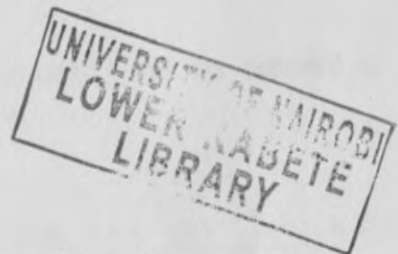


**MANAGEMENT PERCEPTION ON PERFORMANCE  
CONTRACTING STRATEGY AT THE CITY COUNCIL OF  
NAIROBI, KENYA**

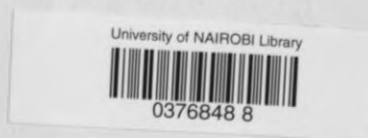
**BY**

**KEZIAH SAOLI**




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

**November, 2012**



## DECLARATION

This research project is my own original work and has not been submitted anywhere else in any University or institution.

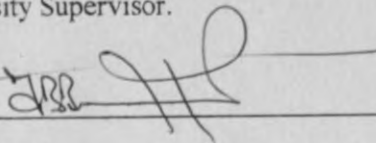
Signed  \_\_\_\_\_

Date: 11<sup>th</sup> NOV. 2012.

**Keziah Jeptanui Saoli**

**D61/61763/2010.**

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

Signed  \_\_\_\_\_

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## DEDICATION

Special thanks to my Husband Saoli, it's through your encouragement and support that I made it and to my children Antony Leleti, Sakana, and Memusi. I thank you for your love, patience, support and high level of understanding you all portrayed even when I was not there for you.

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## ACRONYMS AND ABBREVIATIONS

**C.E.O** - Chief Executive Officer

**P.C** - Performance Contract

**N.C.C.** - Nairobi City Council

**G.O.K**-Government of Kenya

**O.E.C.D**-Organization of Economic Co-operative Development

**P.S.R.P**-Public Service Reform Programme

## ABSTRACT

Performance management has been adopted by both public and private sectors as a strategic response to competition and market demand, especially to the public sector performance management of employees in improving service delivery. Performance contract is a broader sector reform intended to improve efficiency and effectiveness thus reducing costs; it entails a range of tools used to define responsibilities and expectations between parties to achieve agreed results on mutual ground. The introduction of performance contract by City Council of Nairobi experienced many challenges most managers were not willing to sign the contract owing to the fact that they did not understand what it entailed this affected effective delivery of service to the public. The primary objective of this study was to establish management's perception on performance contract and factors influencing performance contract at the City Council of Nairobi the study was a cross-sectional survey design, primary sources were used to collect data, these data was collected using a semi-structured questionnaire. Descriptive statistics and content analysis was employed in analyzing the data and the findings showed that the managers perception on PC is not really a uni-dimensional construct, rather it has two elements namely; procedural and organizational aspects, their perception is also influenced by engagement, work environment and management commitment.

# CHAPTER ONE : INTRODUCTION

## 1.1 Background of the study

Performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of people who work in them and by developing the capabilities of individual contributors and teams. According to Muollin (2002) and de Bruijin (2001), the objectives of performance management at the heart of the government reform agenda are: rationalization, in terms of size, cost and functions; the introduction of more effective systems of financial accountability; greater transparency in the operation of these public institutions; the upgrading of the skills base of the sector and the modernization of its functional principles, procedures and systems; and the development of a realistic remuneration policy based on performance.

Performance contract has been widely used in the public sector in France, Netherlands and New Zealand with marked success. The experience in other countries though, as in the case of India, Morocco, South Africa, Cot D'Ivoire and Gambia among others have shown mixed results Trivedi, (2004). In Kenya, the concept of performance contracting was first introduced in the management of state corporations in 1989. A parastatal reform strategy paper, which was approved by the cabinet in 1991, was the first official recognition of the concept of performance contracting as it was part of the policies that were recommended to streamline and improve the performance of state corporations.

According to GOK(2004) the objective of introducing performance contracting in Kenya include; improved service delivery to the public by ensuring that top managers are accountable for results, reversing the decline in efficiency and ensuring that resources are focused on attainment of key national policy priorities of the government institutions. Performance oriented culture in the public service through introduction of an objective performance appraisal system, measure and evaluate performance, linking reward to measurable performance, facilitate the attainment of desired results, instill accountability for results at the highest level in government machinery.

The Nairobi City Council just like any other public Institution is faced with challenges associated with the changing nature of workplace environment and the demand by customers for better service delivery. In order to strengthen and clarify the obligation required of the government and its employees to achieve agreed target. It has also engaged it's workers in signing the performance contract. The role of performance based contracting is the achievement of Vision 2030 which is a government Blue print for the implementation of the Economic Recovery Strategy for Wealth and Employment Creation by the year 2030. The government reiterates that it is the long-term interest of the people of Kenya to fully internalize the culture of performance contracting and particularly the citizen's service delivery charter.

### **1.1.1 Performance Contracting**

Performance Contracting is widely known compelling strategy which several companies are adopting nowadays. From small to large scale establishments, they have been using it to continually maintain their stable status in today's overly

competitive market. Its emerging power as a business tool is undoubted. Since its inception, service contracting has spread to companies of all industries both private and public as an alternative to simply using internal resources. Kotler, (2003). Performance contracting is broader public sector reform aimed at improving efficiency and effectiveness, while reducing total costs according to Organization of Economic Co-operation Development, (1999).performance contracts can be defined as a range of management instruments used to define responsibilities and expectations between parties to achieve mutual agreed results. The agreement clearly specifies their mutual performance obligations, intentions and responsibilities.

The contract is intended to address economic, social and other tasks that an agency has to discharge for economic performance and desired results. It organizes and defines tasks so that management can perform them systematically, purposefully and with reasonable probability of accomplishment OECD,(1999).It also assist in developing points of view, concepts and approaches for determining what should be done and how to go about it. A performance contract consists of two components namely, performance targets and review and evaluation of periodic and terminal performance.

Performance contracts originated from the perceptions that the performance of the public sector has been consistently falling below the expectations of the public. The problems that have been identified are excessive controls, multiplicity of principles, frequent political interference, poor management, and outright mismanagement. While several approaches have been used to address these challenges, it is hoped that performance contract will be an effective tool for managing productivity.

