: Author (2015)

Fig. 4.5. Highest Education Level.



Source: Author (2015)

From the findings shown above, none of the respondents had primary education as the highest level. 44.4% had secondary level education, 38.9% had college level education and only 16.7% had university education. Most of the respondents therefore had secondary education.

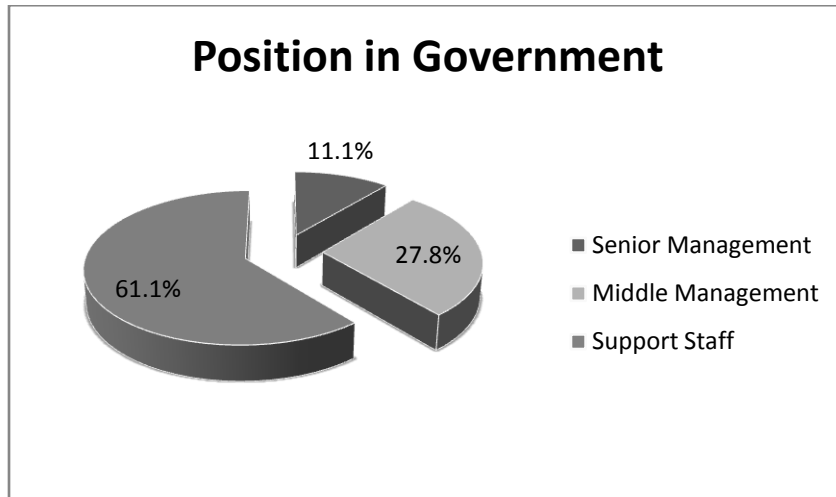
4.2.6. Position in Government.

Table 4.6. Position in Government.

Position	Frequency	Percentage
Senior Management	100	11.1
Middle Management	250	27.8
Support Staff	550	61.1
Total	900	100

Source: Author (2015)

Fig. 4.6. Position in Government.



Source: Author (2015)

Table 4.6 and fig. 4.6 above show the position of respondents in Kisii County Government. The findings indicate that 11.1% are in senior management, 27.8% are in middle level management while 61.1% are support staff employees. Hence, the majority of the respondents were at support staff level.

4.2.7. Leadership Style.

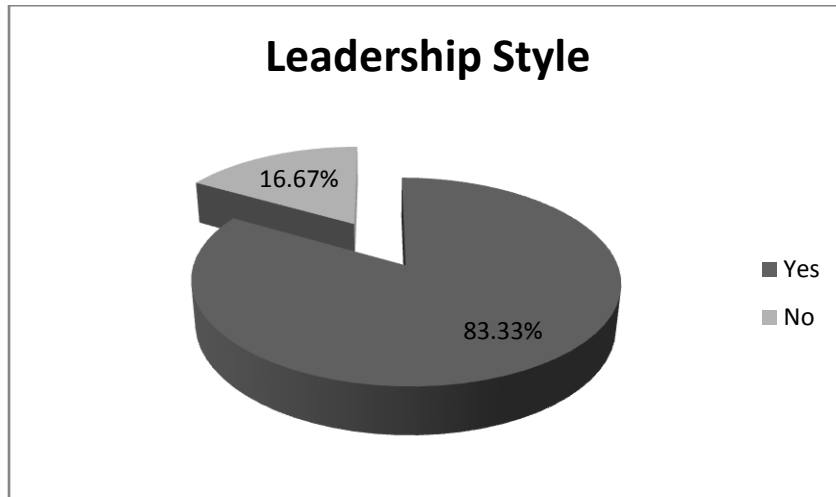
The first objective of the study sought to establish the effect of leadership style on implementation performance contracting in public service in Kisii County Government.

Table 4.7. Whether Leadership style Influences Implementation of Performance Contracting.

Category	Frequency	Percentage
Yes	750	83.33
No	150	16.67
Total	900	100

Source: Author (2015)

Fig. 4.7. Whether Leadership style Influences Implementation of Performance Contracting.



