

**THE CHALLENGES FACING PERFORMANCE CONTRACTING DESIGN  
AND IMPLEMENTATION IN THE KENYA CIVIL SERVICE**

**BY  
OKENO JULIANA OCHIENG**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
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## DECLARATION

I, Okeno Juliana Ochieng, hereby declare that this research project is my own original work, that all reference sources have been accurately reported and acknowledged, and that this document has not previously, in its entirety or in part, been submitted to any University in order to obtain an academic qualification..

Signature:

Date

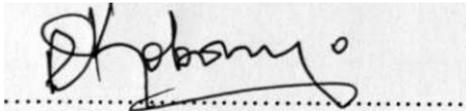
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OKENO JULIANA OCHIENG

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

Signed



Date

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PROFESSOR PETER. K' OBONYO

Lecturer, Department of Business Administration

School of Business, University of Nairobi

## **DEDICATION**

To my mother Maria Siangla, my husband Meshack Ochieng ,my children Billy, Effie and Emmanuel who constantly encouraged me in my pursuit for higher education. Am forever grateful !!

## **ACKNOWLEDGEMENT**

I am heavily grateful to God and indebted to various people and organizations without whose material and non material support this research would have been unsuccessful. I take this opportunity to express my sincere gratitude to each of these people and organizations.

The staff of the Jomo Kenyatta Library, University of Nairobi, provided the opportunity to use the facilities, especially in the MBA and the Electronic Library section. From these able staff I was able to access not only research reports from earlier MBA projects but also scholarly publications from the wider academic field.

Much of the direction on what to do at each stage of this research from the generation of the research idea, to its conceptualization, to the drafting of the research proposal, to the analysis of data and preparation of the report was provided by my supervisor Professor Peter K'Obonyo. My moderator Mr.Dancan Ochoro was key in giving direction especially at the time of proposal writing.

The data was obtained from Government of Kenya Ministries and Departments. It would not have been possible to conduct an analysis and extract out the relevant findings if the data was not available in the first place. I express my gratitude to the civil servants who took their valuable time to provide response to the questionnaire.

In my literature review I have cited quite a lot of scholarly publications. Some are from earlier research findings from projects done by other MBA students. I have also used scholarly papers from the wider academia. These are works without which I could not have had a scholarly insight into this research.

Finally I would wish to thank my family and fellow MBA students for providing me with encouragement throughout the period I was conducting this research.

## ABSTRACT

Kenya is one of the countries in the world that uses performance contracting in public management as a tool for efficient and effective service delivery. This research sought to establish whether there are challenges facing the performance contracting at both the design and implementation level. This research was a descriptive survey study. The population for this study was the 8801 workers in the job groups L to S employed by the Government of Kenya Civil Service and working in headquarters in Nairobi Province. The workers in the job groups L to S are the top players in the design and implementation of the performance contracting given that they generally sign the PC with their respective Chief Executives Officers. A sample of 384 workers from the Ministries/Departments was selected to respond to a questionnaire. Primary data was collected using a questionnaire delivered to sampled respondents by hand and collected the next day (drop-and-pick-later method). Random sampling was used to determine a specific respondent from the sampling frame.

The results of this study indicated that the workers are properly informed of the contents of the PC, but there are challenges facing Performance Contract design and implementation in the Kenyan Civil service .The conclusion of this research is that the PC design has inadequate parameters to measure performance and that those included do not reflect the diversities of mandates of the ministries/departments; staff involvement in both design and implementation is weak; monitoring, controlling and evaluation systems are deficient; targets guide weight allocation with the departments aiming only to achieve the target scores by manipulating the weights with not much value added to the service delivery, composite scoring methods favour technical ministries/departments whose targets are majorly quantitative; the Ad-hoc teams despite the variation in their composition has not fully helped improve PC implementation system; majority of the respondents are dissatisfied with the system of rewarding ministries/departments for good performance. It is recommended that there is need to review the parameters measured by the PC to ensure they capture the diversities of mandates of ministries/departments, Institutions under parent ministries be left to stand alone in PC process and that the government to provide a balanced scoring system to all ministries/departments.

## TABLE OF CONTENT

Declaration.....	ii
Dedication.....	iii
Acknowledgement.....	iv
Abstract.....	v
List of Tables.....	ix
List of Figures.....	x
List of Abbreviations.....	xi
List of Abbreviations.....	xi
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background.....	1
1.1.1 The Concept of Performance Contracting.....	3
1.1.2 Design of Performance Contract.....	4
1.1.3 Implementation of Performance Contract.....	5
1.1.4 Challenges of Designing and Implementing Performance Contract.....	5
1.1.5 The Kenyan Civil Service.....	6
1.2 Statement of the problem.....	8
1.3 Research Objective.....	11
1.4 Importance of the Study.....	11
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>12</b>
2.1 Introduction.....	12
2.1.1 Performance Contracting.....	12
2.1.2 Performance Contracting Process.....	13
2.1.3 Challenges facing Design and Implementation of Performance Contracting.....	16
2.1.4 Alternatives to Performance Contracting.....	17
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>20</b>
3.1 Introduction.....	20
3.2 Research design.....	20
3.3 Population.....	20

3.4 Sampling.....	20
3.5 Data Collection.....	21
3.6 Analysis of Data.....	21
<b>CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS.....</b>	<b>22</b>
4.1 Introduction.....	22
4.2 General Information.....	22
4.2.1 Distribution of Responses by Level of Education and Gender.....	22
4.2.2 Distribution of Respondents by Age.....	23
4.3 Analysis of the Responses on Performance Contract Design by Gender.....	24
4.3.1 Understanding of the PC Content.....	24
4.3.2 Adequacy of Parameters.....	25
4.3.3 Level of Involvement by the Staff.....	26
4.3.4 Monitoring of PC by Ministries/Departments.....	26
4.3.5 Influence of Criteria Weight Allocation on Targets to be Set.....	26
4.3.6 Method used for Calculating Weighted Score Favors both Technical and Non- Technical Ministries/Departments.....	27
4.3.7 The Composition of the Criteria Weight Allocation always Mirror the Diversities of Mandate of Ministries/Departments.....	27
4.4 Analysis of the Responses on Performance Contract Design by Level of Education	<b>28</b>
4.4.1 Understanding of the PC Content.....	28
4.4.2 Adequacy of Parameters.....	29
4.4.3 Level of Involvement by the Staff.....	29
4.4.4 Monitoring of PC by Ministries/Departments.....	29
4.4.5 Influence of Criteria Weight Allocation on Targets to be Set.....	30
4.4.6 Method used for Calculating Weighted Score Favors both Technical and Non- Technical Ministries/Departments.....	30
4.4.7 The Composition of the Criteria Weight Allocation always Mirror the Diversities of Mandate of Ministries/Departments.....	30
4.5 Analysis of the Responses on Performance Contract implantation by Gender.....	31
4.5.1 Level of Involvement in Target Setting.....	31
4.5.2 The Varying of Ad-hoc Team.....	32

4.5.3 Quarterly Reports are always based on Outputs Rather than Outcomes.....	32
4.5.4 Staff Involvement of PC Monitoring Sessions.....	32
4.5.5 Level of Satisfaction with the System of Rewarding Ministries/Department for Good Performance rather than Rewarding Employees.....	33
4.6 Analysis of the Responses on Performance Contract implantation by level of education.....	33
4.6.1 Level of Involvement in Target Setting.....	33
4.6.2 The Varying of Ad-hoc Team.....	34
4.6.3 Quarterly Reports are always based on output rather than outcomes.....	35
4.6.4 Staff Involvement of PC Monitoring Sessions.....	35
4.6.5 Level of Satisfaction with the System of Rewarding Ministries/Department for Good Performance rather than Rewarding Employees.....	35
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.</b>	<b>36</b>
5.1 Summary of Findings.....	36
5.2 Conclusions Based on Findings.....	37
5.3 Policy Recommendations.....	38
5.4 Limitations of the Study.....	38
5.5 Suggestions for Further Research.....	39
REFERENCES.....	40
APPENDICES.....	45
Appendix I: Workers Distribution.....	45
Appendix II: Sampling Allocations.....	48
Appendix III: Response Rate.....	50
Appendix IV: Ministries/Departments in the Kenyan Civil Service.....	52
Appendix V: Letter of Introduction.....	53
Appendix VI: Letter of Introduction from the University.....	54
Appendix VII: Questionnaire.....	55

## LIST OF TABLES

Table 4.1: Mean Scores, Average Mean and Std. Deviation for the evaluation of various aspects of Performance Contracting Design by Male and Female Respondents.....	24
Table 4.2: Evaluation of Various Aspects of Performance Contracting Design by Level of Education of the Respondents.....	28
Table 4.3: Mean Scores, Average Mean and Std. Deviation for the evaluation of various aspects of Performance Contracting Implementation by Male and Female Respondents.....	31
Table 4.4: Evaluation of Various Aspects of Performance Contracting implementation by Level of Education of the Respondents.....	34

## LIST OF FIGURES

Figure 4.1: Distribution of Respondents by Educational Level.....	22
Figure 4.2: Distribution of Respondents by Gender.....	23
Figure 4.3: Distribution of Respondents by Age.....	23

## LIST OF ABBREVIATIONS

CSO	Community Service Organizations
CWSA	Community Water Supply Agency
DGI	Directorate General for Taxes
DPMD	Development Policy Management Division
FAO	Food and Agriculture Organization
GOK	Government of Kenya
KEFRI	The Kenya Forestry Research Institute
MBO	Management By Objectives
NGOs	Non-Governmental Organizations
NPM	New Public Management
OECD	Organization for Economic Co-operation and Development
PMC	Public Management Committee
PC	Performance Contracting
PCSC	Performance Contracts Steering Committee
PESTEL	Political, Economic, Socio-cultural, Technological, Environmental and Legal
POE	Panel of Experts
RBM	Result-Based Management
SMART	Specific, Measurable, Achievable, Realistic, Time-bound
SWOT	Strengths Weaknesses Opportunities and Threats
UNDP	United Nations development Programme

## CHAPTER ONE: INTRODUCTION

### 1.1 Background

Lane (1987) defines a contract as a binding agreement between two or more parties for performing, or refraining from performing some specified acts in exchange for lawful consideration. On the other hand, The American Heritage Dictionary (2009) defines performance as the results of activities of an organization or investment over a given period of time. Performance contracting as part of strategic management is, therefore defined as a binding agreement between two or more parties for performing, or refrains from performing some specified acts over a period of time. It is a branch of management control systems which provide information that is intended for managers in performing their jobs and to assist organizations in developing and maintaining viable patterns of behavior (CAPAM, 2005). As part of performance management, performance contracting is a central element of new public management, which is a global movement reflecting liberation management and market -driven management.

