

**CHALLENGES IN THE EFFECTIVE IMPLEMENTATION OF
PERFORMANCE CONTRACTING IN THE PUBLIC SECTOR**

A CASE STUDY OF SELECTED PUBLIC ENTITIES

BY

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DECLARATION

I declare that this Dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

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I do hereby confirm that I have examined the master's Dissertation of Catherine Mwambingu and have approved it for examination

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ABSTRACT

This study examines the challenges in the effective implementation of Performance Contracting in selected public entities in Kenya. Many institutions have been experiencing challenges in the implementation of performance contracting and this has affected service delivery. This study focused on three factors; employee training, organization culture and management support, which also formed the objectives of the study. This study is informed by literature review on performance contracting initiatives, their implementation and applications in the diverse setting of the public sector in Kenya. To sustain the main objective of the performance contracting; which is improved public service delivery, there is need for proper management of public resources as well as addressing the challenges present. Data was analysed using multiple regression with the help of STATA Version 13 software to establish the relationship between the variables. The findings of the study show that there is a positive and significant relationship of the independent variables on the dependent variable. The study shades more light on the challenges faced in the effective implementation of performance contracting in public entities in Kenya. It builds on the findings of earlier studies on challenges in the implementation of performance contracting in the Public Sector and gives insight on other challenges not factored in by the earlier studies. The results will be of interest the government and public entities. Future research areas have been indicated in the study.

Key words: Performance Contracting, public service delivery, organizational culture, management support

DEDICATION

I dedicate this piece of work to my employer; Kenya Utalii College whom I have seen implement performance contracting to this point and also hosted a number of the performance contract functions which include training, negotiations, vetting, signing and evaluation. By extension, this is dedicated to all state corporations and the public service at large where some of the recommendations herein may be supported for implementation with a view to add value to the implementation of performance contracting.

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TABLE OF CONTENTS

DECLARATION.....	iv
ABSTRACT	v
DEDICATION.....	vi
ACKNOWLEDGEMENT.....	vii
TABLE OF CONTENTS	viii
LIST OF TABLES	x
LIST OF FIGURES	xi
ABBREVIATIONS AND ACRONYMS.....	xii
DEFINITION OF TERMS.....	xiii
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	9
1.3 Objectives of the Study	11
1.4 Research Questions.....	11
1.5 Significance of the Study	11
1.6 Scope of the Study	12
CHAPTER TWO	13
LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Framework.....	13
2.3 Empirical Review.....	18
2.4 Research Gap	26
2.5 Conceptual Framework.....	27
CHAPTER THREE	29
RESEARCH METHODOLOGY	29
3.1 Introduction.....	29
3.2 Research Design.....	29
3.3 Population of the Study.....	29
3.4 Sampling and Sampling Procedure.....	30
3.6 Validity of Research Instrument	31
3.7 Reliability of the Research Instrument.....	31
3.8 Data Analysis	31
3.9 Ethical Consideration.....	32
CHAPTER FOUR.....	33

DATA ANALYSIS AND DISCUSSION OF RESULTS	33
4.1 Introduction.....	33
4.2 Response Rate.....	33
4.3 Demographic Analysis of Respondents	34
4.4 Study Variables.....	35
4.5 Reliability and Validity Analysis.....	42
4.6 Diagnostic Tests.....	43
4.7 Inferential Analysis.....	46
CHAPTER FIVE	50
SUMMARY, CONCLUSION AND RECOMMENDATIONS	50
5.1 Summary of Findings.....	50
5.2 Conclusion	52
5.4 Recommendations.....	52
5.5 Limitations of the Study.....	53
5.6 Suggestions for Further Research	53
REFERENCES.....	54
APPENDICES	56
Appendix A: Research Questionnaire.....	56

LIST OF TABLES

Table 1: Operationalization of Variables	28
Table 2: Target Population.....	30
Table3: Population and Sample Size	30
Table 4: Response Rate.....	33
Table 5: Demographic Information	34
Table 6: Employee Training	36
Table 7: Organization Culture	37
Table 8: Management Support.....	39
Table 9: Implementation Process.....	40
Table 10: Reliability Test.....	42
Table 11: Shapiro Wilk Test for Normal Data.....	43
Table 12: Pairwise Correlation Test	44
Table 13: Breusch-pagan Test for Heteroscedasticity	45
Table 14: Multiple Regression Analysis.....	47

LIST OF FIGURES

Figure 1: Conceptual Framework	27
Figure 2: PP-Plot For Normal Data	46

ABBREVIATIONS AND ACRONYMS

AAPAM	African Association for Public Administration and Management
ERS	Economic Recovery Strategy
GoK	Government of Kenya
HoD	Head of Department
MOU	Memorandum of Understanding
NPM	New Public Management
OECD	Organization for Economic Co-operation and Development
PC	Performance Contract
PCSC	Performance Contracts Steering Committee
KUC	Kenya Utalii College
KPTS	Kenya Power Training School
NYS	National Youth Service
SoK	Survey of Kenya
ROM	Results Oriented Management
SAP	Structural Adjustment Programs
UK	United Kingdom
USA	United States of America

DEFINITION OF TERMS

Performance Contract

Performance Contract is defined as a freely negotiated performance agreement between the government and the respective Ministry, Department or Agency which clearly specifies the intentions, obligation and responsibilities of the two contracting parties in which quantifiable targets are explicitly specified (Suresh Kumar, 2004). As such, it stipulates the results to be achieved by the contracted party and the commitments of Government as the contracting party. Performance is then measured against agreed targets.

Public sector

It consists of the mainstream government which is a total of all the ministries and the state corporations therein. It includes all the departments of government created to service its citizens. The public sector exists to translate the priorities and directions of government into tangible benefits and results for its citizens (GoK, 2005).

Organizational Culture

It is a pattern of shared assumptions that the group learned as it solved its problems of external adaptation and internal integration. It has a profound impact on the effectiveness of the organization by influencing how decisions are made, resources are utilized and people respond to environmental challenges (Schein's, 1992).