Source: Author (2015)

Table 4.7 and fig. 4.7 above show how leadership style influence implementation of performance contracting in public service in Kisii County. From the findings, 83.33% of the respondents concurred that leadership style influence implementation of performance contracting. However, 16.67% of the respondents said that it does not influence performance contracting.

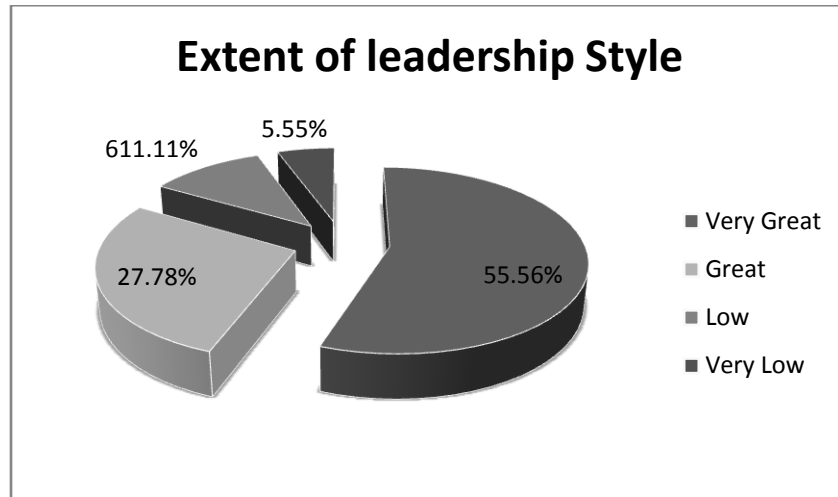
4.2.8. Extent of leadership Style Influence on Performance Contracting.

Table 4.8. Extent of leadership Style Influence on Performance Contracting.

Category	Frequency	Percentage
Very Great	500	55.56
Great	250	27.78
Low	100	11.11
Very Low	50	5.55
Total	900	100

Source: Author (2015)

Fig. 4.8. Extent of leadership Style Influence on Performance Contracting.



Source: Author (2015)

From table 4.8 and figure 4.8 above the number of respondents who felt that leadership style influences implementation of performance contracting in public service in Kisii County Government to a very great extent were 55.56%, 27.78% indicated a great extent, 11.11% to a low extent and only 5.55% indicated a very low extent.

4.2.9. Personnel.

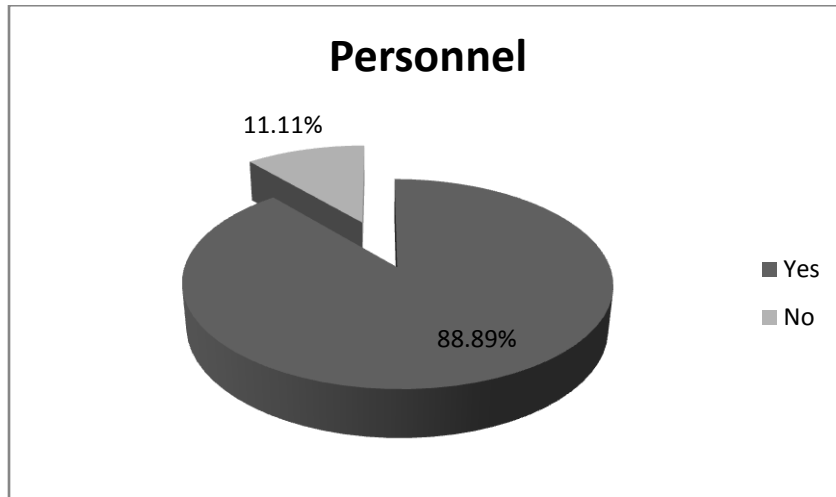
The second objective of the study was to determine how personnel influence implementation performance contracting in public service in Kisii County Government.