The performance contract in public service was introduced in 2005. For the civil service, the first level contract is signed between the president and the ministers. The contract is then signed between the head of civil service and the permanent secretaries, prior to signing of contracts, training and sensitization is done for senior employees, who then cascades down to the middle and lower cadres of employees. Every year, the performance contract of every ministry for the last one year is evaluated by an ad hoc evaluation team with a view of ascertaining whether the agreed performance benchmarks undertaken have been actualized or achieved and if not give reasons for failure to achieve the targets during the year under view. Performance contracts are based on the premises that what gets measured gets done. In some ministries there has been a notable sustainable improvement on service delivery. A considerable amount of resources has been spent in the implementation of the performance contracting since its inception in 2005 and therefore the perception of managers on performance contracting strategy should be examined to ascertain whether the purpose for which it was intended to achieve has been realized.

The rationale for introducing performance contracts in the public service was to address new institutional structures and arrangements for managing and delivering programmes and services such as (Privatization, Commercialization, Contracting out and Decentralization). Second; systematic reforms (market type mechanisms, new budgeting and planning systems, administrative modernization, and decentralization of management) and lastly, a new method of service delivery.



Strategy concerns itself with what an organization is doing in order to gain a sustainable competitive advantage (Porter, 1980). In order to move the implementation of the PSRP forward, the Government developed and launched the Strategy for Performance Improvement in the Public Service in 2001. The Strategy sought to increase productivity and improve service delivery. It outlined the actions that were necessary to imbed long lasting and sustainable change in the way public services are offered. Underpinning this strategy was the Results Oriented Management (ROM) approach, which makes it necessary to adjust operations to respond to predetermined objectives, outputs and results.

The adoption of this approach therefore demanded a paradigm shift in Government. This called for a transformation from a passive, inward looking bureaucracy to one which is pro-active, outward looking and results oriented; one that seeks customer satisfaction and value for money. Consequently the ministries'/departments were required to develop strategic plans which reflected their objectives derived from the 9<sup>th</sup> National Development Plan, the Poverty Reduction Strategy Paper and based on the Medium Term Expenditure Framework (MTEF), Sectoral Priorities and Millennium development Goals. (AAPAM, 2005).

### **1.1.2 Concept of Perception**

The perception of an individual, when he or she looks at a target and attempts to interpret what he or she sees is heavily influenced by personal characteristics of the individual perceiver. Personal characteristics that affect perception include a person's attitudes, personality, motives, interests, past experiences and expectations. People in organizations are always judging each other; managers must appraise their



employees' performances and evaluate how much effort they are putting into their jobs. A New person who joins a work team is immediately sized up by other members. In many cases, these judgments have important consequences for the organizations and one such specific application is the performance evaluation. An employee's performance appraisal is very much dependent on the perceptual process. His/her future is closely tied to appraisal, rewards such as promotions, pay raises and continuation of employment is among the very most obvious outcomes. The performance appraisal presents an assessment of the employer's work (Wildavsky and Dake, 2001).

The process of performance management process include; performance agreements or contracts, personal development plan, managing performance throughout the year, performance review, documentations and evaluation. Individuals behave in a given manner based not on the way their external environment actually is but, on what they see or believe it to be. It is the employee's perception of a situation that becomes the basis for behavior.

The manager can successfully plan, organize the work of employees, help them to structure their work more efficiently, and effectively. However, all these efforts might not succeed due to the perception of employees towards those efforts. The issues such as fair pay for work performed, the validity of performance appraisals and the adequacy of the working conditions are not judged by employees in a way that ensures common perceptions, nor can there be assurance that individuals will interpret conditions about their jobs in a favorable light (Ulleberg and Rundmo, 2003).

### 1.1.3 Local Government Authorities in Kenya

Local Authorities in Kenya is created under CAP 265 of the laws of Kenya. It is part of the government and is fairly autonomous in nature. Under the same Act the minister for local government has powers to supervise the local authorities. For instance the minister approves local authority performance management sources, budgets, and can dissolve a council and appoint a commission if it is justified. Overall the minister of local government is responsible for ensuring that local authorities have the institutional and policy framework, systems, and to effectively provide the required local services in a responsible, efficient, accountable, and transparent manner.

The local government in Kenya is charged with the responsibility of keeping the city economically viable by delivering a high level of services and at the same time keeping taxes sufficiently low so as not to discourage individuals and businesses from relocating from their jurisdiction. Since local government is part and parcel of public service reform program. Its employees at the management level sign the performance contract.

However, they're faced with a number of issues and evaluation of strategy implementation that have put stress on their ability to meet this objective. In Kenya, local authorities are blamed for poor planning of their mandate of performance management improvement, infrastructure and service delivery to residents. Service delivery has become an issue in local authorities because of the financial problems.

#### **1.1.4 The City Council of Nairobi**

The birth of Nairobi was historical accident. The survey team of the Uganda Railway having covered 300 miles from Mombasa made a stopover when reaching the edge of the Athi. This was in 1896. By 1899 Nairobi had become an important railway centre. Thus it ceased to be a mere watering point for the Maasai Cattle. Nairobi became a township in 1903 through the Town Ordinance which also elevated Mombasa to be the same status. They were administered by European or Asian nominated advisory Committees under the control and guidance of government officers. District Commissioner acted as Chairmen.

On 15<sup>th</sup> July, 1919 Nairobi became a Municipality. Later on 30<sup>th</sup> March, 1950, under the Royal Charter by King George the sixth it became a City. It started operations with the provision of sanitary services and licensing of shops. Later their functions were extended to cover roads, Water, street cleaning and other social services and amenities. The City Council of Nairobi is run through a committee system. City Council of Nairobi Information Brochure (CCNIB, 2010). Policies made by this committee are then ratified by the General Purpose Committee and Full Council before implementation. The council has identified a performance based contracting strategy as an effective way of providing quality goods and services.

#### **1.2. Research Problem**

Performance management has been adopted as a strategic response to competition and market demands by both private and public enterprises. In public management performance management has focused on the contribution of employees to improved

service delivery. Performance contracting enhances employee compliance with targets and enhances quality of service. In its priorities contained in various policies and planning documents such as the national development plans, poverty reduction and Economic Recovery Strategy. Conceptual evidence fronted by Robins, (2007) posts that positive perception by employee towards performance contracting will boost their morale leading to increased productivity, job satisfactions, and lower turnover, reduce absenteeism and improves quality of service. Negative perception will have the opposite outcome and create indifference towards performance contracting which will lead to staff preferring to maintain the status quo.

Nairobi City Council is the largest council in the Ministry of Local Government, it has fifteen operational departments. Which are headed by Directors who report directly to the Town Clerk who is the C.E.O. Like all councils under local government it has developed strategies that have been documented in their strategic plan. It has identified a Performance based contracting as an effective way of providing and acquiring quality goods and services delivery within available budgetary resources. The introduction of performance contracts in the public sector implies that performance targets and indicators stipulated in the contract document reflect the contents of Nairobi City Councils Strategic plans which upon implementation, should be able to indicate the extent to which the two are linked. Whether the link is really achieved considering management's perception on performance contraction as a strategic tool is the subject of this study.