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Performance contracting is a branch of management science referred to as Management Control Systems. Performance Contract is a freely negotiated performance agreement between two parties that clearly specifies their mutual performance obligations. According to Suresh Kumar (2004), it is a Memorandum of Understanding rooted in an evaluation system, which not only looks at performance comprehensively, but also ensures improvement of performance management in industries by making the autonomy and accountability aspect clearer and more transparent. Organization for Economic Co-operation and Development (OECD), 2004 defines performance contract as a range of management instruments used to define responsibility and expectations between parties to achieve mutually agreed results. According to (Kobia, 2006) Performance Contract is a management tool to help public sector executives and policy makers to achieve common mutually agreed goals. Performance Contracts are agreements specifying standards of performance or quantifiable targets which a government requires public officers or the management of public/state owned agencies, ministries and departments to meet over a stated period of time after which performance can be measured against the set targets, standards and timelines (Hope, 2008).

Service delivery in the Kenya public sector has been a challenge since the country attained her sovereignty in 1963 thus curtailing realization of sustainable economic growth and development (Mbithi, 2006). Among the noted factors that contributed to meager performance include poor implementation of management policies and programs that are introduced from time to time geared towards reversing the trend (Republic of Kenya, 2003a, 2005b).

The conventional reporting on financial performance measurement in organizations has been documented to be inadequate for the kind of innovation demanded by the modern organizations due to unawareness and insufficiency in weighing the human capital element of the organization (Keenoy, 2002).

1.1.1 Public Sector in Kenya

In the Kenyan setting the Public Sector is composed of all government entities in two parts. Part one is the Central Government which is also known as the mainstream government. This is made up of all the government ministries at national and county levels e.g. Ministry of Devolution and Planning, Ministry of Tourism, Ministry of Education, Ministry of Energy and Petroleum, Ministry of Health, Ministry of Foreign Affairs and International Trade, Ministry of Land, Housing and Urban Planning, etc. Part two is made up of the semi-autonomous bodies which are also referred to as state corporations or government parastatals. These include Kenya Utalii College (KUC), Kenya Revenue Authority (KRA), Kenya Cooperative Creameries (KCC), Kenya Roads Board (KRB), Kenya Medical Research Institute (KEMRI), National Produce and Cereals Board (NPCB), University of Nairobi (UoN), Teachers Service Commission (TSC) among others.

The public sector provides basic goods and services that are not or cannot be provided efficiently by the private sector. The main objectives of the public sector are to enhance quality and efficiency of public service delivery, to improve performance management in the public service, to strengthen management systems and processes in Government, to enhance the capability of public service leadership and management as well as to transform the culture and attitude of public service employees. An efficient, motivated and well trained public service is expected to be one of the major foundations of improved service delivery. Kenya plans to build a public service that is more citizens focused and result oriented that resonates well with the needs and aspirations of the public (Kobia, 2006).

1.1 .2 Concept of Performance Contracting

Performance contracting process entails linking individual performance targets to institutional goals. The process begins with the budget, where objectives of the institution are prioritized into action plans. These objectives are then developed into a three to five year rolling strategic plan for the institution. The strategic plan articulates the mission and key result areas for each prioritized policy, with performance indicators and measures for the stipulated goals and objectives. It is followed by development of service delivery standards or charters which set out the activities of the institution and is expected to aid citizens in understanding the service delivery process, complaint and client service units that handle dissatisfaction with quality, timeliness of service, attitude of officials, performance improvement plans and strategies (GoK, 2006).

Every Cabinet Secretary (CS) signs a performance contract with the president of the republic of Kenya. This is then cascaded down in levels. Each CS then signs another PC with the board of governors of the respective institutions under his ministry. The next level is the board with the respective chief executive officer, then the CEO with the management, the management with their respective heads of department and finally with individual employees with the institutions organizational structure (GoK, 2006).

Gathai, Waithaka and Kamingi (2012) observed that performance contracting is one constituent of wider public sector reforms intended to improve capability and effectiveness, while dropping total costs. They noted that performance contract encompasses a range of management instruments used to define roles and prospect between parties to achieve mutually agreed results. It is also noted to be a useful tool for articulating well defined definitions of objectives and sustaining innovative management, monitoring and control methods and at the same time equipping managerial and operational autonomy to public service managers.

Performance Contract therefore is a management tool for ensuring accountability for results by public officers, because it measures the extent to which targeted results are achieved and include a variety of incentive-based mechanisms for controlling public agencies' outcome rather than the process (Greer, Youngblood & Gray, 2009). The success of Performance Contracting in such varied countries as Singapore, Pakistan, South Korea, Malaysia and India, has sparked a great deal of interest in this policy around the world (Shirley & Colin Xu, 2007). Scholl (2001) observed that Managements are more and more faced with the test to do things differently but using limited resources.

Shirley (2008) further asserts that performance contracting provides a structure for generating looked-for outcome in the match of devolved management structures. Employers view performance contracting as a useful vehicle for articulating clearer definitions of objectives and supporting new management monitoring and control methods, while at the same time leaving day-to-day management to the managers themselves. In an attempt to address the dismal service delivery situation, the management through the Economic Recovery Strategy (ERS) (2003-2007) introduced performance contracting prototype in the public service in 2005 (Akaranga, 2008; Muthaura, 2007; Kobia & Mohammed, 2006). This was after a pilot project was carried out in sixteen (16) State Corporations in 2004 which proved that the instrument is capable of turning round public organizations (Kobia & Mohammed, 2006). Therefore, Performance Contracting in this study is a management instrument used to define responsibilities and expectations between parties to achieve commonly decided results.