Table 4.9. Whether Personnel Influences Implementation of Performance Contracting.

Category	Frequency	Percentage
Yes	800	88.89
No	100	11.11
Total	900	100

Source: Author (2015)

Fig. 4.9. Whether Personnel Influences Implementation of Performance Contracting.



Source: Author (2015)

From the table 4.9 and figure 4.9 shows that 88.89% of the total respondents agreed that personnel influences implementation of performance contracting in public service while 11.11% said it does not influence.

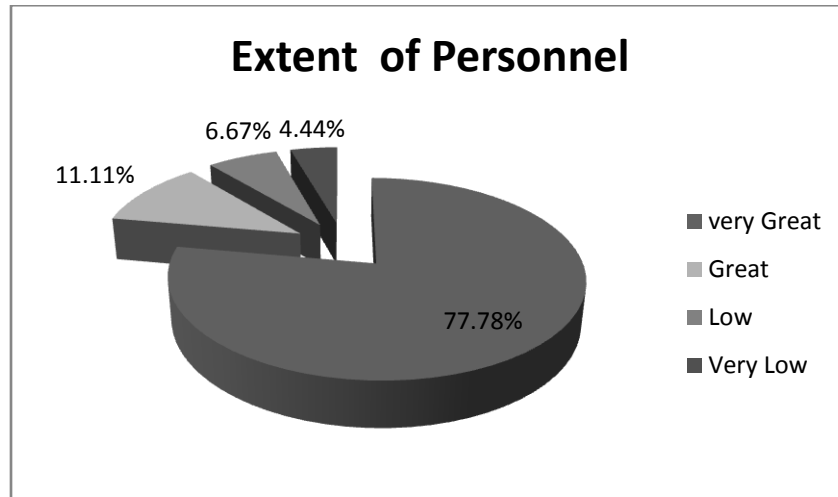
4.2.10. Extent of Personnel influence on Implementation of Performance Contracting.

Table 4.10. Extent of Personnel Influences on Implementation of Performance Contracting.

Category	Frequency	Percentage
Very Great	700	77.78
Great	100	11.11
Low	60	6.67
Very Low	40	4.44
Total	900	100

Source: Author (2015)

Fig. 4.10. Extent of Personnel Influences on Implementation of Performance Contracting.



Source: Author (2015)

From the table 4.10 and figure 4.10 above indicate that out of the total respondents, 77.78% said that personnel influence implementation of performance contracting to a very great extent, 11.11% to great extent, 6.67 to low extent and 4.44% to a very low extent.

4.2.11. Processes.

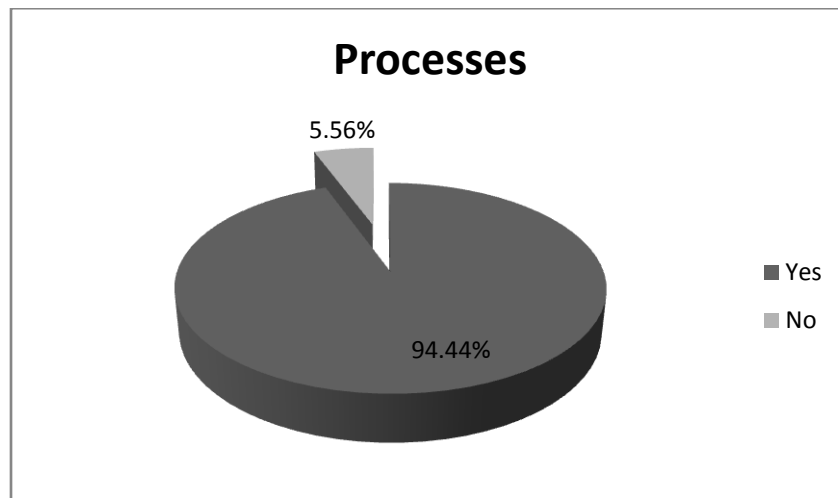
Objective three of the study was to explore how processes influence implementation performance contracting.