Liberation management means that public sector managers are relieved from a plethora of cumbersome and unnecessary rules and regulations which usually hinders quick decision making in the organization (Gianaakis, 2002). The debate in the public sector has been more complex than just increasing the effectiveness of strategic management systems and narrowing the gap between ambitious strategies and annual planning. The main concern has been to improve external accountability and increase internal efficiency and effectiveness at the same time. In particular, performance contracting is seen as a tool for improving public budgeting, promoting a better reporting system and modernizing public management while enhancing efficiency in resource use and effectiveness in service delivery (Greiling, 2006).

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

addresses economic/social and other tasks to be discharged for economic or other gain. It organizes and defines tasks so that management could perform them systematically, purposefully and with reasonable probability of achievement. These also assist in developing points of view, concepts and approaches to determine what should be done and how to go about doing it. The expected outcome of the introduction of the PC include improved service delivery, improved efficiency in resource utilization, institutionalization of a performance-oriented culture in the public service, measurement and evaluation of performance, linking rewards and sanctions to measurable performance, retention or elimination of reliance of public agencies on exchequer funding, instilling accountability for results at all levels and enhancing performance.

PC is based on the premise that what gets measured gets done and that if you cannot see and measure success, you cannot reward it while at the same time, if you cannot recognize failure, you cannot correct it and if you cannot demonstrate results, you cannot win public support (Osborne & Gaebler, 1992). Performance Contract (PC) System originated in France in the late 1960s, and was developed and effectively adopted in Bangladesh, China, India, Korea, Pakistan and Sri Lanka; also in Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, In Africa, PC has been used in Benin, Ghana, Morocco and Senegal (Trivedi, 1990). Uruguay and Venezuela, there after adopted in developing countries in Africa, such as Nigeria, Gambia, Ghana and Kenya, as a way of responding to taxpayer needs (OECD, 1997). Other countries such as UK, USA, Canada, Denmark, Finland, Malaysia and others have successfully incorporated PC in their management systems (OECD, 1997).

Performance contract framework, design and implementation process are anchored on strategic plans in view of Government policy priorities and objectives as set out from time to time. Performance Contracting Guideline spells out the basis of performance contracting, how to set out institution based objectives, performance indicators and how they are weighted and sub-weighted; the nature of targets and how to set them, how the government commits itself to ensure support to achievement of the set objectives; lists out the negotiators of contracts for the various types of Government institutions, how the

negotiations are to be conducted, how the contracts are vetted, agencies that receive the contracts, and even the performance evaluation framework. A period within which results are analyzed and reports presented. The measures used to make judgment. In the evaluation of PC ,the parameters for Performance evaluation are founded on performance criteria categories where each cluster of public institution have sub-weight which are preset. Under each criteria category, a set of indicators are defined. In computing the performance score, the evaluator is expected to determine the level to which the performance of an institution is affected by exogenous factors. The evaluation of the performance of public agencies entails the rating of actual achievement against performance targets negotiated and agreed upon at the beginning of the year. The resultant scores are computed into raw scores, weighted scores and ultimately denominated into composite scores (GOK,2010)

### **1.1.1 The Concept of Performance Contracting**

Performance contracts or agreements specify standards of performance or quantifiable targets which a government requires public officials or the management of public agencies or ministries to meet over a stated period of time (DPMD, 2003). As part of the performance orientation in government, the common purposes of performance contracting are to clarify the objectives of service organizations and their relationship with government, and to facilitate performance evaluation based on results instead of conformity with bureaucratic rules and regulations (DPMD, 2003). The setting of specific performance targets, in a format that can be monitored, aims at providing a basis for evaluating performance and improving accountability in the public enterprise sector (DPMD, 2003). This illustrates the shift in emphasis from the input and procedure-oriented controls of the past to the new paradigm of output or results-oriented controls.

Formal contracts represent promises or obligations to perform particular actions in the future so that the more complex the contract is, the greater is the specification of promises, obligations, and processes for dispute resolution (Poppo& Zenger, 2002). For example, complex contracts may detail roles and responsibilities to be performed, specify procedures for monitoring and penalties for noncompliance and, most importantly determine outcomes or outputs to be delivered (Poppo& Zenger,2002).A Performance

Contract is a management tool for measuring performance against negotiated performance targets (GOK, 2010). It is a freely negotiated performance agreement between the Government, acting as the owner of a public agency, and the management of the agency (GOK, 2010). The Performance contract specifies the mutual performance obligations, intentions and responsibilities of the two parties to achieve mutually agreed results (GOK, 2010).

### **1.1.2 Design of Performance Contract**

A performance contract specifically, requires agencies to develop a strategic plan that specifies agency goals and how they will be achieved; an annual performance plan that specifies quantitatively measurable goals and performance indicators, as well as levels of performance to be achieved; and an annual program performance report that compares actual performance with performance goals (Heinrich, 2002). Research on performance management suggests that, in responding to the requirements of government performance and results, agencies should choose performance measures that are closely aligned with their stated goals; approximate actual performance as closely as possible; are relatively simple and inexpensive to administer; and make it difficult for managers to increase their measured performance in ways other than by increasing their actual performance (Heinrich, 2002).

The Finnish system has guidelines presented in a timetable format which defines the structure of the performance contract as well as the parties who sign the contracts (Uusikyla and Virtanen, 1999). For example, in the guidelines for 1997, four parts were included: \_ the strategic targets for next three years; the performance targets for 1997; the resources, the period of validity, and the monitoring of the contracts (Uusikyla and Virtanen, 1999). They argue that it is necessary for performance areas and units to be defined during the negotiation process. In the final contract and in the negotiations that are part of the contract process, the performance targets are then decided upon for a certain period of time. Targets usually include both quantitative and qualitative measures (Uusikyla and Virtanen, 1999)

### **1.1.3 Implementation of Performance Contract**

In the study using the 1997 performance contracts as empirical data for the analysis (Uusikyla and Virtanen, 1999) traced out how performance contracts are implemented in Finland. In Finland performance contracts are an integral part of the performance management system and planning framework within the government (Uusikyla and Virtanen, 1999). The process begins according to specific guidelines given by the ministry. In these guidelines, the ministry communicates its strategic focus and asks agencies to fit their result target into this overall framework (Uusikyla and Virtanen, 1999)

The ministry of health (which was under study) first made result contracts with its central agencies as well as with two boards operating under its command (Uusikyla and Virtanen, 1999). Preliminary negotiations then took place. In these negotiations, the final resources were decided upon and ultimate alterations and specification were made to the contract. During the process there were a number of specific preparatory groups working to prepare the contracts (Uusikyla and Virtanen, 1999). These preparatory groups were appointed, on the ministry's side, by the Permanent Secretary of the State or Director General (of the ministry and its subordinate departments), and on the Agencies' side, by the Director Generals of the given agencies

### **1.1.4 Challenges of Designing and Implementing Performance Contract**

Uusikyla and Virtanen (1999) conducted a study on Performance Contracts in Finland. They found performance contracting process had increased the co-operation between Ministries and agencies as well as among agencies. It also strengthened the strategic thinking in central government agencies and made the agencies more cost-conscious and results-oriented (Uusikyla and Virtanen, 1999). Despite the successes there were still noted weaknesses with the performance indicators and the ex-post evaluation of the financial management and in some places they have simply not worked (Shirley, 1998).

Smith (1990) observed that the use of performance indicators in the public sector is more complex than in the private sector where there is a superficially much less complex model of accountability, in which investors are the principals, management the agents. In

the public sector, comparative data are just one of the few means whereby citizens might appraise the quality of local services both as tax-payer and as consumer (Smith, 1990). As a result, the problem of reporting the activity of a public sector enterprise is vastly larger than that of reporting in the private sector (Smith, 1990). (Fisher, Maines, Peffer& Sprinkle, 2002) point out that tying performance management to the budget, as is done in many governments, makes subordinates have incentives to overstate their productivity in order to acquire a greater share of resources in the name of working towards targets.

In a SWOT analysis reported in "Evaluation of Performance Contracting Final Report" of March 2010, the following were reported as some of the weaknesses of the Performance Contract. The PC process is complex and includes some abstract mathematical formulae requiring the personnel to have adequate training to be able to understand the process and the tool; the system cannot deal with structural and legislative weaknesses in an organization; the system has been considered too ambitious in some respects by attempting to measure too many parameters; little or no public involvement despite the public being the primary beneficiary of the system; the PC system is not backed by adequate policy and legislative framework making it vulnerable to manipulation and low levels of trust on the system; lack of standardization of Strategic Plans as the system (as it is implemented currently) does not have criteria for ensuring Strategic Plans developed by institutions meet some set standards (GOK, 2010).

### **1.1.5 The Kenyan Civil Service**

The Civil Service is constituted by ministries and departments and are usually divided into headquarters and field units. They are responsible for planning and implementing their own programmes through policy formulation (GOK, 2006). The Civil Service is the policy implementation arm of the Government guided by public policy pronouncements and the attendant development plans and circulars. Performance Contracting in Kenya came into operation On 15th January 2004, when the Government of Kenya, by Cabinet Memo number CAB (03)115, directed that all Permanent Secretaries/Accounting Officers of Ministries/Departments and Chief Executive Officers of State Corporations be placed on performance Contracts by June, 2004 (GOK, 2010). To roll out the strategy, the

Government established the Performance Contracts Steering Committee (PCSC) in August, 2003 (GOK, 2010).

It was first introduced on 1<sup>st</sup> October, 2004, in 16 largely commercial State Corporations (GOK, 2010). During 2007/2008 all the 38 Government Ministries/Departments, 130 State Corporations and 175 Local Authorities signed Performance Contracts and were evaluated in October, 2008. Public institutions were required to anchor their performance contracts on their strategic plans in view of Government policy priorities and objectives as set out from time to time, in policy documents such as the National Development Plan, the Vision 2030 and Medium Term Plans (GOK, 2010). In the "Performance Contracting Guideline" 7<sup>th</sup> Ed, the GOK (2010) spells out the basis of performance contracting, how to set out institution based objectives, performance indicators and how they are weighted and sub-weighted, the nature of targets and how to set them, how the government commits itself to ensure support to achievement of the set objectives, lists out the negotiators of contracts for the various types of Government institutions, how the negotiations are to be conducted, how the contracts will be vetted, agencies that will receive the contracts, and even the performance evaluation framework. The GOK (2010) goes further to provide a time frame (one year) within which results will be analyzed and reports presented. The measures to be used to make judgment are set out in quantitative terms with judgment being excellent, very good, good, fair and poor. In this document 1 gives the best score while 5 gives the poorest.