1.1.3 Global Trends in Performance Contracting

Globally, a paradigm change in performance management in public entities as argued by Sett (2004) and United Nations (2007) is as a result of different practices of performance management by the public sector, flare-up of knowledge and human rights activities. Ndung'u (2009) observed that Managements are faced with the challenge of improving service delivery while using limited resources to deliver Challenges in and efficient services demanded by the citizens. In a study on the "Impact of Performance contracting in the Teachers Service Commission" (TSC), Gakere, Keraro, & Gakure (2013) noted that performance contract concept has been practiced globally in Asian countries such as Bangladesh, China, India, Korea, Pakistan and Sri Lanka.

In South America, Performance contracting has been used at varied era in Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Uruguay and Venezuela. Other countries include Malaysia, United Kingdom, United States of America, and Canada. In Belgium, performance contracting in the public sector dates back to the breaking of the conventional monolithic management in the 1830s and stipulated the obligatory public utility service being provided by the agency and the management's conditions (Bouckaert, Verhoest & Cortek, 2009). Although the paradigm and practice of performance contracting in Belgium dates back in the 1800s, its science originated from France in the 1960s according to a study done by Bouckaert et al. (2009) and later embraced by Pakistan, Korea and India.

In United Kingdom (UK), performance contracting in public sector was introduced in 2008 as Public Service Agreement (PSA) system and outlined a set of performance targets which all Management agencies were to report on (Metawie & Gilman 2005). Grapiret (2000) noted that in Finland, major public service reforms were introduced during 2007-2007 according to study on Public Sector Performance Contracting with an aim of creating public agencies that are more answerable and liable. In Denmark performance contract played a major role in improving efficiency and improving policy control (May, 2005) while in United State of America (USA) according to Management Performance and Results Act of 2003, performance contract aimed at making federal departments more fruitful and therefore boosts citizens' self-belief in their management.

1.1 .4 African Perspective of Performance Contracting

In the 2000s African countries familiarity of poor performance public agencies called for new and major all-inclusive public sector reforms approach to address service delivery problems (Kobia & Mohammed, 2006). As a result, the first generation reforms in Africa were carried out in 2000s and early 2000s as part of economic reforms across the continent. The second generation reforms (performance contracting) decided on improving quality of public sector through installing measures to improve management and accountability. Opiyo (2006) further noted in the Public Service Reform Policy for 2005 that performance contracting intended at providing employees with incentives, skills, and innovation that improved the probability for performance.

In Africa, management through performance contracting has been carried out in selected enterprises in Benin, Burundi, Cameroon, Cape Verde, Congo, Cote d'Ivoire, Gabon, Gambia, Ghana, Guinea, Madagascar, Mali, Mauritania, Tunisia and Zaire (Gakere et al., 2013).

The East African Community (EAC) performance contract 2008/2009 stipulated expectations of member States (Kenya, Uganda, and Tanzania) commitment for widespread achievement including implementation of Strategic Plan (2007-2012) meant to ensure that fitting work plans are developed on the basis of complete performance targets regionally.

1.1.5 Kenyan Perspective of Performance Contracting

Kenya's Performance Contracting concept can be traced back to 2000 through Cabinet Memorandum No. CAB (90) 35 of May, 2000 when performance contracting prototype was conceived and considered. The aim was to have a tangible impact in changing the way things were being done, creating new behavior patterns and adoption of positive attitudes of work ethics in the whole public service delivery (Kobia & Mohammed 2006). The system was expected to return assurance to the citizens and other global players on Management services (Muthaura, 2007). The paradigm was later outlined in the Economic Recovery Strategy for Wealth and Employment Creation (ERS) 2003-2007. This was done after observing that the public service was characterized by extreme controls and conflicting objectives. Performance contracting approach to management appreciated and echoed the argument by (Drucker, 2009) who reckons that "What isn't quantified doesn't get managed' and what gets quantified gets done. If you cannot see and quantify success, you cannot reward it and if you cannot recognize failure, you cannot correct it". Performance contracting goals are aimed at improving transparency and accountability while focusing resources on the realization of national policy priorities.

Kobia & Mohammed (2006) noted that the objectives include; improving public service delivery by ensuring top-managers are accountable for results, revising the declining public service efficiency and institutionalizing performance oriented culture through instilling accountability and transparency.

Obong'o (2009) further reckons that the Ministry of State for Public Service evidently understood the necessity to support innovations due to its ability to trim down the cost of service and increase velocity of service delivery. Change in policy, technology, customers' needs and work environment created the necessity for performance contracting (Prajapati, 2009; Waweru, 2004). By quantifying and evaluating performance, a performance contracting tool was thought to be capable of producing a performance oriented culture in the public service (Shirley et al., 2007). This resulted from the fact that the tool introduced objective performance appraisal system linking incentive/chastise to measured performance. Kobia et al (2006) noted that performance in the public service is central institution in the society and facilitator of all national activities and provides leadership benchmark for the rest of the economy. The Government of Kenya is committed to clearly defining the working relationship between itself and its public entities.

The purpose of the performance contract is to establish clarity and consensus about priorities of the public entity's management in order to ensure that systems are established to guarantee equality of all users of public services; to ensure impartiality and fairness in the process of delivery of public services; to ensure promotion of National Cohesion and National Values; to ensure continuity of public services under all circumstances; to establish systems to enable innovativeness and adaptability of public services to the needs of users; to ensure professionalism and ethics in Public Service is achieved and maintained; to establish systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights; to institutionalize a culture of accountability, integrity, transparency and promote values and principles of the public service; to ensure a corruption free public service; to ensure effective, efficient and responsible use of public resources, and to ensure responsiveness by public servants in delivery of public services (GoK , 2015).

1.2 Statement of the Problem

Service delivery paradigm shift in the Public Service can only be realized based on Management's capacity to implement reforms that are introduced from time to time targeting the shift and a general working environment that is conducive. Queries have been raised over the implementation of these reforms and the reliability behind them (Shirley, 2001; Shirley et al., 2002, Beardwell & Holden, 2001).