Table 4.11. Whether Processes Influences Implementation of Performance Contracting.

Category	Frequency	Percentage
Yes	850	94.44
No	50	5.56
Total	900	100

Source: Author (2015)

Fig. 4.11. Whether Processes Influence Implementation of Performance Contracting.



Source: Author (2015)

As table 4.11 and figure 4.11 above indicate, 94.44% of the total respondents concurred that processes influence the implementation of performance contracting in public service in Kisii County Government, 5.56% of the respondents said that it is not true.

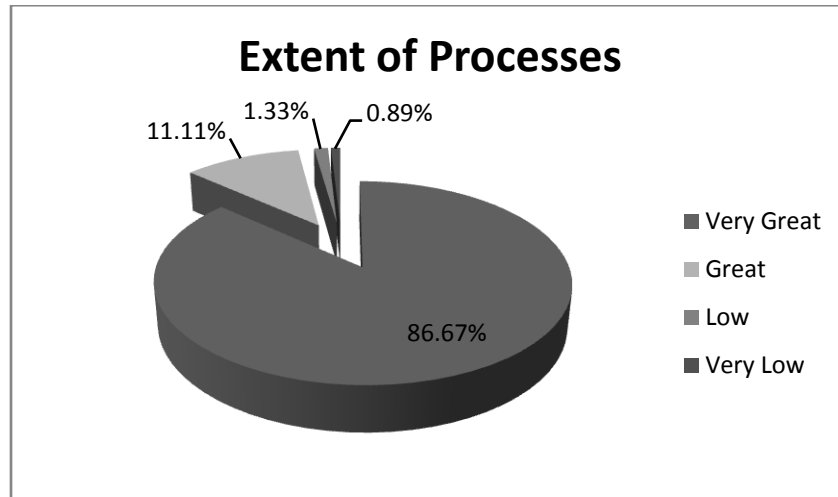
4.2.12. Extent of Processes influence on Implementation of Performance Contracting.

Table 4.12. Extent of Processes Influences on Implementation of Performance Contracting.

Category	Frequency	Percentage
Very Great	780	86.67
Great	100	11.11
Low	12	1.33
Very Low	8	0.89
Total	900	100

Source: Author (2015)

Fig. 4.12. Extent of Processes Influence on Implementation of Performance Contracting.



Source: Author (2015)

Table 4.12 and figure 4.12 above show the findings on how processes influence implementation of performance contracting Kisii County Government. 86.67% of the total respondents said that processes influence implementation of performance contracting to a very great extent, 11.11% to a great extent, 1.33% to low extent and 0.89% to a very low extent.

4.2.13. Financial Resources.

This was the fourth objective. Therefore, the study sought to determine to what extent financial resources influence implementation of performance contracting.

Table 4.13. Whether Financial Resources Influence Implementation of Performance Contracting.

Category	Frequency	Percentage
Yes	860	95.56
No	40	4.44
Total	900	100

Source: Author (2015)

Fig. 4.13. Whether Financial Resources Influence Implementation of Performance Contracting.



Source: Author (2015)

The presentation in table 4.13 and figure 4.13 above indicate that 95.56% of the total respondents supported the view that financial resources do influence the implementation of performance contracting in public service in Kisii County Government. However, 4.44% said it is not true.