In the process of implementing performance contracts, the Committee is assisted by an Ad-Hoc Negotiation/Evaluation Task Force comprising experts drawn from outside the public service (GOK, 2010). The Ad-Hoc Task Forces are responsible for negotiating Performance Contracts, evaluating and moderating performance of Ministries/Departments on behalf of the Permanent Secretary, Secretary to the Cabinet and Head of Public Service (GOK, 2010). The design of performance contract is divided into five parts (GOK, 2007). Part one specifies the objectives of the government in terms of vision and mission. The second part spells out the responsibilities of the permanent secretaries and any other such accounting officers (GOK, 2007). Part three provide the

aspect of facilitating the acquisition of human and financial resources for effective performance (GOK, 2007).

Part four is about the frequency of monitoring and performance flow with the fifth indicating the duration of the contracts as one year (GOK, 2007). Targets are set and freely negotiated from institutions and are not arbitrarily imposed by the government (GOK, 2010). The process of negotiation is carried out in two phases: phase one involves the pre-negotiation consultations (GOK, 2010). This phase involves the negotiating parties carrying out a SWOT analysis to determine the institution's performance capacity and to determine whether the targets being developed are realistic, achievable, measurable, growth oriented and benchmarked to performance of similar institutions (GOK, 2010). The second phase is the negotiation process. This is where all issues agreed upon are factored into the performance contract (GOK, 2010).

Performance evaluation in the civil service is carried out in three stages. The first stage entails self-evaluation using methodology in the Performance Contracting Guidelines. The second stage is called "Primary" evaluation, involving a group of experts, drawn largely from the private sector, which carries out an exhaustive assessment of the performance of all public institutions in the contract year, and assigns a composite score to each institution. The third stage called "Moderation" is the final and quality control phase, in which a team of independent experts ensure that the different evaluating groups have applied evaluation guidelines, and all the pertinent tools and instruments, uniformly. The Moderators deal with and sort out contentious issues, rank the institutions by excellence in performance, and prepare the final evaluation report. The final report is submitted to the Rt. Hon. Prime Minister, and to the Permanent Secretary, Secretary to the Cabinet and Head of the public Service (GOK, 2010).

## **1.2 Statement of the problem**

The large and growing literature on public sector management reforms in Western countries has emphasized that changes in the economic, social, political, technological and administrative environments be combined to prompt and drive radical changes in public administration and management systems (Zifcak, 1994). Institutions are required to

develop a PC design guided by strategic plans that specifies agency goals and how they will be achieved; an annual performance plan that specifies quantitatively measurable goals and performance indicators, as well as levels of performance to be achieved; and an annual program performance report that compares actual performance with performance goals (Heinrich, 2002). Research on performance management suggests that at the implementation level, institutions, respond to the requirements of government by choosing performance measures that are closely aligned with their stated goals; approximate actual performance as closely as possible; are relatively simple and inexpensive to administer; and make it difficult for managers to increase their measured performance in ways other than by increasing their actual performance (Heinrich, 2002).

In the Kenyan Civil Service the PC design and implementation is guided by public policy pronouncements and the development plans and circulars (GOK, 2006). The contracting system complies with guidelines and that they are linked to the strategic objectives of the institutions, anchored on the strategic plans, growth oriented and relevant to the mandate of the institutions. The actual achievements of the agencies are compared with the set performance targets negotiated and agreed upon at the beginning of the period. The resultant variance is resolved into weighted scores and ultimate performance denominated to weighted average of the raw scores in a performance agreement (GOK, 2010). The general public and some high ranking public servants welcomed the idea of performance contracting and measuring performance, though it was not readily accepted by everybody for a variety of reasons (Obong'o, 2009) especially those who felt exposed negatively in terms of poor performance by the outcomes. Despite achievements attributed to Performance Contracts (like better evaluation of performance, improved service delivery, adoption of competitive strategy in the delivery of public service, among others) (Muthaura, 2003), there is resistance making the program achieve poorly (Obong'o, 2009)

While the PC guidelines are well spelt out, there appear to be challenges as depicted by a SWOT analysis reported in "Evaluation of Performance Contracting: Final Report" of March 2010. The following were reported as threats to performance contracting:

institutional culture of managing without any set targets, lack of transparency, resources which are assumed to be available in good time are actually not; loss of faith by the public on the system especially when it continually does not respond to public expectations; the ranking process has been questioned on the basis of the validity and its usefulness in performance evaluation and also whether it truly reflects the relative performance of ministries (GOK, 2010). A review of literature shows that several studies on PC have been carried out. Kobia & Mohammed (2006) conducted a survey on performance contracting in Kenya and found out that a majority of the respondents were conversant with performance contracting. However 44 % indicated that they did not have an individual work plan, 79.6 % of the respondents had not received any training on performance contract while 26.4 % admitted that their ministries had not signed the 2006/7 performance contracts with the government (Kobia & Mohammed, 2006).

In another study on Performance Contracting Bosibori (2010) sought to find out how employees perceive psychological contract violation at KEFRI. In her findings 42 % of employees indicated that they did not fully participate in implementation while a majority of 69 % not participating in monitoring and control. Mbugua (2010) in his study on challenges facing implementation of PC found problems like lack of Performance Contract information, slow procurement processes, inadequate resources, late financial transfers from treasury, politics, delayed departmental reporting, and poor coordination by the secretariat as some of the problems facing performance contracts in the Municipality of Nakuru. On May 6 2010, Prime Minister of the Republic of Kenya appointed a Panel of Experts (POE) to review Performance Contracting and Evaluation in the Public Service with a view to making appropriate recommendations to Government for improving the system (POE, 2010). Among the issues that emerged requiring address was the Framework and Design of the Performance Contract System (POE, 2010). Each of these studies has focused on a specific aspect of PC in organizations but none of them specifically could be pointed out to have addressed the challenges on PC design and implementation.

PC as management tool works better when the design and implementation process is clearly drawn and understood by all staff. This then creates uniformity of improved performance across the civil service. The government being a key player in the design and implementation is expected to put proper design to enable easy implementation. From the above findings, the question would be, are there challenges facing the PC design and implementation in the Kenyan civil service?

### **1.3 Research Objective**

To establish the challenges facing performance contracting design and implementation in the Kenyan civil service.

### **1.4 Importance of the Study**

The government will be able to reassess the design and the implementation process of performance contracts basing on the challenges identified. Challenging areas will be tackled making it easier for both senior and junior staff to implement the performance contracts. This in turn will benefit the public as they will get better value for the use of their resources. Further, scholars will use the research as evidence for further research and reference

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter discusses the concept of performance contracting, performance contracting process, challenges facing design and implementation of performance contracting and alternatives to performance contracting. Both theories and empirical has been cited to support the literature study.

#### **2.1.1 Performance Contracting**

The large and growing literature on public sector management reforms in Western countries (e.g., Australia, Belgium, Canada, France, Finland, Norway, Spain, New Zealand and the United Kingdom) has emphasized that changes in the economic, social, political, technological and administrative environments are combined to prompt and drive radical changes in public administration and management systems (Zifcak, 1994). In France performance contracts were designed to respond to two main concerns. First, they were a tool to ensure consistency in a decentralized context. National guidelines are established every two years. Within these guidelines each department is able to design a local strategy, flexible enough for a very wide range of circumstances, but consistent with the strategic priorities set by the Directorate General for Taxes (DGI)- Contracts also put pressure on the entire services' network to work towards improving performance (Grapinet, 1999). As implemented at the DGI, contracting first of all involves a highly structured phase of evaluating results — a sort of negotiating round between the DGI and each local director. Formal in-depth audits of each department on a regular basis to pinpoint strengths and weaknesses in each area, the constant refinement of practical action plans tying resource use to priority aims, and, lastly, the setting of explicit quantitative and qualitative targets make improving performance an ongoing, realistic and motivating process (Grapinet, 1999).

The preconditions for the performance contracting in France include a devolution policy implemented to give the directorate for each department some genuine room for maneuver. While the yearly rule still applies to budget allocation, the decision has been taken to ensure that the management dialogue between the Director-General and local directors covers a sufficiently long period of time for the outcomes of medium-term

action plans to be visible. This is why review plans are held after every two years (Grapinet, 1999). In Africa Ghana uses performance contracting. In little over a decade, Ghana has transformed the structure and strategy of its rural water supply sector. The new policy and structure attracted extra funds, and work accelerated. This reform process started with an extended dialogue with the major stakeholders in the sector, out of which a new rural water and sanitation policy was developed. The policy was then implemented in several large pilot projects, supported by a number of external agencies, and finally the lessons from those projects were incorporated into the national programme itself (World Bank, 2002).

### **2.1.2 Performance Contracting Process**

The PC process in public organization is a four step cycle: Planning, Coaching, Reviewing and Rewarding. Planning Phase is timed for the beginning of the financial year. In this phase three things take place. First, the manager schedules a meeting with employee to agree performance objectives for the current year. Second, both the manager and the employee are required to prepare for this meeting. And finally, manager and employee sign the Performance Agreement. The Coaching Phase is an all year process. The manager creates both formal and informal opportunities to provide feedback to the employee on his/her performance against the agreed objectives. Also the employees get to ask for feedback and assistance when required. The manager then asks to prepare for formal review by scoring him/herself against the agreed objectives. A formal meeting for performance review and agreement on final scores is organized. The manager and employee to prepare and agree on learning plan at the final review in June and not at the mid-year review. Rewarding is done in July of each year. Results of the performance reviews are submitted to the City Manager so that the financial impact of reward on the municipality can be determined. Once financial rewards have been approved, the manager to sets up a meeting with the employees to give feedback on the link to reward as a result of the review (Mangaung Municipality August, 2002).

Public sector performance contracts tend to be built on a relational rather than a classical contractual model (P.M.C, 1999). Classical contracts tend to follow a strict legal rules regime; with the emphasis on formal documents with predictable and narrow avenues of

redress should problems arise. On the other hand, relational contracts focus less on the document than on the relationship between the contracting parties and provide less specificity in favour of a spirit of the agreement, which leaves room for unforeseen circumstances. Highly relational contracts tend to focus on improving performance through management improvement activities, rather than through sanctions (P.M.C, 1999). There are seven broad types of performance contracts used in the public sectors of OECD countries as identified by P.M.C (1999). These are Framework agreements; Budget contracts and resource agreements; Organizational performance agreements; Funder-provider agreements; Intergovernmental performance contracts; partnership agreements; and Customer service agreements. Framework agreements cover overarching strategies and priorities for a department or agency made between a minister and a chief executive. The agreement provides the chief executive with autonomy in managing the organization in exchange for a commitment to meet specified strategic goals. In Budget contracts and resource agreements, the focus is on budget levels between the central budget office or finance ministry and the chief executive of a department or agency. In setting performance targets, a detailed budget contract may be the same as an organizational performance agreement (Laegreid, Roness & Rubecksen, 2005).