Previous studies undertaken locally on perception have focused on other government corporations and parastatals, and have not addressed management's perception in particular. Kachero, (2006) conducted a study on employee perception on staff promotion process: a case study of university of Nairobi. Kiboi, (2006) undertook a study on management's perception of performance contracting in state corporations. Chacha, (2009) carried out a study on performance contracting as tool for strategy implementation in catering and tourism levy trustees, Kenya. None of these studies focused on City Council of Nairobi management's perception on performance contracting strategy. This study thus seeks to fill the gap by seeking answers to the question: What is the management's perception on performance contracting strategy in the City Council of Nairobi?

### **1.3 Objectives of the Study**

The objectives of the study are to determine:

- i) Management's perception on performance contracting as a strategy in the City Council of Nairobi.
- ii) Factors influencing management perception.

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

Study will form a theoretical reference in the field of strategic management within its core concepts of performance contracting strategy and responses by employees. For management practices the study will help in appreciating performance contracting strategy as an achieving strategic concept for its contribution to employees' performance. It also shows the implication of perception of individual managers

towards performance contracting in various government ministries in general. The study will assist in identifying factors affecting perception of managers of City Council of Nairobi towards performance contracting.

It will also guide policy makers when implementing performance contracting in the various other Government ministries. And will offer opportunity for reviewing and possible amendments and improvements of performance contracting within the civil service. In addition, the study broadens the knowledge on performance based contracting as a strategy and provides a basis for further research on the factors perceived by employees as inhibiting the success of performance contracting strategy in the civil service. Moreover this research will form a basis for further research in this area among academicians.





## CHAPTER TWO : LITERATURE REVIEW

### 2.1 Introduction

This chapter is concerned with the review of pertinent literature which covers both theoretical and conceptual literature as advanced by different authors. Theoretical literature focuses on perception of management on the performance contraction as an effective tool to implementing strategic management, thus capacity to adapt to the rapid changes in the environment. On the other hand, conceptual literature lays emphasis on findings of conceptual studies on the performance of entities.

### 2.2 Performance Management Strategy

Bandaranayake (2001) views performance management as the development of individuals, usually members with competencies and commitments, working towards the achievement of shared meaningful objectives within an organization that supports and encourages their achievement. The author notes that the process of performance management relates to the goals and targets set by organization and the subsequent measurement of outputs and outcomes by means of performance indicators.

Heckett, (1998) states that performance management involves clear definition of goals and objectives for the team individuals, and performance coaching. Some form of performance review and tracking to chart progress and record achievement are key stages leading to comprehensive performance and development plans. Grahams and Bannet, (1998) add that performance management involves the integration of employee development with result based assessment. It encompasses appraisal, objective setting, appropriate training programmes and performance related pay.

From the foregoing it can be inferred that performance management entails all human managerial activities for initiating and tracking performance of an organization through its staff. Therefore the purpose of performance management is to improve performance by creating accountability to goals and objectives.

According to Williams, (1998) performance management is divide into three perspectives: system of managing organizational performance, system of managing employee performance and system of integrating the management of organizational and employee performance. Williams, (1998) further notes that managing of organizational performance involves planning and reviewing. The use of this model is the determination of, and implementation of organization's strategy through organization's structure, technology, business systems procedures among others. As a system for managing employee's performances, performance management involves planning managing and appraisal.

Each of the separate theories discussed shades some light on the same aspect of performance management. Stakeholder theory begins with the assumption that value is necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create and what brings its core stakeholders together. It also pushes managers to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with stakeholders to deliver on their purpose (Freman, 1994).



### 2.3 Conceptual Studies on Performance Contracting Strategy

Strategy, according to Hill and Jones (2001) is an action that a company takes to attain one or more of its goals. More precisely, it is the action that an organization takes to attain superior performance. Strategy is the pattern of organizational moves and managerial approaches used to achieve organizational objectives and to pursue the organization's mission (Thompson and Strickland, 1993). Different organizations will respond differently to the changes in the environment. Strategy concerns itself with what an organization is doing in order to gain a sustainable competitive advantage (Porter, 1980).

The principal concern of an organization strategy is identifying the business areas in which an organization should participate in order to maximize its long run profitability. Business strategy is essentially about two questions: what kind of business is the firm in? And, given this choice, how do firms compete? Strategic management is concerned with how firms generate and sustain competitive advantage in order to generate superior profit. In developing strategy, firms undertake three sets of activities: strategic analysis, strategic choice and strategic implementation. Typically, businesses are reported to assess their strategic position by: (a) first scanning the environment for potential market opportunities and threats; (b) evaluating their strategic capability; and (c) assessing the enablers and constraints of strategy. Generic strategies can be successfully linked to organizational performance through the use of key strategic practices. Porter's (1985) generic strategies of low cost, differentiation, focus and combination strategies are generally accepted as a strategic typology for organizations.

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers (Porter, 1980). Porter (1985) asserts there are basic business strategies – differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best change to achieve a competitive advantage, whatever, strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage Goldsmith (1995) points out that strategy comprises actions employed to meet a firm's long-term objectives.

Pearce and Robin (2000) have recommended three critical ingredients for the success of strategy. These are: strategy must be consistent with conditions in the competitive environment, it must take advantage of existing and emerging opportunities and minimize the impact of major threats, and strategy must place realistic requirements on the firm's resources. While researchers may not always agree on the best strategy, or strategy combination, most if not all, support the long-term benefits of strategic planning for the successful performance of an organization or business unit. However, measuring the performance of a company is challenging. Researchers (Buckley et al., 1998; Littler, 1988; Day and Wensley, 1988) disagree about how to both define and operationalize performance.

Performance management is seen as integrating the organizational and employee performance and combines the above two perspectives. It recognizes that employees' performance takes place within the organizational goals and therefore recognizes three levels of performances: Organizational, process function and team individuals.

Hence the aim of performance management is the development of staff appraisal: improve performance through linking employees' individual's objectives to the firm's strategies. It has been stated with reasonable justification, that human capital is the most important resource in an organization Immelt, (2003). The relationship between the employer and the employee involves exchange of skills and experience for reward in salaries or wages. Armstrong, (2001) advances the view that the principals' aim for performance management should be to support attainment of the organization's strategic objectives by ensuring the availability of a skilled, competent, committed and well-motivated workforce.

Armstrong, (2001) proposes that performance management could be evaluated using scales which can either be behavioral with examples of good, average or inadequate or graphic which present points along a continuum alphabetically. Today's environment demands institutions that are extremely flexible and adoptable. It demand institutions that deliver high quality goods and services and demands them to be responsive to customer needs, offering services that lead by persuasion and incentives rather than command, institutions that give their stakeholders a sense of meaning and control; over ownership.