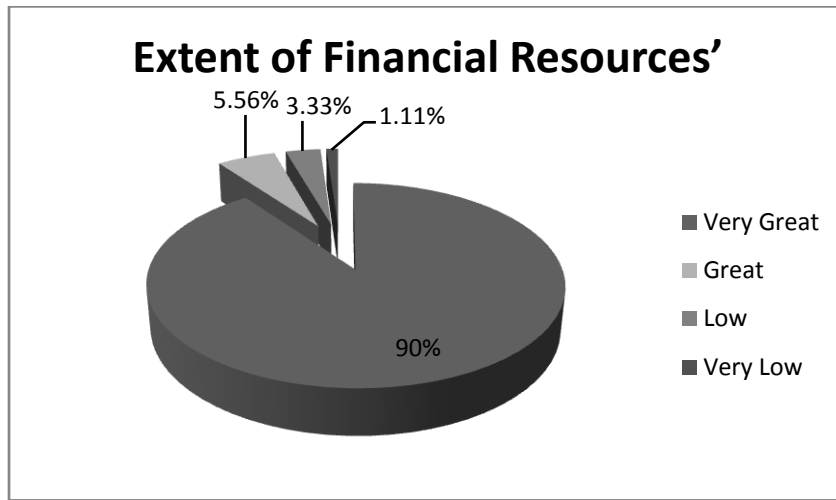
4.2.14. Extent of Financial Resources' influence on Implementation of Performance Contracting.

Table 4.14. Extent of Financial Resources Influence on Implementation of Performance Contracting.

Category	Frequency	Percentage
Very Great	810	90
Great	50	5.56
Low	30	3.33
Very Low	10	1.11
Total	900	100

Source: Author (2015)

Fig. 4.14. Extent of Financial Resources Influence on Implementation of Performance Contracting.



Source: Author (2015)

Table 4.14 and figure 4.14 above indicate the extent to which financial resources influence implementation of performance contracting Kisii County Government. Out of the total number of respondents, 90% agreed to a very great extent, 5.56% to a great extent, 3.33% to low extent and 1.11% to a very low extent.

CHAPTER FIVE.

5.0. SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS.

5.1. Introduction

The main objective of the study was to establish factors influencing implementation of performance contracting in public service in Kisii County Government. In order to facilitate the study, a questionnaire was designed and administered to various cadres of respondents (employees) in Kisii County Government. This chapter therefore summarizes the findings of the study, gives conclusions as well as recommendations and suggestions for further studies.

5.2. Summary of the Findings.

5.2.1. How Leadership Style Influences Implementation of Performance Contracting.

From the findings, 83.33% of the respondents concurred that leadership style influences implementation of performance contracting. However, 16.67% of the respondents said that it does not influence performance contracting. 55.56% of the respondents agreed to a very great extent that leadership style influences implementation of performance contracting in public service, 27.78% indicated a great extent, 11.11% to a low extent and only 5.55% indicated a very low extent.

1.2.2. How Does Personnel Influence Implementation of Performance Contracting in Public Service?

According to the findings, 88.89% of the total respondents agreed that personnel influences implementation of performance contracting in public service while 11.11% said it does not influence. 77.78% said that personnel influence implementation of performance contracting to a very great extent, 11.11% indicated to great extent, 6.67% to low extent and 4.44% to a very low extent.

5.2.3. To what Extent do Processes Influence Implementation of Performance Contracting?

This was the third objective of the study. From the findings, 94.44% of the total respondents concurred that processes do influence the implementation of performance contracting in public service. 5.56% of the respondents said that it is not true. 86.67% of respondents said that processes influence implementation of performance contracting to a very great extent, 11.11% agreed to a great extent, 1.33% accepted to a low extent and 0.89% agreed to low extent.

5.2.4. To What Extent do Financial Resources Influence Implementation of Performance Contracting in Public Service?

This objective sought to determine how financial resources influence implementation of performance contracting in public service in Kisii County Government. From the findings, 95.56% of the total respondents supported the view that financial resources do actually influence implementation of performance contracting. 4.44% of the respondents said that it is not true. Out of the total number of respondents, 90% agreed to a very great extent, 5.56% accepted to a great extent, 3.33% to low extent and 11.11% to a very low extent.

5.3. Conclusions.

The study concluded that leadership style is very critical in successful implementation of performance contracting in public service in Kisii County Government. Leadership provides direction and vision, inspiration and a sense of purpose, facilitates adaptation to a dynamic and changing environment, creates a favourable working environment for employees and thus ensuring success. It is also responsible for setting high standards and influencing employees to perform beyond expectations.