Organizational performance agreements are like those between a minister and chief executive. They break down overall strategic goals into program elements, setting specific, often detailed, operational, process and output oriented targets in exchange for increased operational autonomy. Funder-provider agreements focus on clarifying responsibilities by separating the role of the funder and the provider of the services e.g., in New Zealand ministers and chief executives negotiate agreements for the purchase and supply of specified outputs, detailing factors such as timing, volume, cost and quality (P.M.C, 1999). Intergovernmental performance contracts and partnership agreements are often linked to devolution of programmes or funding from national to sub-national government, providing state and local governments with funding in exchange for providing specified levels and quality of service. Such contracts are more common in the education, health care and labour market services areas where the national

government may still retain formal responsibility and accountability for the provision of the service, but find that programmes are more effectively implemented by local authorities. Finally Customer service agreements are statements of service standards provided by a program or service to its clients specifying the quality and level of services to be expected, and, in some cases, avenues of redress and compensation where services fail to meet standards. Customer service contracts are not negotiated, but are often developed with input from customers (Laegreid, Roness & Rubecksen, 2005).

There is no agreed upon template or checklist for determining whether performance contracting is the right performance management tool for a particular management problem. Each type of contract emphasizes different objectives and priorities. The design of the contracting arrangement will depend on a variety of factors including the nature of the transactions; the objectives of contractual approach; features of the legal and administrative systems; risk management factors; cost factors; and the broader governance arrangements within which the contract would function (UNDP, 2006). However, there are general guiding considerations. These are performance contracting exists only as one element of a broader performance management regime; performance contracting is not a substitute for ensuring the right people are in the right jobs; where there is little prior experience in disaggregating programs, the time involved and the start-up costs of developing performance contracts may be high; experience with developing and linking appropriate performance targets and performance measures to programs and services is also an important aid to developing performance contracts; and test performance contracting against other options (P.M.C, 1999). Other factors are the need to build trust, maintain productive relationships; and legal limitations (Petrie, 2002).

Performance measures should pay attention to efficiency, effectiveness, Quality, timeliness and productivity. Artley & Stroh (2001) present the features of a good performance measurement performance system as the strategic plan, key business process, shareholder needs, senior management involvement, employee involvement (Mikusova, 2011 and Keel, O'Brien & Morrissey, 2006), accountability for measures, a conceptual framework, communication, a sense of urgency, and vertical integration of

performance measures (Artley & Stroh, 2001). A successful performance measurement system is to clearly identify the organization's key business processes, that is, those having the most impact on the success or failure of the organization's goals. It is imperative to have a very clear idea of who the Stakeholders are and what their needs and expectations are (Lichiello & Turnock, 1997).

### **2.1.3 Challenges facing Design and Implementation of Performance Contracting**

It is difficult for the public sector to decide the level of specificity on the Performance Contract Continuum thus leading to ambiguities and uncertainties, many conflicting roles, imprecise performance measurement, the need to keep assessing continuing relevance or priority of some services, performance is poorly monitored, authority cannot be delegated without the fear of compromising accountability etc (Petrie, 2002). Expected performance could in some instances cut across the statutory independence of some agencies, or cut across the separation of powers between the different branches or levels of government creating disturbance, highly detailed performance designs causing discomfort etc (Metawie & Gilman 2005).

The political reality is that governments generally do not intend that public sector agencies should be able to legally challenge them in court should a contractual dispute arise. Litigation between the government and an entity it owns would be a highly visible breakdown. For the government's part, the fact that it owns the other party means it is highly unlikely to sue for specific performance or damages, or to terminate the relationship and select an alternative provider (Kobia & Mohammed, 2006). The concept of contractual acceptance and enforceability is even more difficult. An enforceable contract also requires sufficient certainty and completeness, which may raise difficulties like how to achieve contractual certainty without encroaching on the independence of some agencies; and how to put in place contract prescriptive enough to ensure contractual certainty without breaching the principle in common law countries that exercise statutory discretion (DPMD, 2003).

North (1990) stresses that those with the power in any society to implement changes are usually those who benefit from the status quo, and this greatly limits the set of feasible

changes. Other challenges include the issues of, the cause-and-effect of outcomes not being easily established; poor results not necessarily pointing to poor execution; the setting of numerical goals and quotas doing nothing to accomplish improvements in the process; measurements turning out to be mere approximations of the actual system; Performance Measures not ensuring compliance with laws and regulations (Artley& Stroh, 2001).

#### **2.1.4 Alternatives to Performance Contracting**

There are several other alternatives to Performance Contracting. These are Decentralized Management, Subsidiarity, Cost Recovery, Accrual accounting, Commercialization, Citizens Charter, and Public Reporting. Decentralized Management is a model that has been applied in Uganda. These alternatives are, just like performance contracting, based on management theories like Management by Objectives (MBO) by Peter Drucker (1909-2005), Result Based Management (RBM), Expectancy Theory by Victor Vroom (1964), and Agency theory (Ross, 1973).Decentralizing management is a strand of NPM derived from managerialism which is part of an effort to debureaucratize and reduce the hierarchies within the public service (Hood, 1991, Ferlie, 1996). The key concern is to give managers the freedom to manage their units in order to achieve the most efficient output. The main issues are: breaking up of monolithic bureaucracies into autonomous agencies; devolution of budgets and financial controls; promotion of quasi-markets in public sector transactions; separation of provision and provisioning functions; and development of new forms of corporate governance and board of directors model for the restructured public service (DPMD, 2003).

Subsidiarity is another model. Subsidiarity is the principle of devolving political decisions to the lowest practical level. It is a principle of management based on sharing authority, responsibility and provisions for more efficiency in the production and management of resources and services. Subsidiarity differs from "devolution" or "delegation", in that the power originally rests with the smaller, lower and more regional entities, and is delegated "upwards" at the discretion of the latter, and not at the discretion of the central authority. It implies a kind of reverse delegation, namely a delegation of power from the outside to the centre. This model is being used in Benin (Mele,

2003). Cost Recovery (User Fees and Charges) is based on the provision of public services with user fees or charges. Charges to consumers for public utilities represent an attempt to diversify financing for public services and reshape public spending. The objective of introducing user fees is cost-sharing. Implementing such a policy is supposed to help the poor because it mobilizes more resources from better-off groups that could then be used to provide services for poorer groups. This model is applied in Central African, Republic, Zaire, Senegal, Cameroon, Kenya and Guinea-Bissau (DPMD, 2003). Accrual accounting is an alternative to performance contracting is used in Botswana. Accrual accounting supplements cash accounting systems to ensure that the financial information available to management is current, and provides meaningful analysis of resource usage within a department. Accruals allow for the capture of the full costs associated with the outputs produced and not only the immediate outlays therefore making managers make effective and efficient decision-making by managers for they are responsible for those costs and matching benefits (Connolly & Hyndman, 2010).

Commercialization is a technique of managing public enterprises or state-owned enterprises to make them profitable. In many public enterprises, performance problems arise primarily from insufficient autonomy and authority for managers at the level of the firm, particularly in relation to pricing, procurement, staffing, performance management, and marketing; and from the State's unwillingness to create owners who can protect the capital employed. By using the market-based solution, Public Enterprises become more like private enterprises by placing a stronger emphasis on profitability as the major criterion of performance. Commercialization was used to transform Ethiopian Airlines (Omoleke & Adepo, 2005). A Citizens charter (originating in Britain) spells out a number of key principles that every citizen is entitled to expect, including: the setting and publication of explicit standards for services and the publication of actual performance against these standards; information and openness about the provision of services; and the efficient and economical delivery of services within the resources the nation can afford (DPMD, 2003). Public Reporting on the financial performance of government agencies is an element of good governance and financial accountability.

It involves providing information on the financial and managerial performance of public departments that enables the public to monitor and assess performance of government activities. The aim is to encourage dialogue. It is a public management method used in Mauritius (Larbi, 1999).

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter discusses the methodology to be used in this investigation. The research covers the civil servants from Job group L to S stationed in Nairobi working in the headquarters of the forty-seven Ministries/Departments. All the analytical procedures from sampling, data collection and analysis are discussed.

### 3.2 Research design

This research was a descriptive survey study on the challenges facing performance contracting design and implementation in the Kenyan civil service. The design was appropriate given that the data was collected across civil service institutions.

### 3.3 Population

The population for this study was the 8801 workers in the job groups L to S employed by the Government of Kenya Civil Service and working in headquarters in Nairobi Province. The workers in the job groups L to S are the key players in the design and implementation of the performance contracting. The drawing and signing of performance contract was generally at the level where the permanent secretaries sign with the heads of their respective departments. Heads of departments then were the main implementers and were spread majorly from job group L and above.

### 3.4 Sampling

Workers from the Ministries/departments were selected to respond to a questionnaire. A list of the 8801 workers was created to form the sampling frame. The population of workers was put into strata based on the job groups L, M, N, P, Q, R and S. Respondents were got from each stratum. After determining the number of respondents per ministry/Departments and job group, allocation was then done in proportion of males and females. Random sampling was used to determine a specific respondent from the sampling frame. The distribution of the workers was as shown in Table 1. The sample size was decided based on a P value of 0.5, a 95 % confidence level giving a Z value of 1.96 and precision level (e) of  $\pm 5$  %. The sample size was therefore

$$n = \frac{Z^2 (1-p)p}{(0.05)^2}$$
$$\frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2}$$

A sample of 384 workers from the Ministries/Departments was selected to respond to a questionnaire (Lucey, 2002).

The number of respondents got from each ministry/department was found by use of proportions multiplied by 384.

That is,

$$N_i = 384 \times w_i$$

Where  $N_i$  is the number of respondents in ministry  $i$  and  $w_i$  is the number of workers in ministry  $i$  divided by the total number of workers (8801). Within a ministry/department the number of workers per job group was again be decided by

$$N_j = N_i \times W_j$$

In case there was a fraction, the fraction was up-scaled to a full respondent.

### **3.5 Data Collection**

Primary data was collected using a questionnaire delivered to sampled respondents by hand and collected the next day after they have been filled by the respondents (drop-and-pick-later method) The data from questions in part A were used to provide a descriptive analysis of how the gender, academic qualification, age, work experience and designation of the respondents determine their responses to the various aspects in the questionnaire. The questions in part B and C was used for descriptive analysis with the data captured using a Likert scale .

### **3.6 Analysis of Data**

Descriptive statistics were used in the analysis. The technique was preferred because the data that collected and used in the analysis were quantitative in nature. The findings were analyzed using, tables, means, modes, and be tested for normality (skewness and kurtosis).

## CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

### 4.1 Introduction

This chapter provides the presentation of the Finding and provides an analysis of the findings. It is organized to provide a discussion on how data was collected and the results of the analysis of the data. This research recorded a response rate of 65.27% and most of the score indicated that there were challenges facing the PC design and implementation process.