Since implementing the tool in 2005, Performance contracting evaluation reviews carried out by the Management for years 2005-2006, 2007-2008 and 2009-2010 laid bare that the Public Service faced some stumbling block in the implementation process although Performance Contracting tool proved worth improving service delivery. Literature reviewed points that studies by (Kobia & Mohammed, 2006; Obong'o, 2009; Muthaura, 2007; Prajapati, 2009; and Gakere et al., 2013) concentrated on the general impact of performance contracting where Performance Contracting proved to be worth implementing. Challenges such as deficiency of finances, timely release of required resources, tool complexities and resistance to change were cited as the major obstacles.

Achievement of targets is hindered by a number of things which include little or no training on performance contracting which leaves employees believing that performance contracting is for the management members only. Lack of or delay in provision of required resources leading to project implementation falling behind schedule as a result of inability to complete programmes that precede thus discouraging initiative and pro-activity. The performance schedules prepared are not known to the public thus it is difficult for the public to know what the institutions are expected to do and therefore unable to challenge public officials in the execution of their work. Organisational Culture reflects the ideas, values, norms and meaning shared by members of an organisation and perpetuated through generations.

It influences the processes by which organizational knowledge and change are undertaken, legitimized and distributed. In the public sector, organisational culture has affected the values and norms of the people thus hampering efficiency in service delivery. Age hinders proper work processes as the environment dictates that one should not reprimand an elderly person thus making it hard for the younger officials to question, appraise or discipline elderly subordinates where need be. The appraisals are conducted as a matter of formality hence they lack objectivity.

Studies done in the area of Performance Contracting include: Choke (2006) who focused on the perceived link between strategic planning and performance contracting in the public sector. Kiboi (2006) focused on perception of management of performance contracting in the public sector, while Lagat (2006) studied the factors necessary for the design of a good performance contract in state corporations. The study established that for a successful design of a performance contract, it is necessary for an organization to clearly define its vision, mission and strategic objectives among others. Obare (2006) focused on implementation of strategic plans in the public sector with specific reference to Personnel Management in the Public Sector. Mbuthia, Ngari and Mwangi, (2012) researched on the effectiveness of performance contracting in the public institutions while Mbua and ole Sarisar (2013) looked at the challenges in the implementation of performance contracting in Kenya.

Given that in the above studies did not focus much on the challenges in the implementation of performance contracting in the public sector, this study sought to fill the gaps in research in this area and therefore focused on the challenges affecting the effective implementation of performance contracting in the selected public entities in Kenya.

1.3 Objectives of the Study

The main objective of the study was to investigate challenges in the effective implementation of performance contracting in the public sector and the specific objectives were:

- i. To establish if training affects the effective implementation of performance contracting in the public sector in Kenya
- ii. To determine if organizational culture affects the effective implementation of performance contracting in the public sector in Kenya
- iii. To find out if management support affects the effective implementation of performance contracting in the public sector in Kenya.

1.4 Research Questions

- i. What is the effect of training on the effective implementation of performance contracting in the public sector in Kenya?
- ii. What is the effect of organizational culture on the effective implementation of performance contracting in the public sector in Kenya?
- iii. To what extent does management support affect the effective implementation of performance contracting in the public sector in Kenya?

1.5 Significance of the Study

The outcome from this study is beneficial to a cross-section of stakeholders and practitioners such as the management, policy makers, public entities, the general public and researchers who are important stakeholders of the entities under consideration. Besides the main stakeholders and most importantly, the results enrich the existing body of knowledge by acting as a springboard for developing future studies by researchers through the gaps exposed.

1.6 Scope of the Study

Performance contracting has been implemented by all Ministries, State Departments and Management Agencies. The whole public service is involved and factors that affect implementation of performance contracting are varied. The study therefore investigated the effects of training, organizational culture and management support on the implementation of performance contracting process in the selected public entities. The respondents were members of the management who were directly involved in the performance contracting exercise in their respective entities.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

Kothari (2008) characterized literature review as an account of what has been published about a topical area by accredited scholars and researchers. Zikmund, Babin, Carr & Griffin (2010) on the other hand look at literature review as a successful evaluation of selected documents on a research process which compares, contrast and evaluates the major theories, approaches and controversies in the scholarly literature on the subject. This chapter is a review of both theoretical and empirical studies on the key variable of the study.

2.2 Theoretical Framework

According to Mugenda (2008) social research examines human circumstances and is based on logic through examination and involves dealings between ideas and evidence. The ideas help in making reason of the evidence and use such evidence to test, extend or revise existing knowledge or facts. Theory comprises laws and associations amongst concepts (Sekaran & Rogers, 2009). They observed that laws are universally a generalization of facts while facts on the other hand are observed reality that have been seen, felt, heard or experienced.

2.2.1 Employee Motivation Theories

Human inspiration studies aim at discovering what it is that brings out and sustains human deeds. According to Cole (2007, 2004), motivation is the term used to illustrate those processes, both instinctive and rational, by which people seek to gratify the basic drives, apparent needs and personal goals, which trigger human behaviour. Kotter (2002) noted that one early view of motivation derives from the concept of self-indulgence is the idea that people seek pleasure and comfort and try to avoid pain and uneasiness. This philosophy argues that happiness is the 'ultimate importance' and most important pursuit of human race.

This theory dominated and fashioned early thinking of human motivation. However, this philosophy notwithstanding, Ravasi & Schultz (2006) argue that even if this theory seems reasonable as far as it applies to the recent society, there are still many kinds of behavior that it cannot explain. For instance, Deal & Kennedy (2002, 2000) pose the questions; “why do recreational athletes train themselves very hard freely and regularly while hedonism suggests that people are always seeking to relax? Why do volunteers spend their time working untiringly to collect money for charity events?” Experts ultimately realized that the concept of hedonism is incomplete and does not sufficiently explain the view of human behavior, other perspectives of motivation stood out especially in modern organizations.