All high performance organizations whether public or private are, and must be interested in developing effective performance management systems, since it's only through such systems that they can remain high-performing and competitive organizations (NPR 1997).Mann (1995) and GOK (2005a) trace the evolution of performance contracting to France in the 1970s when the French prime minister commissioned a committee headed by Simon Nora to investigate relations between

public enterprises and the ministries. The concept was thereafter introduced in Franco-phone Africa in the 1980s in the national railway in Senegal. Latin America and Asian countries followed later in the same decade.

There are generally two types of performance contracts French and signaling system. According to Organization of Economic Co-operation Development, (1999), performance contract basically comprises two major components namely; determination of mutually agreed performance targets and the review and evaluation of periodic and terminal performance. They argue further that performance contracting is but one element of broader public sector reform aimed at improving efficiency and effectiveness of public enterprises, while reducing total costs. According to Hawkins (1989), perception involves the process of exposure, attention and interpretation of information or stimuli. What an individual perceives depends on their characteristics, size and intensity of the stimuli and their exposure to the stimuli. Attention is a fundamental component of perception that is often used to differentiate higher order cognitive processes from those that are purely sensory. Individual differences in abilities and cognitive styles are also important in perception.

Guttman's Scalegram analysis is a very useful technique for examining small shifts or change in perceptions, (Williams, 1997) states that such scales do not have equal appearing intervals, they are generally reliable Mugenda (1999) content that the rating scales are used to measure perception, attitudes, values and behavior. Also consist of numbers and descriptions which are used to rate or rank the subjective and intangible components in research. The numerical scale helps to minimize the subjectivity and makes it possible to use quantitative analysis. The most common used rating scale is

the Likert or summated scale which are originally proposed by a psychological, Rensis Likert, which requires a respondent to indicate the degree of agreement or disagreement with each of a series of statements related to attitudes object, Tull and Hawkins (2002).

Performance contracts define the expectations, the result to be achieved, and the competences required to attain these results. They form the basis for development, assessment and feedback in the performance management process. They define expectations in the form of raw profile that sets out role requirements in terms of key result areas for effective performance. The role profile provides the basis for agreeing objectives and assessing the level of competency reached.

The performance agreement incorporates any performance improvement plans that may be necessary and personal development plan. It describes what individuals are expected to do but also indicate what support they will receive from their managers (Guest, 2006).

#### **2.4 Concept of Perception**

Perception can be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment (Robbins et al 2004). There need not be, but there is often disagreement and it is possible that all employees in a firm may view it as a great place to work favorable working conditions, interesting job assignments, good pay, excellent benefits, an understanding and responsible management; but as most of us know it is very unusual to find such agreements. In other words, perception involves receiving stimuli,

organizing the stimuli and translating or interpreting the organized stimuli so as to influence behavior and form attitudes (Cole, 2001). Perception is not necessarily based on reality, but is merely a perspective from a particular individual's view of a situation. In dealing with the concept of organizational behavior, perception becomes important because people's behavior is based on their perception of what reality is, not on reality itself; the world as it is perceived is the world that is behaviorally important' (Robbins et al 2004). Perception affects our working relationships in many ways relating to the factors of organizational behavior, such as: individual, group or structure. For example, based on the situation, perceiver and target we may have the perception that the people we are working with are not good at their job, and therefore we may tend to avoid working with them, in fear of being held responsible for their mistakes, and in doing so, affecting our working relationship with our team members, and ultimately, the organization's effectiveness, efficiency, and the structural perception of the organization (Robbins et al 2004).

Perception is psychological and can be measured by qualitative factors such as people's attitudes, emotions, previous experiences and their needs. People's attitudes have a powerful influence upon what they pay attention to, what they remember and how they interpret information, Arnold and Fieldman (1986). According to Luthans (1992) people will select out a stimuli or situations from the environment that appeals to, and are compatible with, their learning, motivation and with their personality.



## 2.5 Factors Affecting Employee Perception

Factors affecting a person's perception can be broken down into three main categories. These include: the situation, the perceiver and the target. For example, the factors in the situation may include: time, work setting, or social setting. Whereas the factors in the perceiver may include: attitudes, motives, interests, experiences and expectations. Lastly, the factors in the target may include: novelty, motion, sounds, size background, proximity, and similarity (Robbins et al 2004).

A number of factors operate to shape and sometimes distort perception. These factors can reside in the perceiver, in the object or target being perceived, or in the context of the situation in which perception is made. When an individual looks at a target and attempts to interpret what or she sees, that interpretation is heavily influenced by the personal characteristics of the individual perceiver which include a person's attitudes, personality, motives, interests; past experiences and expectations might also influence City Council of Nairobi management towards performance contracting. Employees' emotional state also strongly influences perception. When staff is highly agitated, frustrated and angry their perceptual process becomes impaired. People's previous experiences with similar circumstances influence perception and existence of stress impedes the person's capability process and the way they perceive information they receive.

## CHAPTER THREE : RESEARCH METHODOLOGY

### 3.1. Introduction

This chapter details how the study was carried out. It covers the design that was used to conduct the study, how data was collected and eventual analysis of the data in order to be adopted thus generates research findings for reporting.

### 3.2 Research Design

The study was carried out through a descriptive cross-sectional survey. A descriptive study describes or defines a subject, often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction as indicated by Cooper and Schindler (2003).

The descriptive survey research design was chosen based on the fact that in the study, the research is interested on the state of affairs already existing in the field and no variable would be manipulated. This research design was chosen so as to provide adequate data useful for future analysis and drawing accurate conclusions.

### 3.3 Population

The target population of the study was 75 managers of Nairobi City Council. Sample for the study was managers drawn from all departments of the Council. The study used stratified sampling; where for each of the fifteen departments, five questionnaires were given to the directors who distributed them to the various section heads in their departments. Mark and Thornhill (2003), defines a fraction as a



proportion of the population size of those employed. The size selected was being 80% of the target population and thus conforms to the statistical provision, (Mugenda and Mugenda, 2004). This covered top management since all of them sign performance contracts. Stratified random sampling technique was used to sample 60 managers from the sixteen departments in the council. They are the directors, deputy directors and some section heads.

### **3.4 Data Collection**

The researcher relied on primary data to carry out the study. The primary data was collected by the researcher through a self administration questionnaire. The questionnaire was a structured questionnaire with both open ended questions, closed ended questions, and likert scale type questions. The respondents were managers drawn from the following departments: Education, ICT, City treasurer, Environment, Human Resource, Public Health, City engineers, Housing Development, Inspectorate, Audit, Legal affairs, Social services, City planning ,Administration and Procurement.