### 4.2 General Information

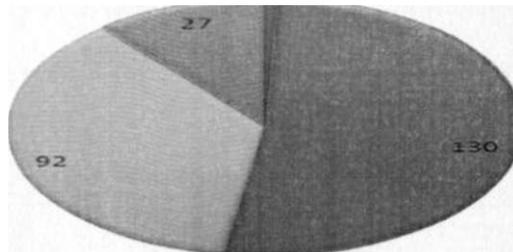
The section sought to establish the general information of the respondents including, gender, academic qualification, age, year of first appointment, ministry/department and designation.

#### 4.2.1 Distribution of Responses by Level of Education and Gender

The respondents were asked to indicate their level of education and gender, age using a scale of below 25 yrs, 25-29; 30-34, 35-39, 40-44, 45-49, 50-54, 55 yrs and above. They were also asked to indicate their gender. The finding is shown Fig.4.1 and 4.2.

**Figure 4.1: Distribution of Respondents by Educational Level**

m phd  
H MdlU-r  
u B.)t hvlor  
>i Non-DcKroo



**Figure 4.2: Distribution of Respondents by Gender**

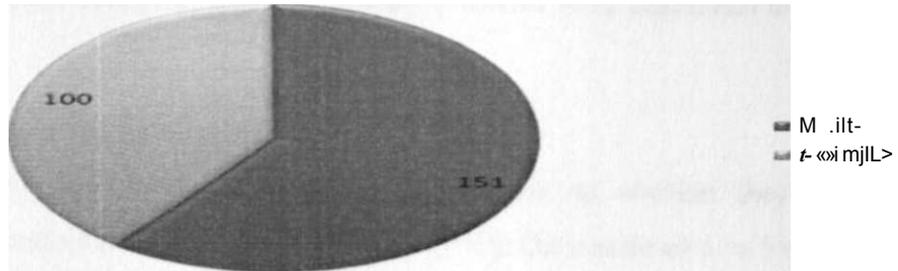
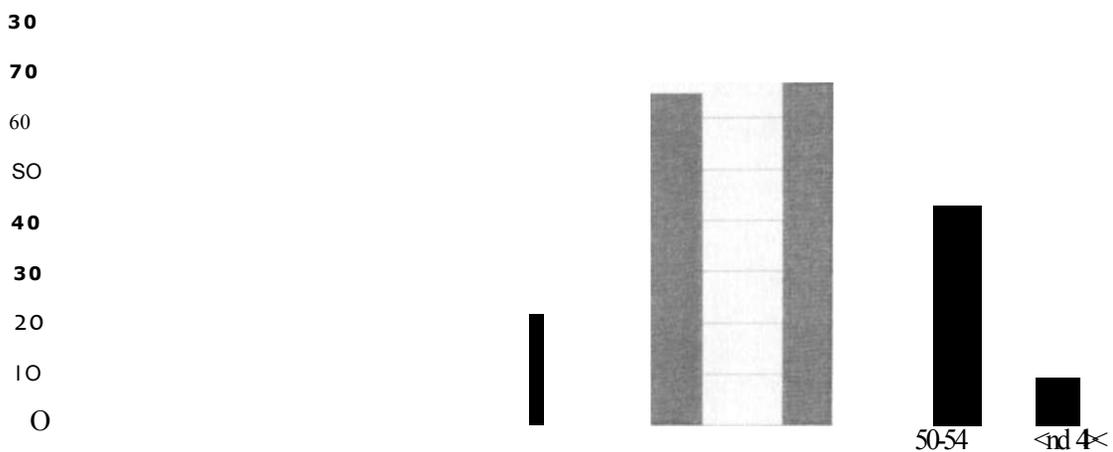


Figure 4.1 and Figure 4.2 show the distribution of the respondents by education level and sex. Most of the respondents to the investigation were male workers (60.16%) while the females made up 39.84%. further based on education level 52.19% had Master degrees, 36.65% had Bachelor degrees, 10.76% had Non-Degree education, while only 2% had Doctorate level. The chart below shows the distribution of the respondents according to their age.

**4.2.2 Distribution of Respondents by Age**

The respondents were asked to indicate their age in a scale of below 25 yrs, 25-29; 30-34, 35-39, 40-44, 45-49. 50-54, 55 yrs and above. The finding is shown Fig.4.3

**Figure 4.3: Distribution of Respondents by Age**



### 4.3 Analysis of the Responses on Performance Contract Design by Gender

Analysis of seven statements was done to establish whether there were challenges facing the PC design. Average mean cores and standard deviations were calculated to help in the analysis.

#### 4.3.1 Understanding of the PC Content

The study sought to elicit response from the respondents on whether they clearly understood the contents of the performance contracts (PC). On a scale of 1 to 5 with one indicating the respondent strongly did not agree while 5 indicating the respondent strongly agreed. The analysis of the respondents was done by gender. The responses are presented in Table 4.1 as shown below.

**Table 4.1: Mean Scores, and Std. Deviations for the Evaluation of various aspects of Performance Contracting Design by Male and Female Respondents**

Statements		Mean		Combine d means for F & M	Std. Dev		Combine d Std Dev for F & M
		Male s	Females		Male s	Females	
1	I understand clearly the content of Performance contract design	3.75	3.49	3.62	1.11	1.16	1.16
2	The performance contract design has adequate parameters to measure	2.31	2.26	2.29	1.18	1.19	1.09
3	Am always involved in performance contract design	2.78	2.34	2.56	1.38	1.42	1.11
4	The entire sub-criteria categories in the PC are easily monitored, controlled and evaluated by ministries/departments	2.22	2.46	2.34	1.15	1.19	1.19
5	The criteria weight allocation influences targets to be set which always mirror	2.29	2.27	2.28	1.27	1.27	1.27

	the prioritized needs of the citizens						
6	The method used for calculating weighted score favors both technical and non technical ministries/departments because both qualitative and quantitative targets can possibly get a composite score of one (1).	1.86	1.96	1.91	1.27	1.27	1.27
7	The composition of the criteria weights allocated to various criteria categories always mirror the diversities of mandates of ministries/departments	2.34	2.44	2.39	1.22	1.23	1.22
	Grand means	2.51	2.46	2.48			

**Key: Std. Dev-** Standard Deviation

**F-Female: M-Male**

From the table, male respondents had a mean score of 3.75 while the female respondents had a mean score of 3.49. They had a combined mean score of 3.62 with a standard deviation of 1.16. This meant that there was no major challenge on the understanding of the PC content for both male and female respondents.

#### **4.3.2 Adequacy of Parameters**

The study sought to establish from the respondents whether the parameters used to measure performance by the PC were adequate. The respondents who scored 1 on this

statement were of the strong view that the parameters were not adequate. Those who scored 5 were of the opinion that the parameters were adequate.

On adequacy of parameters, the male had a mean score of 2.31 while their female counterpart had a mean score of 2.26. The respondents had a combined mean score of 2.29 with a standard deviation of 1.109. The finding was that majority of the respondents disagreed that PC design had adequate parameters to measure performance.

#### **4.3.3 Level of Involvement by the Staff**

Workers were required to respond to the statement with the aim of determining how they were involved in the process of designing the performance contracts. Here the response of 1 meant too little or no involvement while 5 meant full involvement..

The level of involvement is as shown in table 4.1 whereby male respondents had a mean score of 2.78 while the female respondents had a mean score of 2.34. The respondents had a combined mean score of 2.56 with a standard deviation of 1.11. The study found that there existed some level of involvement.

#### **4.3.4 Monitoring of PC by Ministries/Departments**

The study sought to establish from the respondents whether parent ministries/departments easily monitor, control and evaluate institutions under them. The score of 1 represented strongly disagree while that of 5 represented strongly agree.

Monitoring of PC had a mean score of 2.22 by male respondents as compared to their female counterparts with a mean score of 2.46. They had a combined mean score of 2.34 with a standard deviation of 1.19. This meant that there were challenge facing the issue of monitoring and evaluation of institutions under parent ministries/departments.

#### **4.3.5 Influence of Criteria Weight Allocation on Targets to be Set**

The study was to establish from the respondents on whether criteria weight allocation influences targets to be set. The score of 1 meant strongly disagreed while 5 meant strongly agree..

The analysis found that the male respondents had a mean score of 2.29 while the female respondents had a mean score of 2.27. There was a combined mean score of 2.28 with a

standard deviation of 1.2. Generally, there existed a challenge in that criteria weight allocation influences target to be set thus losing focus on service delivery to the citizens.

#### **4.3.6 Method used for Calculating Weighted Score Favors both Technical and Non-Technical Ministries/Departments**

The study sought to establish whether the method used to calculate the weighted scores favoured both the technical and the non-technical ministries departments. The extreme response of 1 meant strongly disagree .While 5 would meant strongly agree.

On whether the method used favoured both the institutions, the male respondents had a mean score of 1.86 while the female respondents had a mean score of 1.96. The combined mean was 1.91 with a standard deviation of 1.27. The study found that the method was generally not favouring both the technical and non technical Ministries /departments.

#### **4.3.7 The Composition of the Criteria Weight Allocation always Mirror the Diversities of Mandate of Ministries/Departments**

The study was to establish from the respondents whether the composition of the criteria weight always mirror the diversities of mandates .A score of 1 meant the respondent strongly disagree while a score of 5 meant strongly agree.

Both the male and female respondents had a mean score of 2.34 and 2.44 respectively while the combined mean score was 2.39 with a standard deviation of 1.22. This meant that the composition of the criteria weights allocation to various categories did not always mirror the diversities of mandates of ministries/departments.

In general, there was indication that the respondents were conversant with the contents of the PC, that the parameters were not adequate , there was some level of involvement, that monitoring, control and evaluation was not easy, that criteria weight allocation influenced targets to be set, calculation of weighted score did not favour both technical and non technical ministries/departments and that the composition of the criteria weights allocated to various criteria categories did not always mirror the diversities of ministries/departments. This is depicted by the grand mean score of 2.48, though the males had a grand mean of 2.51, showing that they faced no challenges in the PC design.

#### 4.4 Analysis of the Responses on Performance Contract Design by Level of Education

Analysis of seven statements was done to establish whether there were challenges facing the PC implementation. Average mean cores and standard deviations were calculated to help in the analysis.

##### 4.4.1 Understanding of the PC Content

The study sought to elicit response from the respondents on whether they clearly understood the contents of the performance contracts (PC). On a scale of 1 to 5 with one indicating the respondent strongly did not agree while 5 indicating the respondent strongly agreed. The analysis of the respondents was done by the level of education. The responses are presented in Table 4.2 as shown below.