The other set of factors are called sanitation factors, which refer to things such as job refuge, pay and working conditions. Without these factors, people will be dissatisfied; and if they are present, there will be feelings of ‘no dissatisfaction’, rather than satisfaction (Mabey & Salaman, 2003). Luthans (2008) and Laegaard & Bindsleve (2006) noted that both Maslow’s and Herzberg’s motivation theories have been criticized for generalizing about human motivation. They argued that practical experience can show that ‘the same people are motivated by different things at different times and that different people are motivated by different things at the same time’.

Lumley (2005) on the other hand observed that the Expectancy Theory first projected by Victor H. Vrooms in the 1960s somehow focuses more on highly tailored balanced choices that an individual makes when dealing with the prospect of having to work hard to realize rewards. ‘Expectancy’ refers to the ‘subjective probability’ that one thing will result in another. Individual opinion is therefore a vital part of Expectancy theory. Sett (2004) noted that according to the expectancy model, people’s motivation strength increases as their perceived effort-performance and performance-reward probabilities increase.

Although the two terms may sound very complicated, they can easily be understood through simple examples (Robbins et al., 2013). For instance, Locke & Latham (2008) pose a question; how strong can you be motivated to study if you expect to score badly on your tests no matter how hard you study (low effort-performance likelihood) and when you know that the tests will not be graded (low performance-reward likelihood)? In contrast, they argue that motivation to study will increase if one knows that they can score well on the tests with just a little hard work (high effort-performance chance) and that your grades will be significantly improved (high performance-reward likelihood). Employees are no different to students - they are motivated to work harder when they believe their hard work will lead them to achieve personally valued rewards. On the other hand, McCourt (2001) noted that if employee contributions are based on their potential, managers can take steps to try to cultivate favorable potential among their employees (Porter, 2000).

2.2.2 Organizational Effectiveness Theory

Cole (2004) defines organizational theory as the study of the structures of organizations. They argue that over time, the importance in organizational theory has shifted from rigid, hierarchical structures unchecked in the industrial age to broader, extra flexible structures more rife in the technological, modern age. Efficacy is defined by Kerlinger (2006) as doing the right thing where the right thing is the organization goal or purpose. According to Quality Management sage Edward Deming, it's the responsibility of the management to come up with the right systems that enable organization to attain the set goal and objective (Crosby, 2006). Wood (2009) asserts that effectiveness is to management while efficiency belongs to the other workers. Martinez & Kennerley (2006, 2011) argue that natural measure of the effectiveness of an organization is how well it realizes its goals, shown by measuring performance.

They observed that organizational researchers such as (Carter et al. 2005) used the concept of organizational natural balance to argue that organizational success is pegged on the setting in which the organization operates.

Pfeffer (2004) asserts that one of the ways efficient organizations deal with constraints that curtails organizations from attainment of their goals is to acclimatize to their ecology. Further, he argues that if you don't have the money for the best and most efficient solution, you find a less dear way to achieve the outcome you need. If you don't have the people with the expertise you need, you can tutor the people you have to carry out the required work. Challenges in organizations find ways to perform sufficiently by adapting to their environment and using the resources they have. The theory identifies "organizational inertia" as the obstacle preventing organizations from adapting. Such inactivity can consist of physical plant that is hard to change, employees who are an expert in a particular field, the lack of knowledge or capability at the management level and the history of the company that resulted in a particular culture and mind-set. To operate with high effectiveness, you have to recognize these confines and knowingly work to minimize their effect. Such a strategy leaves your company free to adapt to changing conditions and performance challenges.

On the other hand, Robbins et al. (2013) looks at strategic planning as an organization's process of defining its strategy, or route, and making decisions on allocating its capital to pursue this strategy. He further argues that in order to determine the future direction of the organization, it is necessary to appreciate its current position and the possible avenues through which it can pursue particular courses of action. Generally, strategic planning deals with at least one of three key questions: "What do we do?" "For whom do we do it?" "How do we excel?"

As Porter (2000) observed, many organizations the core values of senior leaders are imperative in the growth of Challenges in organizations. Executive leaders have a great deal of influence in your organization to set the direction and delineate daily actions and the officers who report to them set the tone in establishing the quality of the work environment.

Luthans (2008) asserts the organizational culture theories see that culture takes an instance to be entrenched and practiced by all employees. According to Schein (2008), organization culture is a blueprint of basic assumption invented, discovered or developed by a given group as it learns to get by with its problems of external adaptation and internal integration. While Housden (2003) argue that there are national and regional cultural groupings that affect behaviour of organization, Deal & Kennedy (2002) argue that culture is the most important factor accounting for success or failure of organization whether public or private. Culture in the Public Service has evolved over time based on various policies, Management benevolence, politics, nature and character of employees, and leaders' commitment. Performance contracting introduced in the full public service in 2004 aimed at changing the way the public servants served the citizens. On the positive side, the Performance Contract system aimed at transforming the management of public affairs in a significant way.

A culture of professionalism, competitiveness, innovation and target setting was to be inculcated into the public sector (Akaranga, 2008). In organizations adopting the cultural model that emphasizes a lower level employee partaking in both strategy formulation and implementation there is separation of “thinkers” and “doers”. It seeks to implement strategy through the concoction of corporate culture throughout the firm. The cultural model contradicts and challenges the basic objectives from the economic perspective of a firm (Mulinge, 2000, 2001).

Oglivie (2007) argues that a “clan-like” organization is probable to prevail, where a dominant culture results in employees aligning their personal goals and behaviors with those of the firm. However, a high level of organizational limp is needed to infuse and maintain a cultural model. This model has several precincts: it assumes well-informed and intelligent participants; firms with this model tend to drift and lose focus; cost of change in culture often comes at a high price; increased homogeneity can lead to a loss of diversity, and creativity consequently (Pfeffer et al. 2009). Political scientists such as Kalleberg & Mastekaasaz (2004) have theorized that the top-down approach requires that certain circumstances be in place for policy implementation to be challenges in including; clear and logically consistent objectives. Adequate causal theory, devotion, skillful implementing officials, support from interest groups and legislature, adequate time and adequate resources available and good coordination and communication.