The questionnaire also had three sections. Section A was seeking to establish the respondent's background information, Section B The perception of managers on performance contracting strategy, Section C factors influencing management's perception on performance contracting.

### 3.5 Data Analysis

Data was analyzed using both quantitative and qualitative methods. For quantitative data chi-square test, while for qualitative data descriptive statistics was used. Tables and graphs were used to explain and interpret data as well as indicated levels of respondent's concurrence.

Since some of the data collected was qualitative in nature the researcher used content analysis. According to Nachmias and Nachmias (1996), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data obtained was then compared with existing literature in order to establish areas of agreement and disagreement. And also using the perception of Marshall and Rossman (1997), who see qualitative data analysis as a search for general statements among categories of data.

## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS OF

### RESULTS

#### 4.1 Introduction

This chapter presents the data analysis results, findings and interpretation of results. Data analysis was conducted using SPSS with the following as the main statistical tools: frequencies, mean, standard deviation, factor analysis and regression analysis. The chapter is organized as follows: first it presents the response rate, followed by respondent demographic information. This is followed by analysis of manager perceptions of performance contracting and finally the factors affecting manager's perception of performance contracting.

#### 4.2 Response rate

The survey targeted 75 respondents which were stratified according to positions and therefore participate in the signing of performance contract. 53 of the respondents completed the questionnaires. This population is significant enough to provide a valid reliable conclusion. The table below shows the targeted as well as actual responses.

**Table 4.1: Response rate**

Position	Targeted	Achieved	Response rate (%)
Director	15	5	33%
Deputy director	15	10	67%

Section heads	45	38	84%
<b>Total</b>	<b>75</b>	<b>53</b>	<b>71%</b>

From the table above, the overall response rate was 71% which is good since most studies use 50% as benchmark for good response rate. The response rate for section heads was the highest at 84% followed by that of deputy director at 67%. Only directors had a low response rate of 33%.

### 4.3 Profile of respondents

A total of 75 questionnaires were issued, each department getting 5 five questionnaires. In some departments the respondents failed to complete the questionnaires while in others the respondents were not available. The targeted respondents were the Directors, Deputy Directors and Section Heads.

#### 4.3.1 Gender

The respondents were asked to indicate their gender. The table below shows the distribution of respondents by gender.

**Table 4.2: Gender**

Gender	Frequency	Percent
Male	28	52.8
Female	25	47.2
<b>Total</b>	<b>53</b>	<b>100.0</b>

From table 4.2, shows that majority of the respondents (52.8%) were male while 47.2% were female. This is a clear indication that either gender was well represented in the sample.

#### 4.3.2 Age

The study also sought information on the ages of the respondents. The table below shows the distribution of respondents by age.

**Table 4.3: Distribution of respondents by age**

Age	Frequency	Percent
25 years and below	2	3.8
26-34 years	4	7.5
35-44 years	29	54.7
45 years and above	18	34.0
<b>Total</b>	<b>53</b>	<b>100.0</b>

From table 4.3 above, majority of the respondents (54.7%) were aged between 35 and 44 years while 34% were aged over 44 years. The cumulative total of those aged over 35 years was 88.7% indicating that an overwhelming majority of the respondents were aged over 35 years.

#### 4.3.3 Academic qualifications

The study also enquired of the respondents as to their highest academic qualifications. The following table shows the results.

**Table 4.4: Distribution of respondents by academic qualification**

Academic Qualifications	Frequency	Percent
PHD	1	1.9
Masters	19	35.8
Bachelors	16	30.2
Diploma	10	18.9
Primary	1	1.9
College certificate	3	5.7
Form 6"A" level	1	1.9
Form 4(8.4.4)	2	3.8
Total	53	100.0

From table 4.4 above, majority of the respondents 67.9% had at least a Bachelors degree, 86.8% had at least a college diploma. This indicates that the respondents had sufficient qualifications to respond to the questions posed.

#### **4.3.4 Position of responsibility**

The respondents were asked to indicate their positions of responsibility at the council. The following table shows the responses.

**Table 4.5: Distribution of respondents by position of responsibility**

Responsibility	Frequency	Valid Percent
Director	7	13.2
Deputy director	9	16.9
Section head	37	69.8
<b>Total</b>	<b>51</b>	<b>100.0</b>

From the table above, majority (69.8%) were section heads, (16.9%) were deputy directors while (13.2%) were directors. This represents the actual proportions targeted in the sample.

#### **4.3.5 Department**

The study also sought information on the department of the respondents. The table below shows the results.

**Table 4.6: Distribution of respondents by department**

Departments	Frequency	Percent
Education	5	9.4
ICT	5	9.4
City treasurer	4	7.5
Environment	4	7.5
Human Resources	3	5.7



Public health	1	1.9
City engineers	5	9.4
Planning	5	9.4
Administration	3	5.7
Procurement	4	7.5
Housing Development	3	5.7
Inspectorate	3	5.7
Audit	3	5.7
Legal affairs	1	1.9
Social services	4	7.5
<b>Total</b>	<b>53</b>	<b>100.0</b>

The table above shows the results, indicating that nearly all departments were represented by at least one respondent with the majority 9.4% being from the planning and city engineering departments.

#### **4.3.6 Period of service**

The study also sought to find out the length of service of the respondents. Table 4.7 shows the results.



**Table 4.7: Length of service**

<b>Length of service</b>	<b>Frequency</b>	<b>Percent</b>
Less than 10 years	14	26.4
10-20 years	31	58.5
20-30 years	8	15.1
<b>Total</b>	<b>53</b>	<b>100.0</b>

From the table 4.7 above, majority (58.5%) of the respondents had been in service for between 10 to 20 years, 15.1% had been in service for between 20 to 30 years bringing the total of those who had been in service for over ten years to 73.7%. This shows that a high percentage of employees had been in service for a period long enough to have understood the significance of introduction of performance contracting.

#### **4.3.7 Terms of employment**

The study sought to find out the terms of employment of the respondents. The following table shows the responses.

**Table 4.8: Terms of employment**

<b>Terms of employment</b>	<b>Frequency</b>	<b>Percent</b>
Permanent and pensionable	51	96.2
Permanent without pension	2	3.8
<b>Total</b>	<b>53</b>	<b>100.0</b>

From table 4.8 above, majority of the respondents (96.2%) were on a Permanent and pensionable employment basis while only 3.8% were on Permanent without pension employment basis.

#### **4.4 Managers' perception of performance contracting**

This Section looked at the perception of perception of managers on performance contracting at the City Council of Nairobi.