**Table 4.2: Evaluation of Various Aspects of Performance Contracting Design by Level of Education of the Respondents.**

Statements		Mean			Std. Dev		
		M	U	S&O	M	U	S&O
1	I understand clearly the content of Performance contract design	3.82	3.55	2.20	1.21	1.06	0.87
2	The performance contract design has adequate parameters to measure	2.05	2.14	2.04	1.19	1.25	1.26
3	Am always involved in performance contract design	2.82	2.52	1.12	1.43	1.41	0.95
4	The entire sub-criteria categories in the PC are easily monitored, controlled and evaluated by ministries/departments	2.47	2.38	3.01	1.18	1.23	0.98
5	The criteria weight allocation influences targets to be set which always mirror the prioritized needs of the citizens	1.19	2.01	1.28	1.27	1.33	0.93
6	The method used for calculating weighted score favours both technical and non technical ministries/departments because both qualitative and quantitative targets can possibly get a composite score of one (1).	2.38	2.43	3.11	1.28	1.29	0.95
7	The composition of the criteria weights allocated to various criteria categories always mirror the diversities of mandates of ministries/departments	2.45	2.35	2.04	1.19	1.36	1.17
Grand Means		2.45	2.48	2.11			

**Key: M-Masters, U-Undergraduate, S&O-Secondary and Others**

NAs shown in table 4.2 those with masters degree had a mean score of 3.82, while those with the undergraduate degree and other levels of education had 3.55 and 2.20 respectively. Other than other levels of education, both the masters and undergraduate holders understood the PC design.

#### **4.4.2 Adequacy of Parameters**

The study sought to establish from the respondents whether the parameters used to measure performance by the PC were adequate. The respondents who scored 1 on this statement were of the strong view that the parameters were not adequate. Those who scored 5 were of the opinion that the parameters were adequate.

On the adequacy of parameters those with masters degree had 2.05, while those with the undergraduate degree and other levels of education had 2.18 and 2.04 respectively .The statement generally scored low across the levels thus revealing that there is a problem with the set parameters.

#### **4.4.3 Level of Involvement by the Staff**

Workers were required to respond to the statement with the aim of determining how they were involved in the process of designing the performance contracts. Here the response of 1 meant too little or no involvement while 5 meant full involvement..

The study revealed that those with masters degree were more involved with a mean score of 2.82 as compared to those with the undergraduate degree who had a mean score of 2.52. Other level had a mean score of 1.12, an indication that, there is less involvement of staff with lower education level.

#### **4.4.4 Monitoring of PC by Ministries/Departments**

The study sought to establish from the respondents whether parent ministries/departments easily monitor, control and evaluate institutions under them. The score of 1 represented strongly disagree while that of 5 represented strongly agree.

The masters holders had a mean score 2.47 while those with the undergraduate degree and other levels of education had 2.38 and 3.03 respectively .The study found out that both the masters and undergraduate holders felt that monitoring of PC was a challenge to parent ministries/departments, while other levels had no such challenge.

#### **4.4.5 Influence of Criteria Weight Allocation on Targets to be Set**

The study was to establish from the respondents on whether criteria weight allocation influences targets to be set. The score of 1 meant strongly disagreed while 5 meant strongly agree.

On the influence of criteria weight allocation all the levels had mean scores of below 2.5- see table above .The study revealed that the weights influenced the target setting irrespective of benefits to service delivery .That is, it did not always mirror the prioritized needs of the citizens.

#### **4.4.6 Method used for Calculating Weighted Score Favors both Technical and Non-Technical Ministries/Departments**

The study sought to establish whether the method used to calculate the weighted scores favoured both the technical and the non-technical ministries departments. The extreme response of 1 meant strongly disagree .While 5 would meant strongly agree. Analysis was done on the basis of the level of education.

Other than other levels of education with a mean score of 3.11 both the masters and undergraduate holders had mean scores of 2.38 and 2,43 respectively .The finding was that in as much as there is a feeling that the method both favours the institutions, there is also a feeling that the method does not always favour both.

#### **4.4.7 The Composition of the Criteria Weight Allocation always Mirror the Diversities of Mandate of Ministries/Departments**

The study was to establish from the respondents whether the composition of the criteria weight always mirror the diversities of mandates .A score of 1 meant the respondent strongly disagree .

The table above shows that those with master degree had 2.45 while those with the undergraduate degree and other levels of education had 2.35 and 2.04 respectively .The study therefore revealed that, the composition does not always mirror the diversities of mandates.

#### 4.5 Analysis of the Responses on Performance Contract implantation by Gender

Analysis on five statements was done to establish whether there were challenges facing the PC implementation. Average mean cores and standard deviations were calculated to help in the analysis.

##### 4.5.1 Level of Involvement in Target Setting

Statement on target identification was meant to investigate the level of involvement in the setting of the targets during the implementation process .A score of 1 meant strongly disagree while a score of 5 meant strongly agree .Analysis was done on the basis of gender.

**Table 4.3: Mean Scores, and Std. Deviation for the evaluation of various aspects of Performance Contracting Implementation by Male and Female Respondents**

	Statements	Mean			Std. Dev		
		Male	Female	Combined Means for M and F	Male	Female	Combined Std dev for M and F
1	Target identification is always done by all the staff who are involved in the PC implementation	2.7	2.74	2.72	1.22	1.26	1.24
2	The varying of Ad-hoc team appointed to carry out pre-negotiation, negotiation and vetting Of PC has helped in improving PC implementation system.	2.55	2.65	2.60	1.22	1.23	1.23
3	Ministries /Departments quarterly reports are always base on output rather than outcomes	2.05	3.53	2.29	1.11	1.04	1.09
4	All key staff always get involved in PC monitoring sessions	2.55	2.45	2.5	1.17	1.2	1.18
5	Am satisfied with the system for rewarding ministries/Departments for good performance rather than rewarding employees	2.25	2.21	2.20	1.3	1.38	1.33
	Grand Means	2.42	2.51	2.46			

The table above shows the male respondents had a mean score of 2.7 while the females had a mean score of 2.74. The respondents had a combined mean score of 2.72 with a standard deviation of 1.24. The finding was that there was involvement in PC implementation.

#### **4.5.2 The Varying of Ad-hoc Team**

The study sought to establish whether the varying of the Ad-hoc team appointed to carry out the pre-negotiation, negotiation and vetting has helped to improve PC implementation system. A score 1 meant strongly disagree while a score of 5 meant strongly agree. Analysis was done on the basis of the level of education and gender.

On the variation, the male respondents had a mean score of 2.55 while the female respondents had a mean score of 2.65. The combined mean score was 2.60 with a standard deviation of 1.23. The finding was that the variation had helped improve the implementation system.

#### **4.5.3 Quarterly Reports are always based on Outputs Rather than Outcomes**

The study was to establish from the respondents whether quarterly reports were based on long term outcomes or on short term output. The score of 1 meant strongly disagree while a score of 5 meant strongly agree.

The male respondents had a mean score of 2.05 as compared to their female counterpart with a mean score of 2.53. . The respondents had a combined mean score of 2.29 with a standard deviation of 1.09. This meant that the majority disagreed that quarterly reports were based on long term outcomes.

#### **4.5.4 Staff Involvement of PC Monitoring Sessions**

The study was to establish from the respondents whether staff were involved in the PC monitoring sessions. A score of 1 meant strongly disagree while a score of 5 meant strongly agree. Analysis was done by gender and level of education.

As indicated from the table above, the study revealed that key staff were involved in PC monitoring sessions with the male respondents having a mean score of 2.55 while the

female respondents 2.45 respectively .The combined mean score was 2.50 with a standard deviation of 1.18.

Those with master degree had 2.55 while those with the undergraduate degree and other levels of education had 2.36 and 2.70 respectively.

#### **4.5.5 Level of Satisfaction with the System of Rewarding Ministries/Department for Good Performance rather than Rewarding Employees**

The study was to establish from the respondents the level of satisfaction with the system of rewarding ministries/departments for good performance rather than rewarding employees. A score of 1 meant strongly disagree while 5 meant strongly agree..

On the level of satisfaction, male respondents had a mean score of 2.25 while the female respondents had a mean score of 2.21. The respondents had a combined mean score of 2.2 with a standard deviation of 1.33..The study finding was that there was a general dislike on the way the rewarding system was done.

#### **4.6 Analysis of the Responses on Performance Contract implantation by level of education**

Analysis on five statements was done to establish whether there were challenges facing the PC implementation. Average mean cores and standard deviations were calculated to help in the analysis.

##### **4.6.1 Level of Involvement in Target Setting**

Statement on target identification was meant to investigate the level of involvement in the setting of the targets during the implementation process .A score of 1 meant strongly disagree while a score of 5 meant strongly agree .Analysis was done by level of education.

**Table 4.4: Evaluation of Various Aspects of Performance Contracting implementation by Level of Education of the Respondents**

	Statements	Mean			Std. Dev		
		M	U	O	M	U	O
1	Target identification is always done by all the staff who are involved in the PC implementation	2.75	2.56	3.26	1.22	1.25	0.88
2	The varying of Ad-hoc team appointed to carry out pre-negotiation, negotiation and vetting Of PC has helped in improving PC implementation system.	2.41	2.55	3.74	1.20	1.33	0.80
3	Ministries /Departments quarterly reports are always base on output rather than outcomes	2.49	2.51	2.89	1.01	1.25	1.17
4	All key staff always get involved in PC monitoring sessions	2.45	2.36	2.70	1.17	1.22	1.46
5	Am satisfied with the system for rewarding ministries/Departments for good performance rather than rewarding employees	2.10	2.22	2.30	1.25	1.37	1.46
	Grand Means	2.44	2.44	2.78			

As indicated from the above table, those with masters degree had 2.75 while those with the undergraduate degree and other levels of education had 2.56 and 2.26 respectively. The study revealed that the masters and undergraduate holders agreed that target identification is always done by the staff, thus no major challenge, even though other levels felt otherwise.

#### **4.6.2 The Varying of Ad-hoc Team**

The study sought to establish whether the varying of the Ad-hoc team appointed to carry out the pre-negotiation, negotiation and vetting has helped to improve PC implementation system. A score 1 meant strongly disagree while a score of 5 meant strongly agree. Analysis was done on the basis of the level of education and gender.

The variation of Ad-hoc team appeared to be doing well with the masters degree scoring a mean score of 2.41 while those with the undergraduate degree and other levels of education scoring 2.55 and 3.74 respectively, thus no major challenge.

#### **4.6.3 Quarterly Reports are always based on output rather than outcomes**

The study was to establish from the respondents whether quarterly reports were based on long term outcomes or on short term output. The score of 1 meant strongly disagree while a score of 5 meant strongly agree.

On quarterly reports those with master degree had 2.49 while those with the undergraduate degree and other levels of education had 2.51 and 2.89 respectively .From the findings, majority agreed that quarterly reports were always based on output .This may pose a challenge in the long run.

#### **4.6.4 Staff Involvement of PC Monitoring Sessions**

The study was to establish from the respondents whether staff were involved in the PC monitoring sessions. A score of 1 meant strongly disagree while a score of 5 meant strongly agree.