2.3 Empirical Review

This is the re-examination of historical studies work by means of direct observation or experiment to answer a question or a hypothesis (Sekaran, 2003). Mugenda (2008) argues that empirical review facilitates studies to put forward diverse perspectives and views of constructionist and positivist for contrast and/or argument. Satisfactory background information should be presented for readers to comprehend and evaluate the results of the present study prudently.

2.3.1 Training and Performance Contracting

Since the implementation of Performance Contracting in the Kenya public service in 2004, a number of studies have been carried out to review its impact in improving service delivery. Obong’o (2009) in the study “Implementation of Performance Contracting in Kenya” noted that due to employees being involved in the process of target setting and measurements, their performance has increased.

The observation was that in pursuit of the goal of performance improvement within the public sector, New Public Management (NPM) emphasizes the adoption of private sector practices in public institutions which was adopted as performance contracting. The study noted that performance measurement and target setting is often taken to be fundamental to delivery of improved services as part of NPM.

Emphasis on performance management for delivery of results is undeniably influenced by the basic assumption of performance management which lies in its professed ability to unite the attention of institution members on a common objective and electrify them towards the attainment of this objective (Ellis et al., 2007, Grapiret, 2000). It is this supposition of accord of vision that underpins the New Public Management faith in leadership, employee training and its favourable inclination towards managerial empowerment, as seen in performance management principles. Lienert (2007) use of performance data to inform management notion was noted to be a boost in decision making. Lumley (2005) argued that the belief that concrete data on organizational performance or performance metrics, should guide managers' decision making and this has framed most discussions of management in public.

It was noted that once this strategy was implemented, it led to creating competitive market conditions for private sector led growth; directing resources towards wealth, employment creation, supporting both challenges in and efficient public sector performance and service delivery. Even though this striking managerial shift was strongest in developed and newly industrialized countries, it has slowly been taking root in the rest of developing countries as seen in the Kenyan reform model (Republic of Kenya, 2012). Thus one would not be far off the mark to speculate that it is indeed a global trend and Kenyan public sector is just picking the queue.

The shift to results orientation and employees' training entails a transformation of current procedures and practices focused on processes to those focused on achieving results. The key elements of Results Based Management (RBM) picked up were; performance target setting; the process of setting performance targets for departments, groups or individual in carrying out specific work assignments which create obligation; performance planning, the process of forming a shared understanding of what is to be achieved, managing resources for successful implementation, performance monitoring and reporting which is the process of evaluating organization, group or individual performance against set targets.

The performance contracts were introduced as a management tool for measuring performance. Obong'o (2009) argues that all organizations would like to be more efficient, more cost effective, more accountable and more responsive. The study further noted that whereas the general public and even some high ranking public servants may very much welcome the idea of performance contracting and measuring performance, it might not be readily accepted by everybody especially those who might feel exposed negatively in terms of poor performance by the outcomes (Kobia & Mohammed, 2006). Muthaura (2007) argues that other cases of resistance may come in the grading structure, those who feel that no grading system can even out the effects of lumping big and small departments together. Guest (2001) in the study of employees' performance noted that the challenges in measurement start by setting the right targets. The study associated employees' performance and training to realization of standards.

In the evaluation of the performance of the Public Agencies for the years 2006-2007 and 2008-2009, it was noted that performance ranking and public recognition were instrumental in motivating public agencies to pursue achievement of the agreed targets competitively and with commitment.

This has resulted in remarkable improvement in performance, and positive impact on economic growth. Republic of Kenya (2006) stated that the Management intends to develop a scheme for high achievers to attract, motivate and retain employees, who are proactive, self-driven and result oriented. Performance contracting has been linked with training of employees because they are involved in making decisions affecting their work and targets. Kobia & Mohammed (2006) noted that performance contracting has played a chief role in motivating the employees when they achieve the set target. It also brought the employees on board in making decisions that affect them in the place of work (Republic of Kenya, 2006). Involvement of employees in decision making motivates them to feel that their initiatives are recognised (Luthans, 2008). When employees set rationally high targets and then achieve them, it acts as a motivator. Republic of Kenya (2005a, 2005b) argues that the challenge in the Public Service is not on skills but on mind-set and noted that performance contracting is capable of radically transforming working if well implemented through proper value based management.

2.3.2 Organizational Culture and Performance Contracting

The review “Public Sector Reforms and Performance Contracting” by Republic of Kenya (2005b) observed that in the 2000s, Kenya’s Public Service was among the sectors which had suffered “damaged image” both locally and internationally. The study revealed that performance contracting has enhanced discipline to the public institutions by ensuring devotion to work-plans, strategic plans, sector plans and Vision 2030 which has its foundation laid on performance contracting. The paradigm has also enabled acknowledgment of performers from non-performers thus leading to a competitive public service. Muthaura (2007) noted in a study “Performance Contracting in Kenya: Restoring and Building Trust in Management through Innovation to Promote Quality of Public Service”

that the management introduced performance contracting as a tool to create answerability to the public through targeted results.

The study observed that management of public entities through performance contracting has demystified management and governance processes thus ensuring inclusion of grass root level communities in ensuring achievement of Vision 2030. Citizens who are the recipient of the services are brought on board in decision making concerning level of service delivery as revealed in a review of past studies by Kobia & Mohammed (2006), performance contracting for the Republic of Kenya results for years 2005-2006, 2007-2008. It was noted by Kamoche (2002) that with information and modern ways of communication, the consumers of services have changed resulting to enhanced organization culture. Republic of Kenya (2005a) commented that for too long, the contributor had dominated and now it is the turn of the user and hence the development of the Citizens' Charter. The Service Charter is expected to raise quality, protect better value and extend accountability, provide inter-face between service provider and user, promote public trust in management services and promote recognition of the citizen as a customer to public services (Kobia & Mohammed, 2006).