The basic building blocks of any highly performing organization are talented workers with relevant skills and great enthusiasm for their work. Adequate, qualified and committed workers determine the extent of success in implementation of performance contracting in public service. Hence, the nature of available personnel in any establishment is critical in achieving set objectives and mission.

The study also concluded that strong and seamless processes/systems in management/leadership, human resources, procurement, ICT/Automation, Monitoring and Evaluation (M&E) are critical in successful implementation of performance contracting. Effective processes ensure prudent utilization of resources, ensure accountability, encourage effective monitoring and evaluation, ensure proper control measures hence delivering on the organization's vision and mission.

Further, the study made conclusions that indeed, financial resources influence implementation of performance contracting. That adequate, proper allocation, prudent utilization of financial resources, timely release and disbursement greatly contribute to successful implantation of performance contracting.

5.4. Recommendations

5.4.1. Leadership Style.

The study recommends that, the leadership in public service in Kisii County Government should provide effective mission and vision, provide direction, inspire the workforce and appropriately manage change.

5.4.2. Personnel.

There should be competent workforce that is highly trained. The County Government of Kisii should identify and develop talents, motivate the workers, develop right attitudes and ensure good working environment.

5.4.3. Processes

The County Government should ensure that effective management systems are available and sound, proper HRM and procurement systems should also be in place to help monitor and evaluate implementation of performance contracting.

5.4.4. Financial Resources.

The study recommends adequate funding of performance contracting activities, prudent spending, proper financial systems, effective control and audit systems.

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APPENDIX I: QUESTIONNAIRE

Kindly answer the following questions as accurately as possible. Your individual response is strictly confidential and anonymous. Your answers shall be used for academic purposes only. Please tick in the box corresponding to whatever your choice is or explain briefly where necessary.

Section A: Personal Information.

1. Gender : Male Female

2. Age bracket:

20-25 26-31 32-37 38-43

3. Years in Public Service:

10 and below 11-21 years 22 years and above

4. Highest level of education:

Secondary education College education University education

5. The management level:

Senior management Middle management Operational staff

Section B: Leadership Style.

6. Does leadership style influence implementation of performance contracting in public service?

Yes No

Explain:.....
.....
.....

7. How does leadership influence implementation of performance contracting in public service in Kisii County Government?

Very Great Great Low Very Low

Explain:.....
.....
.....

Section C: Personnel.

8. Do personnel influence implementation of performance contracting in public service?

Yes No

Explain:.....
.....
.....

9. How do personnel influence implementation of performance contracting in public service in Kisii County Government?

Very Great Great Low Very Low

Explain:.....
.....
.....

Section D: Processes

10. Do processes influence implementation of performance contracting in Public Service?

Yes No

Explain:.....
.....
.....

11. How do processes influence implementation of performance contracting in public service in Kisii County Government?

Very Great Great Low Very Low

Explain:.....
.....
.....

Section E: Financial Resources.

12. Do financial resources influence implementation performance contracting in public service?

Yes No

Explain:.....
.....
.....

13. To what extent do financial resources influence implementation of performance contracting in public service in Kisii County Government?

Very Great Great Low Very Low

Explain:.....
.....
.....

Thank you for your participation and co-operation.

APPENDIX II: WORK PLAN

Period	Activity	Remarks
January 2015	Submission of concept paper.	
April 2015	Submission of research proposal.	
June 2015	First defense of research proposal.	
July 2015	Defense of final project.	
August 2015	Corrections and binding of hard copies.	
September 2015	Graduation ceremony.	

Source: Author (2015).

APPENDIX III: BUDGET.

Item/Description	Cost (Kshs)
Flash disk	2,000
Printing and stationery.	5,000
Travelling expenses.	10,000
Photocopying.	2,500
Data collection and Analysis.	8,000
Air time and Internet Services.	3,000
Binding	3,000
Total	33,500

Source: Author (2015).