The respondents felt that, there was generally little involvement even with the key staff .This is revealed by the mean scores whereby those with master degree had 2.45 while those with the undergraduate degree and other levels of education had 2.36 and 2.70 respectively.

#### **4.6.5 Level of Satisfaction with the System of Rewarding Ministries/Department for Good Performance rather than Rewarding Employees**

The study was to establish from the respondents the level of satisfaction with the system of rewarding ministries/departments for good performance rather than rewarding employees. A score of 1 meant strongly disagree while 5 meant strongly agree..

On the level of satisfaction, those with masters degree had a mean score of 2.10 while those with the undergraduate degree and other levels of education had 2.22 and 2.30 respectively, an indication that the rewarding system is not popular thus poses a major challenge to the PC implementation. In general,PC implementation is to some extent facing challenges.this is revealed by the grand mean score of 2.44 for masrers holders and 2.44 for undergraduate holders.Of course the lower level group had a grand mean score of 2.78 indicating favourable result.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary of Findings**

When the Government of Kenya introduced the use of Performance Contracting in the Kenyan civil service it had the intention of bringing out professionalism in the management of the public. This was one out of the many other management alternatives. To ensure the success of the PC policy of management, there was need to align the PC to the Kenyan situation by identifying the key areas required in getting a single measure of performance. Much as the PC received support within most public departments it was important to establish whether the new management policy was experiencing any challenges at all.

This research was designed and carried out to establish whether the PC design and implementation faced any challenges in the Kenyan civil service. The region of study was Nairobi Province and targeting all the civil servant in the region. Sampling was done on the basis of how the employee distribute within the ministries and job groups. The responses from the selected respondents were captured through paper questionnaires dropped and collected later by the researcher. 65.27% of the expected 383 respondents successfully completed the data collection process and their responses were used in the analysis. The questionnaires mostly wanted the respondents to express agreement or disagreement with twelve questions of which seven dealt with PC design while five dealt with PC implementation process. Based on the results of the analysis it was clear that there were challenges facing the PC design and implementation in the Kenyan civil service.

The combined mean score for statement 1 was 3.62 which meant that most of the respondents clearly understood the contents of the performance contracts and the distribution was significantly skewed meaning most of the respondents scored above 3.62. On statement 2 the combined mean score was 2.29 which meant that respondents disagreed with the fact that the PC design had adequate parameters. The combined mean score to statement 3 was 2.56 which indicated a agreement that respondents were always involved in the performance contacting design. The combined mean score of 2.34 for Statement 4 suggested that many of the respondents did not agree that the sub-criteria in

the PC were easily monitored, controlled and evaluated by ministries. This in effect suggested that there was difficulty in the ease and effectiveness with which monitoring, controlling and evaluation is done.

Statement 5 showed a level of agreement that the targets influenced weights when designing a PC. Statements 6 and 7 had a combined mean score of 1.19 and 2.39 respectively, indicating a level of disagreement of the variables, that is the method used in the calculation of the composite scores is not fair to both technical and non technical ministries. Indeed the response suggests that the composite scores favour the technical ministries. Further the composite scores do not reflect the diversity of mandates in the ministries/departments.

Statement 3 scored the highest combined mean in Section C. This high response indicated a strong agreement that the quarterly reports are based on short term outputs and not the long term results. This suggests that the ministries that may not be able to achieve results in the short term are not well rated while those with short term results that may not reflect in the long term are favoured. The variation of the Ad-hoc teams got average rating suggesting that the practice is preferred. These results suggest that setting of targets is still not well articulated and that not all staff were involved in the process of PC implementation. The respondents expressed strong dissatisfaction with the system of rewarding ministries for good performance rather than employees.

## **5.2 Conclusions Based on Findings**

The results of this study indicated that the respondents were properly informed of the contents of the PC, but there were challenges facing Performance Contract design and implementation in the Kenyan Civil. To the extent of this research the challenges were that the PC design had inadequate parameters to measure and those included did not reflect the diversities of mandates of ministries/department, staff involvement in both designing and implementation was weak; monitoring, controlling and evaluation systems were deficient; targets guide weight allocation with the departments aiming only to achieve the target scores by manipulating the weights without adding value to the service delivery; the scoring methods favoured technical ministries/departments ;the ad-hoc teams despite the variation in their composition did not always improve the PC

implementation system and the rewarding system appeared not motivating worker to perform better.

### **5.3 Policy Recommendations**

Consequent upon the results of this research there are recommendations that were suggested. There is need to review the parameters measured by the PC to ensure the capture the diversity within the ministries and provide a balanced scoring system to all ministries. There is need to make the system as involving as possible and ensure that all the staff are involved at every point in the PC designing and implementation. There should be put on place strong monitoring measures to ensure effective control and evaluation. Further still there is a suggestion that methods be put in place that can help ensure that scores are not manipulable without attaching them to commensurate results. The rewarding system should be reviewed to capture what motivates the worker. The ad-hoc teams can be made into permanent teams with the role of assessing the designing and the implementation of the PC. Finally it would be useful to consider PC policy in comparison with other possible alternatives.

### **5.4 Limitations of the Study**

One of the limitations of this study is that it covered only one of the eight provinces in Kenya. It is, therefore, not possible to tell whether the findings are generalizable to country level. It would have been more revealing if the study was extended to the whole country to make the results more solid.

The findings were a onetime response raising the question of whether the findings are applicable at all times after the findings. This is because situations in organizations are not static but dynamic so that what held at one time may not hold at other times.

The response rate also provides a source of weakness. This is because only 34% of the selected respondents did not successfully complete the process and therefore their views not captured. It cannot be told what the effect on the results would have been if all respondents completed the process.

### **5.5 Suggestions for Further Research**

This findings of this research can be enriched by extending the study to the eight provinces in Kenya and find results that can be generalized to the country. The research can also be done to establish how the factors identified in this research directly affect the composite score reported in the ministries/department. There is also need to investigate whether the performance results are reflected in the satisfaction of the citizen.

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## APPENDICES

### Appendix I: Workers Distribution

MINISTRY/ DEPART.	0* 25 P 5	0. 22 W J	CU 5 2	a. 5 P S, O 6.	g. 5 P S S o	Qu 5	JOB GROUP s	H C H
1. State Law Office	39	46	12	21	14	11	8	151
2. Ministry of Agriculture	47	43	150	46	45	24	4	359
3. OOP - Administration Police	31	8	2	4	2	0	<b>1</b>	48
4. OOP - Cabinet Office	18	17	9	13	8	4	6	75
5. Ministry of Cooperative Dev. And Marketing	48	24	9	20	9	15	3	128
6. Department of Defense	21	7	3	5	2	<b>1</b>	2	41
7. Ministry of Public Service	22	15	23	35	16	11	4	126
8. Ministry of East African Community	18	5	5	13	17	7	4	69
9. Ministry of Energy	25	22	12	13	6	10	4	92
10. Ministry of Env. And Mineral Resou.	91	143	73	32	15	15	6	375
11. Ministry of Fisheries Development	10	8	23	16	2	5	0	64
12. Ministry of Finance	227	67	60	50	16	27	8	455
13. Ministry of Forestry and Wildlife	7	4	3	3	4	6	3	30
14. Ministry of Gender and Children	24	43	28	25	9	7	2	138
15. Ministry of Immigration and Reg of Persons	140	44	36	20	10	5	3	258
16. Ministry of Industrialization	16	7	11	16	4	6	3	63
17. Ministry of Justice	16	16	12	11	9	7	2	73

18. Ministry of Labour	67	47	18	25	11	14	5	187
19. Ministry of Livestock Dev.	70	66	56	55	62	51	2	362
20. Ministry of Foreign Affairs	53	69	47	28	14	4	4	219
21. Ministry of Home Affairs	56	29	15	9	7	10	4	130
22. Ministry of Housing	18	16	9	13	11	11	2	80
23. Ministry of Information and Comm.	50	42	16	21	3	5	0	137
24. Ministry of Local Government	36	20	17	15	3	8	4	103
25. Ministry of National Heritage	20	16	8	11	2	5	0	62
26. Ministry of Education	33	138	67	54	30	10	6	338
27. Ministry of Medical Services	539	95	148	261	90	10	5	1148
28. Ministry of Lands	186	69	28	28	15	8	7	341
29. Ministry of Roads	133	55	54	18	8	5	3	276
30. Ministry of Higher Education	16	51	40	42	20	20	4	193
31. Ministry of Tourism	20	19	9	6	4	1	1	60
32. Ministry of Planning and National Dev.	45	27	8	13	14	14	5	126
33. Ministry of Public Health	474	79	128	106	52	17	5	861
34. Ministry of Special Programmes	19	7	1	17	2	3	1	50
35. Ministry of Water and Irrigation	156	78	29	40	13	13	6	335
36. Ministry of Youth Affairs	46	56	70	23	11	6	2	214
37. Ministry of Development of Northern Kenya	9	5	2	1	3	10	4	34

38. Ministry of Nairobi Metropolitan Dev.	7	3	4	14	7	5	3	43
39. Office of the President	71	41	20	19	14	8	4	177
40. Office of the Prime Minister	25	16	13	39	20	9	8	130
41. OOP - Police department	130	66	40	12	9	3	4	264
42. Public Service Commission	12	20	20	6	12	4	3	77
43. Home Affairs - Prisons Dept.	23	11	7	10	2	1	3	57
44. Ministry of Regional Development	6	3	10	2	0	6	1	28
45. State House	22	9	3	5	0	0	0	39
46. Ministry of Transport	13	9	8	9	8	7	4	58
47. Ministry of Trade	31	53	12	13	9	7	2	127
<b>TOTAL</b>	<b>3186</b>	<b>1734</b>	<b>1378</b>	<b>1258</b>	<b>644</b>	<b>436</b>	<b>165</b>	<b>8801</b>

(Source: Prepared by the Researcher with Data from GOK)