Empirical studies by Kobia & Mohammed (2006), Obong'o (2009), and Muthaura (2007) concentrated on the general impact of performance contracting but no study was interested in organizational culture. Through performance contracting approach of management, it is argued that management officers were being publicly challenged to account for public wealth entrusted to them on a day-to-day basis as the bar of accomplishment is raised each year. The Kenyan public sector was for the first time being challenged to compare with the best of the world while various managements within and outside Africa were expressing curiosity on how the Performance Contracting system could be adopted and customized to suit their individual cases.

On the negative side, Ndung'u (2009) deems that the culture of non-performance and lack of responsibility has been fighting back to oppose this envisioned change. Several questions are being raised as to 'whether the system is good enough for us' as any loophole contained by the system is being investigated with a view of discrediting it. Performance contracting is a tool that aims at coordinating and controlling the behaviour of employees to complete the desired goals and objectives. Every public entity has developed a service charter which is a brief public document that provides essential information that citizens and players need to know about the services offered by a public agency and the manner in which they can access the services (Republic of Kenya 2003a). The charter is designed to assist in forming the right culture towards service delivery. Through the review, the Management reckons that if strong work ethics and performance culture are inculcated during the formative years of our youth as they enter working life, it would establish formidable grounding for the country to find a place in the league of developed nations and fast track the envisioned country by the Kenya Vision 2030.

Republic of Kenya (2012) observed that Performance Contracts symbolize a state-of-the-art tool for improving public sector performance. They are now considered an essential tool for good governance and accountability for results in the public sector. It is about establishing a tradition in which individuals and groups take liability for the continuous improvement of business processes and of their own skills, performance, behaviour and contributions. It is about sharing prospects. Managers can illuminate what they expect individual and teams to do; likewise, individuals and teams can communicate their expectations of how they should be managed and what they need to do in their jobs. It follows that performance contracting is about interrelationships and about improving the quality of relationships and results between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process, which all organization should embrace.

Republic of Kenya (2012) noted that service charter ingrained in the performance contracting pledged to enable a change in culture practices in the public service. Service charter exercise included activities that provide products and services to customers (Mulinge, 2000). The nature of these activities depends on the types of products, services and the target markets that they serve. Further, Kobia & Mohammed (2006) assert that performance contracting if well implemented by an organization could lead to observed behaviour regularity, norms, dominants values, rules and organization climate that work for the betterment of the organization.

Luthans (2008) reckons that at the organizational level, if individual, group and department behaviour could be controlled; every act would be directed towards performance desired by the organization. In the implementation of the performance contracts, the role of the citizens is highly enhanced since they are enlightened on the demands for excellent service as their right and demand accountability for results by all public officials (Muthaura, 2007). As consumers of the public services, members of public are sensitized on their role.

2.3.3 Management Support and Performance Contracting

Kobia & Mohammed (2006) noted in a study “Kenya Experience with Performance Contracting” that Performance contracting ensures that employees are guided and facilitated by work-plans when they are made responsible for the results. The system enables measuring the extent to which the set targets have been achieved. Akaranga (2008) argues that the tool enables coordination of the individual, department, institution and ministries to derive their plans from the country’s Vision 2030, which attempts to align human resource function with the strategic goal of the organization. It helps in fast-tracking strategic plan, aligned sector plan and the Kenya Vision 2030. Gakere et al. (2013) observed that strategic plans are developed at very high level and leads to some employees missing the content. Exclusion of some key stakeholders during development results to resentment.

Lack of adequate skilled personnel in performance contracting in most institutions, lack of good-will by some institutions where the heads have not appreciated the process (rejection by some institutions who refuse to be part of the process; though this is slowly changing with time); the long bureaucratic procedures of public institutions make it hard for them to realise some targets especially the institutions in the lower stream as they may have to wait for long to receive funds from the respective parent ministry. This may delay the execution of activities within the stipulated time. Indicators are different for different departments which results to lack of consistency during evaluation and ranking. Responsiveness, transparency, and accountability have increased; emphasis shifted from the traditional public management to public management and entrepreneurship pushing the state towards “managerialism”. This has resulted to more market orientation in the public sector and has led to greater cost-efficiency for managements which led to economic development.

Performance contracting policy has brought a major paradigm shift in service delivery by the public sector. Noted areas include drawing of individual employee work plans based on the organization strategic plan, transparency, accountability and results ownership. To achieve the set targets, the organisation must develop intense monitoring and evaluation system hence ensuring proper coordination of projects. The required blend of resources might not be available, the policy not being based on a compelling theory of cause and effect, poor understanding of objectives, disagreement on the objectives, tasks not fully specified in correct sequence, flawed communication and coordination. Some of the challenges in the implementation of management programs emerge to be more cultural and behavioural in nature, including the impact of poor integration of activities and diminished feelings of ownership and commitment (Metawie et al., 2006).

Meanwhile, Martinez et al. (2006) identifies the lethal sins of strategy implementation which involve; a lack of understanding of how the policy should be implemented; customers and staff not fully appreciating the strategy; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives.

2.4 Research Gap

According to Donald & Schindler (2003), theories are useful as they will enable conceptualization of models which relate employee training, organizational culture and management support. This study bases its critique on chronological development in the performance contracting subject. Various studies have been carried out to investigate the performance contracting tool since its implementation in 2004. From the re-evaluation, it emerged that as time evolved; scholars were interested in different perspectives or themes of performance contracting. Considering the existing literature chronologically, it came out clearly that studies on performance contracting could be divided into three generations since its implementation in the entire Public Service; 2004-2006, 2007-2011, and 2012 to date. The first generation of scholars (2004-2006) concentrated on the impact of performance contracting tool in the Public Service.