##### **4.4.1 Descriptive statistics for items measuring managers' perception of PC**

The study sought to establish the perception of managers on performance contracting. This was done using 15 items with a five point likert scale. The respondents were required to indicate their level of agreement with positively formatted statements about various aspects of performance contracting. The following table shows the descriptive statistics for each of the 16 items considered. For purposes of interpretation, a mean rating of between 1 and 2.5 was considered to be disagree, a mean of between 2.51 and 3.5 was considered to be neither agree nor disagree while a mean of between 3.51 and 5 was considered to indicate agreement.

**Table 4.9: Descriptive statistics for manager's perception parameters**

Managers perception on	N	Minimum	Maximum	Mean	Std. Deviation
The council attaches much importance to performance contracting	53	1.0	5.0	4.057	.8641
The vision and mission of the council is clearly communicated to all employees	53	1.00	5.00	3.9245	1.05337
There's reporting structure put in place to facilitate communication of the objectives of the Performance contract.	51	1.00	5.00	3.9020	.94350
Strategic plans exist and are used to develop Performance contract.	52	2.00	5.00	4.2500	.76376
Performance charters exist and are used to measure performance standards and give feedback on client expectations	52	1.00	5.00	3.7885	.97692
The introduction of performance contract has brought much freedom in the performance of duties in the council	53	2.00	5.00	3.5094	.86874
Top management communicate effectively to staff on Performance contract.	53	1.00	5.00	3.5472	1.01083
Heads of departments and other employees are jointly involved in establishing and setting of PC targets	52	1.00	5.00	3.7115	1.16040
Heads of departments are involved in setting of evaluation criteria	53	1.00	5.00	3.2075	1.26123
Training is provided to all aspects of PC	53	1.00	5.00	2.7547	1.09027

Incentives have been set aside to be awarded to employees for excellent performance	53	1.00	5.00	2.2642	1.27326
Penalties for not meeting targets are made during signing of PC	52	1.00	5.00	2.7885	1.21003
There's adequate budget allocation to enable you to achieve the self targets	52	1.00	5.00	2.3462	1.15274
Allocating some specific time to discuss performance contracting	51	1.00	5.00	3.3529	.99646
Evaluation criteria and process is fair and transparent	52	1.00	5.00	3.0192	1.29085
Manager's performance is professionally, fairly and transparently assessed and feedback given	51	1.00	5.00	3.2157	1.13690
Valid N (list wise)	48				

From the above table, majority of the items were positively rated. The highest rated items were existence of strategic plans used to develop the PC (mean, 4.25), the council's attachment of importance to performance contracting (mean, 4.06), vision and mission (mean, 3.9), reporting structure (mean, 3.9) and existence of performance charters (mean, 3.7) as well as the involvement of employees in establishing PC targets. Other positively rated aspects were the fact that the introduction of performance contract has brought much freedom in the performance of duties in the council (mean, 3.51) and that top management communicates effectively to staff on PC (mean, 3.54). The respondents were indifferent to the following items: Heads of

departments are involved in setting of evaluation criteria (mean, 3.2); Training is provided to all employees on all aspects of PC (mean, 2.7); Penalties for not meeting targets are made during signing of PC (mean, 2.8); Allocating some specific time to discuss performance contracting (mean, 3.4); Evaluation criteria and process is fair and transparent (mean, 3.0); and Manager's performance is professionally, fairly and transparently assessed and feedback given (mean, 3.2) On the other hand, the following items were rated below 2.5 indicating that the respondents disagreed with them: existence of pc-related incentives (mean, 2.3) and adequacy of budgetary allocation to meet targets (mean, 2.4).

Thus from the above findings, there are mixed feelings about performance contracts among managers. On the one hand, managers have positive perception on aspects related to the organization and structures used in performance contracting. On the other hand, managers indicated negative perception of finance-related aspects of the PC. Finally, respondents were indifferent to procedural aspects of the PC.

#### **4.4.2 Factor analysis**

To identify the various latent variables existing within the 16 items used to measure managers' perception of performance contracting, factor analysis was used. The extracted factors were used in subsequent analysis to examine how managers' perception is related to other hypothesized variables. The following table shows the component matrix of the extracted factors.

**Table 4.10: Factor analysis for managers' perception items**

Managers perception	Component	
	1	2
Manager's performance is professionally, fairly and transparently assessed and feedback given	.807	
Evaluation criteria and process is fair and transparent	.755	
Top management communicate effectively to staff on PC	.702	
Allocating some specific time to discuss performance contracting	.677	
There's reporting structure put in place to facilitate communication of the objectives of the PC	.647	
Incentives have been set aside to be awarded to employees for excellent performance	.645	
Training is provided to all employees on all aspects of PC	.626	
Heads of departments and other employees are jointly involved in establishing and setting of PC targets	.570	
The council attaches much importance to performance contracting		.569
Strategic plans exist and are used to develop PC		.624
Performance charters exist and are used to measure performance standards and give feedback on client expectations		.518





From table 4.10, two components were extracted namely: Procedural aspects (component 1) made up of 8 items and Organizational aspects (component 2) made up 3 items. 5 items were excluded from further analysis since they either yielded a component of only 1 item or did not have factor loadings greater than 0.5 (see appendix 2 for table of excluded items and respective factor loadings).

#### 4.4.3 Reliability analysis of extracted factors

The two extracted variables of managers' perception on performance contracting were subjected to reliability analysis to confirm whether indeed the items measured the same latent variables. The table below show the Cronbach's alpha coefficients used to measure reliability.

**Table 4.11: Reliability analysis for managers' perception variables**

Managers perception on	Cronbach's alpha
Procedural aspects	0.857
Organizational aspects	0.747

From table 4.11 above, the two aspects of managers' perception on PC had Cronbach's alpha coefficients greater than 0.7 which is considered the threshold for a good reliability.

Hence it was concluded that the underlying items indeed related to the latent variables identified as procedural and organizational aspects of managers' perception. These two variables were then used for further analysis as shown in the next sections.



#### 4.5 Factors influencing Manager's Perception on performance contracting

Respondents were asked to indicate the extent to which their perception influence performance contracting at the City Council of Nairobi.

##### 4.5.1 Factor analysis to identify major factors influencing Manager's Perception on Performance Contract.

The study further sought to determine the factors influencing managers' perception on performance contracting. The respondents were given 14 items to rate the extent to which they influenced perception on performance contracting on a five point likert scale. In order to identify the latent variables, factor analysis was applied. The following table shows the component matrix resulting from factor analysis.