## Appendix II: Sampling Allocations

	JGL	JGM	JG N	JG P	JG Q	JG R	JG S	TOT
MINISTRY/ DEPART.	total							
State Law Office	2	2	1	1	1	0	0	7
Ministry of Agriculture	2	2	6	2	2	1	0	15
OOP - Administration Police	1	0	0	0	0	0	0	1
OOP - Cabinet Office	1	1	0	1	0	0	1	4
Ministry of Cooperative Dev. And Marketing		1	0	1	0	1	0	5
Department of Defence	1	0	0	0	0	0	0	1
Ministry of Public Service	1	1	1	2	1	0	0	6
Ministry of East African Community	1	0	0	1	1	0	0	3
Ministry of Energy	1	1	1	1	0	0	0	4
Ministry of Env. And Mineral Resou.		7	3	1	1	1	1	18
Ministry of Fisheries Development	1	0	1	1	0	0	0	3
Ministry of Finance	10	3	3	2	1	1	1	21
Ministry of Forestry and Wildlife		0	0	0	0	0	0	0
Ministry of Gender and Children	1	2	1	2	0	0	0	6
Ministry of Immigration and Reg of Persons		3	2	1	0	0	0	12
Ministry of Industrialization	1	0	0	1	0	0	0	2
Ministry of Justice	1	1	1	0	0	0	0	3
Ministry of Labour	3	2	1	1	0	1	0	8
Ministry of Livestock Dev.	3	3	3	3	3	3	0	18
Ministry of Foreign Affairs	3	4	1	1	1	0	0	10
Ministry of Home Affairs	3	2	1	0	0	0	0	6
Ministry of Housing	1	1	0	1	0	0	0	3
Ministry of Information and Comm.	2	2	1	1	0	0	0	6
Ministry of Local Government	1	1	1	1	0	0	0	4
Ministry of National Heritage	1	1	0	0	0	0	0	2
Ministry of Education	1	6	3	3	1	0	1	15
Ministry of Medical Services	24	5	6	12	4	0	0	51
Ministry of Lands	8	3	1	2	1	0	1	16
Ministry of Roads	6	2	2	1	0	0	0	11
Ministry of Higher Education	1	2	1	2	1	1	0	8
Ministry of Tourism	1	1	0	1	0	0	0	3
Ministry of Planning and National Dev.	2	1	0	1	1	1	0	6
Ministry of Public Health	21	3	6	5	2	1	0	38
Ministry of Special Programmes	1	0	0	1	0	0	0	2
Ministry of Water and Irrigation	7	4	1	2	1	1	1	17
Ministry of Youth Affairs	2	3	2	1	0	0	0	8
Ministry of Development of Northern Kenya	0	0	0	0	0	0	0	0
Ministry of Nairobi Metropolitan Dev.	0	0	0	1	0	0	0	1
Office of the President	3	2	1	1	1	0	0	8
Office of the Prime Minister	1	1	1	2	1	0	1	7
OOP - Police department	6	2	2	1	0	0	0	11

Public Service Commission	1	1	1	0	1	0	0	4
Home Affairs - Prisons Dept.	1	0	0	0	0	0	0	1
Ministry of Regional Development	0	0	0	0	0	0	0	0
State House	1	0	0	0	0	0	0	1
Ministry of Transport	1	0	0	0	0	0	0	1
Ministry of Trade	1	3	1	1	0	0	0	6
TOTAL	142	79	56	62	25	12	7	383

**Key:**

JG- Job Group

### Appendix III: Response Rate

MINISTRY/ DEPART.	PLANNE D	RESPONDENT S	RETURN RATE
State Law Office	7	6	85.71
Ministry of Agriculture	15	9	60.00
OOP - Administration Police	1	1	100.00
OOP - Cabinet Office	4	6	150.00
Ministry of Cooperative Dev. And Marketing	5	6	120.00
Department of Defence	1	0	0.00
Ministry of Public Service	6	6	100.00
Ministry of East African Community	4	4	100.00
Ministry of Energy	4	2	50.00
Ministry of Env. And Mineral Resou.	18	3	16.67
Ministry of Fisheries Development	3	2	66.67
Ministry of Finance	21	13	61.89
Ministry of Forestry and Wildlife	1	3	300.00
Ministry of Gender and Chilren	6	7	116.67
Ministry of Immigration and Reg of Persons	12	10	83.31
Ministry of Indurstralization	2	1	50.00
Ministry of Justice	3	4	133.33
Ministry of Labour	8	8	100.00
Ministry of Livestock Dev.	18	16	88.89
Ministry of Foreign Affairs	10	12	119.96
Ministry of Home Affairs	6	7	116.67
Ministry of Housing	3	6	200.00
Ministry of Information and Comm.	6	3	50.00
Ministry of Local Government	4	3	75.00
Ministry of National Heritage	2	0	0.00
Ministry of Education	15	4	26.67
Ministry of Medical Services	51	4	7.84
Ministry of Lands	16	10	62.50
Ministry of Roads	11	7	63.64
Ministry of Higher Education	8	7	87.50
Ministry of Tourism	3	3	100.00
Ministry of Planning and National Dev.	6	7	116.67
Ministry of Public Healh	38	28	73.68
Ministry of Special Programmes	2	2	100.00
Ministry of Water and Irrigation	17	14	82.35
Ministry of Youth Affairs	8	6	75.00
Ministry of Development of	0	0	0.00

Northern Kenya			
Ministry of Nairobi Metropolitan Dev.	1	1	100.00
Office of the President	8	0	0.00
Office of the Prime Minister	7	5	71.43
OOP - Police department	11	4	36.36
Public Service Commiission	4	4	100.00
Home Affairs - Prisons Dept.	1	0	0.00
Ministry of Regional Development	0	0	0.00
State House	1	0	0.00
Ministry of Transport	1	0	0.00
Ministry of Trade	6	6	100.00
TOTAL	383	250	65.27

#### **Appendix IV: Ministries/Departments in the Kenyan Civil Service**

1. State Law Office
2. Ministry of Agriculture
3. OOP - Administration Police
4. OOP - Cabinet Office
5. Ministry of Cooperative Dev.  
And Marketing
6. Department of Defense
7. Ministry of Public Service
8. Ministry of East African  
Community
9. Ministry of Energy
10. Ministry of Environment and  
Mineral Resources.
11. Ministry of Fisheries  
Development
12. Ministry of Finance
13. Ministry of Forestry and Wildlife
14. Ministry of Gender and Children
15. Ministry of Immigration and  
Registration of Persons
16. Ministry of Industrialization
17. Ministry of Justice
18. Ministry of Labour
19. Ministry of Livestock Dev.
20. Ministry of Foreign Affairs
21. Ministry of Home Affairs
22. Ministry of Housing
23. Ministry of Information and  
Comm.
24. Ministry of Local Government
25. Ministry of National Heritage
26. Ministry of Education
27. Ministry of Medical Services
28. Ministry of Lands
29. Ministry of Roads
30. Ministry of Higher Education
31. Ministry of Tourism
32. Ministry of Planning and  
National Dev.
33. Ministry of Public Health
34. Ministry of Special Programmes
35. Ministry of Water and Irrigation
36. Ministry of Youth Affairs
37. Ministry of Development of  
Northern Kenya
38. Ministry of Nairobi Metropolitan  
Dev.
39. Office of the President
40. Office of the Prime Minister
41. OOP - Police department
42. Public Service Commission
43. Home Affairs - Prisons Dept.
44. Ministry of Regional  
Development
45. State House
46. Ministry of Transport
47. Ministry of Trade

**Appendix V: Letter of Introduction**

University of Nairobi,  
School of Business,  
P. O. Box 30197,  
Nairobi.

Dear Respondent,

RECOLLECTION OF RESEARCH DATA

I am an MBA student at the University of Nairobi, conducting a research study to establish challenges facing performance contracting design and implementation in the Kenyan civil service.

I am glad to inform you that you have been selected as a respondent to this questionnaire. Your objective and honest response to these questions will assist me meet the objective of the study. To provide the needed information please fill this questionnaire. The information provided is for academic purposes and will be held confidential. The result of this study can be obtained on request.

**Do not write your name.**

Thanking you in advance.

Yours Faithfully,

Juliana Okeno Ochieng

Sign\_

Date\_

Student, University of Nairobi.

Professor Peter K'Obonyo

Sign\_

Date\_

Supervisor, University of  
Nairobi

Appendix VI: Letter of Introduction from the University



**SIHfESTsmroFHiiROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAMME**

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Koiw

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**TO WHOM IT MAY CONCERN**

The bearer o f this letter. , . 3 0 > - - A ^ A 0 ^ 0 O C H ' e ^

Registration N o . . . ( . 4 j . ^ T O

is a bona fiae continuing student in the Waster of Business Administration ifv'BA; degree program in this University

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data In your organization.

The results o f the report will be used solely for academic pur;x>ses and a copy of the same will oe av iined to the interviewed organizations on request.

Thank you.

JUSTHyE K-IAGLITU  
ASSISTANT REGISTRAR  
MBA OFFICE, AMBANK HOUSE

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## Appendix VII: Questionnaire

### Instructions:

1. Please answer all questions honestly,
2. Follow the instructions given where necessary.
3. Do not write your name

\_\_\_\_\_

Date

Serial No

### SECTION A: GENERAL INFORMATION

1. Indicate your gender (Tick one)

Male  Female

2. What is your highest academic qualification (tick appropriately)

PhD  Masters Degree  Bachelors Degree  Secondary and others

Primary

3. In which age group do you belong? (tick appropriately)

Below 25 yrs  25 - 29 yrs  30 - 34 yrs  35 - 39 yrs  40 - 44yrs

45 - 49yrs  50 -54 yr  55 yrs and above

4. Year of first appointment in the civil service
5. Currently working in which Ministry/Department
6. Your current designation
7. Your Department

**SECTION B: PERFORMANCE CONTRACTING (PC) DESIGN**

For each of the following statements, circle the number that best represent your feelings about Performance contracting design. Where 1=strongly disagree, 2=disagree, 3=neither disagree nor agree, 4=agree, 5=strongly agree

STATEMENTS	FEELINGS/OPINION				
1) I understand clearly the content of performance contract design	1	2	3	4	5
2) The performance contract design has adequate parameters to measure.	1	2	3	4	5
3) Am always involved in Performance contracting design.	1	2	3	4	5
4) The entire sub -criteria categories in the PC are easily monitored, controlled and evaluated by ministries /departments	1	2	3	4	5
5) The criteria weight allocation influences targets to be set which always mirror the prioritized needs of the citizens	1	2	3	4	5
6) The method used for calculating weighted score favours both technical and non technical ministries/departments because both qualitative and quantitative targets can possibly get a composite score of one (1).	1	2	3	4	5
7) The composition of the criteria weights allocated to various criteria categories always mirror the diversities of mandates of ministries/departments	1	2	3	4	5

**SECTION C: PERFORMANCE CONTRACTING (PC) IMPLEMENTATION**

For each of the following statements, circle the number that best represent your feelings about Performance contracting implementation. Where 1=strongly disagree, 2=disagree, 3=neither disagree nor agree, 4=agree, 5=strongly agree.

STATEMENTS	FEELINGS/OPINION				
1) Target identification is always done by all the staff who are involved in the PC implementation.	1	2	3	4	5
2) The varying of Ad hoc team appointed to carry out pre-negotiation, negotiation and vetting of PC has helped in improving PC implementation system.	1	2	3	4	5
3) Ministries/departments quarterly reports are always based on output rather than outcomes	1	2	3	4	5
4) All staff always get involved in PC monitoring sessions	1	2	3	4	5
5) Am satisfied with the system for rewarding ministries/departments for good performance rather than rewarding employees.	1	2	3	4	5

THANK YOU!