**Table 4.12: Factor analysis component matrix**

Factors	Component		
	1	2	3
Staff cooperation towards achieving performance contract	.858		
Working tools whether they are adequate	.812		
Adequate sensitization	.795		
Teamwork among staff	.756		
Morale of staff	.694		
PC has improved service delivery in the council		.774	
Staff qualification and competence(availability)		.771	

Targets		.693	
Working environment		.635	
How important is the council's strategic plan towards the set targets		.632	
Staff participation in setting targets			.862
PC allow you to be creative in the place of work			.724
commitment by senior management			.526

From the table above, three factors were extracted namely: Employee engagement (component 1) made up of 5 items; Work environment (component 2) made up of 5 factors and Management commitment (component 3) made up of 3 items. Only 1 item with low factor loading was omitted from further analysis.

#### 4.5.2 Reliability Test

The extracted factors were subjected to tests for reliability using Cronbach's alpha. The table below shows the results obtained.

**Table 4.13: Reliability analysis**

<b>Factors on</b>	<b>Cronbach's alpha</b>
Employee engagement	0.860
Work environment	0.800
Management commitment	0.686

From table 4.13, employee engagement and work environment each had a Cronbach's alpha greater than 0.7 while management commitment had an alpha coefficient of 0.69 which is close to 0.7. Therefore, the extracted factors were considered to be reliably estimated by the corresponding items.

#### **4.5.3 Correlation analysis between managers' perception on PC and hypothesized factors influencing their perception**

In order to determine how the hypothesized factors influenced managers' perception on Performance contract, Pearson correlation analysis was used. The results were as shown in the table below, The results also indicate that Managers' perception (MP) as measured by Procedural aspects had moderately strong, positive and statistically significant correlations with all the three hypothesized factors affecting perception namely employee engagement ( $r = .498, p = 0.000$ ); work environment ( $r = 0.536, p = 0.000$ ); and Management commitment ( $r = 0.652, p = 0.000$ ).

Thus procedural aspects exhibited the highest correlation with management commitment, followed by work environment and finally employee engagement. On the other hand organizational aspects of managers' perception weak to very weak correlation with the hypothesized factors

**Table 4.14: Correlation analysis**

Factor		Employee engagement	Work environment	Management commitment	Procedural aspects (MP)	Organizational aspects (MP)
Employee engagement	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	53				
Work environment	Pearson Correlation	.577**	1			
	Sig. (2-tailed)	.000				
	N	53	53			
Management commitment	Pearson Correlation	.465**	.489**	1		
	Sig. (2-tailed)	.000	.000			
	N	53	53	53		
Procedural aspects	Pearson Correlation	.498**	.536**	.652**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	53	53	53	53	
Organizational aspects	Pearson Correlation	.146	.376**	.381**	.464**	1
	Sig. (2-tailed)	.296	.006	.005	.000	
	N	53	53	53	53	53

The correlation between organizational aspects and management commitment was weak, positive and statistically significant ( $r = 0.381$ ,  $p = 0.005$ ); the correlation between organizational aspects and work environment was positive, weak but statistically significant ( $r = 0.376$ ,  $p = 0.006$ ). Finally, the correlation between organizational aspects and employee engagement was very weak and not statistically significant ( $r = 0.146$ ,  $p = 0.296$ ).

**Appendix 2: Table of items omitted in Manager's Perception of Performance Contracting**

Item	Factor Loadings				
The introduction of performance contract has brought much freedom in the performance of duties in the council	.431	.309	-.350	-.018	.610
The vision and mission of the council is clearly communicated to all employees	.417	.213	.600	-.001	.486
Heads of departments are involved in setting of evaluation criteria	.413	-.430	.361	.456	-.171
Penalties for not meeting targets are made during signing of PC	.471	-.433	-.276	-.178	-.140
There's adequate budget allocation to enable you to achieve the self targets	.392	-.566	.124	-.155	.065

## **CHAPTER 5: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents a summary of findings, conclusions arrived at and recommendations. It is organized as follows: first it presents the summary of findings in accordance with the research objectives, then conclusions and finally recommendations.

### **5.2 Summary of findings**

The study sought to establish the perception of managers on performance contracting. The highest rated items were existence of strategic plans used to develop the PC, the council's attachment of importance to performance contracting, vision and mission, reporting structure and existence of performance charters as well as the involvement of employees in establishing PC targets. Other positively rated aspects were the fact that the introduction of performance contract has brought much freedom in the performance of duties in the council and that top management communicates effectively to staff on Performance contract.

The respondents were indifferent to the following items: Heads of departments are involved in setting of evaluation criteria; Training is provided to all employees on all aspects of PC; Penalties for not meeting targets are made during signing of PC; Allocating some specific time to discuss performance contracting; Evaluation criteria and process is fair and transparent; and Manager's performance is professionally, fairly and transparently assessed and feedback given. On the other hand, the following



items were rated below 2.5 indicating that the respondents disagreed with them: existence of PC-related incentives and adequacy of budgetary allocation to meet targets. Thus from the above findings, there are mixed feelings about performance contracts among managers. On the one hand, managers have positive perception on aspects related to the organization and structures used in performance contracting. On the other hand, managers indicated negative perception of finance-related aspects of the PC. Finally, respondents were indifferent to procedural aspects of the PC. Two components of managers' perception on performance contracting were extracted namely: Procedural aspects made up of 8 items and Organizational aspects made up 3 items.

Additionally three factors influencing managers' perception were extracted namely: Employee engagement; Work environment and Management commitment. Managers' perception with respect to procedural aspects had moderately strong, positive and statistically significant correlations with all the three hypothesized factors affecting perception namely employee engagement; work environment; and Management commitment. Managers' perception relating to procedural aspects of the PC exhibited the highest correlation with management commitment, followed by work environment and finally employee engagement. On the other hand Managers' perception relating to organizational aspects of PC had weak to very weak correlation with the hypothesized factors. The correlation between Managers' perception relating to organizational aspects and management commitment was weak, positive and statistically significant.



The correlation between Managers' perception relating to organizational aspects and work environment was positive, weak but statistically significant. Finally, the correlation between Managers' perception relating to organizational aspects and employee engagement was very weak and not statistically significant.

### **5.3 Conclusions**

From the above findings we conclude that managers' perception on performance contracting is not a uni-dimensional construct, rather it has two elements namely procedural aspects and organizational aspects. Managers' perception on performance contracting is influenced by three major factors namely: Employee engagement; Work environment and Management commitment.

Managers' perception relating to procedural aspects of PC is influenced strongly by level of employee engagement, work environment and management commitment to PC. On the other hand, Managers' perception relating to organizational aspects of PC is influenced weakly by employee engagement, work environment and management commitment. The council pays a lot of attention to organizational aspects of PC but, according to managers' perceptions, the council performs moderately in relation to organizational aspects and weakly where funding is concerned.

### **5.4 Areas for further research**

To ensure generalizability of the research findings, future studies carrying out a similar study should consider expanding the scope by including all lower-level managers such as those at the supervisory level. Future studies should also consider introducing past performance as a control variable to reduce bias in manager's ratings.

The study yielded two main elements of managers' perception, namely procedural aspects and organizational aspects of performance contracting. Future studies should dwell on each of these aspects as separate constructs and examine their relationship with the success of performance contracting.

### **5.5 Limitations of the study**

The study only concentrated on senior managers thus the results might not be generalizable to lower cadres of management. Some of the responses may have been biased based on the manager's past performance in the Performance Contracting. Unavailability of managers through human engagements was another constraint such as leave, meetings, fieldwork and other personal commitments however the respondents rate was sufficient enough thus its effect on the overall findings of the study was minimal.

### **5.6 Implications on Policy, Theory and Practice**

The council should ensure that there are adequate funds to meet the projects undertaken under performance contracts. The council should formulate and implement a reward strategy under performance contracting. This will serve to motivate employees to achieve set targets.

Council should pay greater attention to procedural aspects of performance contracting to ensure that interests of both the employees and the council are met. Managers' perceptions of performance contracting should be treated as a multi-dimensional construct with organizational and procedural aspects being some of the key elements

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# APPENDICES

## Appendix 1: Approval Letter from the City Council

### CITY COUNCIL OF NAIROBI



TOWN CLERK  
TELEGRAM: "MUNICIPALITY" NAIROBI  
TELEPHONE: 224282  
EXT 2381

CITY HALL  
P. O. BOX 300  
NAIROBI  
KENYA

Ref: HRM/ 22/VOL III/4969/2012

DEPARTMENT OF HUMAN RESOURCES MANAGEMENT

Date: 12<sup>th</sup> JULY 2012

KEZIAH J SAOLI  
REG NO DGI/61763/2010  
UNIVERSITY OF NAIROBI

#### **RE: RESEARCH.**

Reference is hereby made to your application letter dated 21<sup>st</sup> May 2012 on the above subject;

The City Council of Nairobi has approved your request subject to the following;

1. The period of attachment will be Three (3) months with effect from 02/07/2012 to 02/08/2012.
2. You will be attached to All departments of the council.
3. You are required to submit a **Copy of the final research document** within one weeks/months after completion.

By a copy of this letter HOD'S is/are requested to accord you the necessary assistance::

Please report to the Chief Administrative Officer CHRO TED for your research.

**HENRY OMIDO**  
**FOR: DIRECTOR HUMAN RESOURCE MANAGEMENT**



**Appendix 11 : List of Nairobi City Council Departments**

<b>Departments</b>	<b>Director</b>	<b>Deputy Director</b>	<b>Section Heads</b>	<b>Total</b>
City Education	1	1	3	5
City Planning	1	1	3	5
Housing Development	1	1	3	5
City Inspectorate	1	1	3	5
Administration	1	1	3	5
Investigation and Information Analysis	1	1	3	5
Public Health	1	1	3	5
Human Resource	1	1	3	5
City Engineer's	1	1	3	5
Legal Affairs	1	1	3	5
Procurement	1	1	3	5
Environment	1	1	3	5
City Treasurer's	1	1	3	5
Social Services & Housing	1	1	3	5
Audit	1	1	3	5

*(Source: City Council of Nairobi, service Charter, 2011)*

## Appendix 111: Questionnaire

### Section A: Demographic and Respondents Profile Information

Please give answers in the space provided and mark (x) in the boxes provided for all suitable responses to the questions.

1. Gender : Male  Female

2. Age : 25yrs and below  26 - 34 yrs   
35 - 44 yrs  45yrs and above

3. Highest academic qualification

PHD  Masters  Diploma  College Certificate   
Form 6 'A' Level  Form 4 'O' Level   
Form Four (8.4.4)  primary

4. Position of responsibility in the Council

Director  Deputy Director  Section Head

5. Which is your department in the council?

Education  Social Services  Planning   
Inspectorate  Investigations and Information analysis

- ICT  Human Resources Administration
- Audit City Treasurers  Public Health Procurement
- Legal Affairs  Environment
- City Engineers  Housing Development

6. Period of service in the council

- Less than 10 years  10-20 years  20-30years
- More than 30years

7. What are your terms of services/employment?

- Permanent and pensionable  Permanent without pension
- Probationary  Contract
- Temporary

**Section: B Perception of Managers on Performance Contracting.**

This section seeks to establish the perception of managers of Nairobi City Council on Performance contracting. Using a scale of 1 to 5 where, 1 = strongly (disagree totally unimportant), 2 = disagree (unimportant), 3 = neither agree nor disagree (indifferent), 4 = Agree (important) and, 5 = strongly agree (very important). Please indicate the extent to which you perceive the statements by agreeing or disagreeing with the statement.

STATEMENT	1	2	3	4	5
The council attaches much importance performance contracting					
The vision and mission of the council is clearly communicated to all Employees					
There's a reporting structure put in place to facilitate communication of the objectives of PC					
Strategic plans exist and are used to develop PC					
Performance charters exist and are used to measure performance Standards and give feedback on client expectations					
The introduction of performance contract has brought much freedom in the performance of duties in the council					
Top management communicate effectively to staff on PC					
Heads of departments and other employees are jointly involved in Establishing and setting of PC targets					
Heads of departments are involved in setting of evaluation criteria					
Incentives have been set aside to be awarded to employees for excellent performance					
Penalties for not meeting targets are made known during signing of PC					
There's adequate budget allocation to enable you to achieve the self Targets					

Allocating some specific time to discuss performance contracting					
Evaluation criteria and process is fair and transparent					
Manager's performance is professionally, fairly and transparently assessed and feedback given					

**SECTION C: FACTORS INFLUENCE PERCEPTION**

Please rate the extent to which the factors below influence perception of the council managers on performance contracting. Please mark (x) in the box that represents your feelings. A five point likert scale will be. Used to describe the extent of the factors: 1. Least to describe 2. Less extent 3. Moderate extent 4. Large extent 5. Very large extent.

STATEMENT	1	2	3	4	5
PC has improved Service delivery in the council					
Morale of staff					
Adequate sensitization					
PC allow you to be creative in the place of work					
Staff participation in setting targets					
Working tools whether they are adequate					
Commitment by senior management					
Staff Corporation towards achieving P.C. targets					
Working environment conduciveness					
Teamwork among staff					

Staff qualification and competence (availability)					
How important is the council's strategic plan towards the set targets					
PC has improved Service delivery in the council					

**THANK YOU**