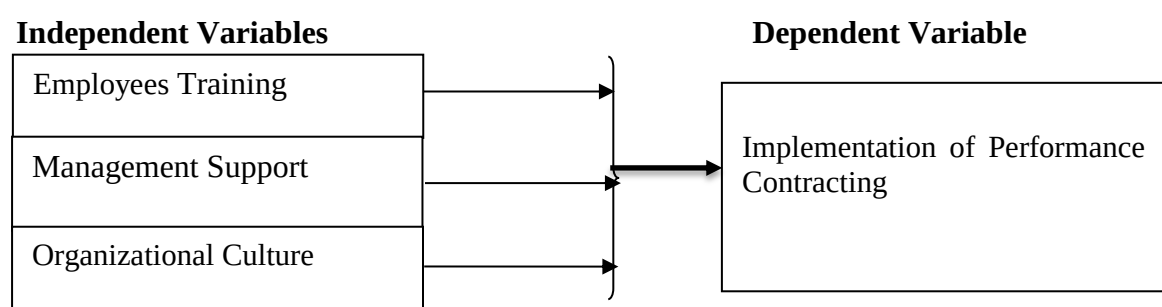
Scholar and Management review were based on the role that performance contracting was playing in bringing soberness in the public service. Transparency and accountability emerged as the major concern and achievement. In the second generation (2007-2011) studies by Kobia & Mohammed (2006); Obong'o (2009); Muthaura (2007); Prajapati (2009) and Gakere et al., (2013) concentrated on the impact of the challenges faced during the implementation period. During the same time, the management was interested in understanding the difficulties the public entities were undergoing in implementation.

Financial resources and timely release were cited as the main challenge from 2012, defined as third generation in this study, there has been a paradigm shift as scholars such as (Gakere et al., 2013; Mbua & Ole Sarisar, 2013) are interested in particular entities and whether the tools have achieved the premised results. The researcher will be taking views from the employees' point of view such as knowledge on performance contracting, resistance and acceptance. This study has opened a new area where implementation of performance contracting is looked at from a different perspective.

2.5 Conceptual Framework

Conceptual framework is a transitional theory in a diagram form that attempts to connect variables under study. It is a map that gives coherence to empirical enquiry (Mugenda & Mugenda, 2013). In this study, it demonstrates the relationship of the various factors (the independent variables) affecting the subject being studied (the dependent variable) in the Kenyan Public Sector. The conceptual framework of this study will be based on training on performance contracting, organizational culture and the management support of Kenyan public sector. This is the researcher's interpretation of how the variables relate. The figure implies that there exists an influence and relationship between the independent variables and the dependent variable. Previous studies by Kobia et al. (2006), Ndung'u (2009) & Mowday (2002) assumed a relationship between employees' training and implementation of public reforms. Figure 1 below presents the conceptualized framework of the variables study.

Figure 1: Conceptual Framework



Source: Author (2017)

2.6 Operationalization of Variables

This section analyses the operational definition of variables the study is to investigate; challenges in the implementation of performance contracting in the public sector the operationalisation of the variables is as shown below:

Table 1: Operationalization of Variables

Variables	Indicators	Questionnaire Section
Employee Training	• Targets Attainment • Level of Competence	B
Management support	• Political good will • Resource allocation	C
Organisational Culture	• Level of team work • Level of professionalism	D
Performance Contracting Implementation	• Depth of Involvement • Level of Cascading	E

Source: Author (2017)

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was employed to carry out the study. It also contains the research design, target population, the sampling design, instrumentation and data collection, data analysis and presentation.

3.2 Research Design

The study adopted a descriptive research design as the suitable design for this research because the researcher was able to obtain information from the respondents regarding the what, how and where of the phenomenon. According to Cooper & Schindler (2003) descriptive design helps the researcher to collect quantitative data which is analyzed using quantitative techniques.

3.3 Population of the Study

Cooper & Schindler (2006) defines population as the total enumerated elements that form the main focus of scientific inquiry whereas Kothari (2011) notes that population is a group of people, events or things having common observable characteristics. Four public sector entities; Kenya Utalii College, National Youth Service, Kenya Power Training School (now Institute of Energy and Research Studies) and Survey of Kenya formed the unit of analysis. The management staff of the selected entities formed the respondents of study and comprised of the Heads of departments (lower level), Heads of Divisions (middle level) and top management (top level). The management staff were targeted because they are the ones who are directly involved in the performance contracting process in their organizations and therefore in a better position to provide the information needed for the study. The management staff also formed the target population. According to the Human Resource departments of the four entities, there were a total of 196 employees in that category. Table 2 below presents the target population.

Table 2: Target Population

No.	Name of Entity	Number of Managers
1	Kenya Utalii College	46
2	National Youth Service	64
3	Survey of Kenya	54
4	Kenya Power Training School	32
Total		196

Source: Human Resource Management (2017)

3.4 Sampling and Sampling Procedure

According to Mugenda (2003) a sample in a survey research is a collection of elements drawn from a larger population whereas Kothari (2004) describes a sample as a collection of units chosen from the chosen universe to represent it. From the targeted 196 respondents who are management staff, 98 of them responded and this is equivalent to 50%. According to Mugenda (2003) at least 30 units or more is adequate in a survey study. The managers were stratified into the four entities and a proportionate sampling technique was used in each stratum to select the sample that allowed equal opportunity of the individuals to be selected. Table 3 below presents the distribution of respondents in the sample.

Table3: Population and Sample Size

No.	Name of Entity	Population	Ratio	Sample Size
1	Kenya Utalii College	46	0.5	23
2	National Youth Service	64	0.5	32
3	Survey of Kenya	54	0.5	27
4	Kenya Power Training School	32	0.5	16
	Total	196	0.5	98

Source: Author (2017)

3.5 Instrumentation and Data Collection

The questionnaire was the main data collection instrument which was preferred because it is able to reach many people at the same time. It was made up of structured and closed ended questions based on five point Likert scale where 1=strongly disagree, 2=disagree, 3 =neither agree nor disagree, 4=agree and 5=strongly agree. It is comprised of five parts where part A=demographic information, part B=Training, part C=Organizational culture, part D=Management support and F=Performance contracting implementation. Data collection involved drop and pick by the researcher and the questionnaires were collected after two weeks to give the respondents adequate time to complete the questionnaires.

3.6 Validity of Research Instrument

The validity for the research instrument was ascertained by ensuring that the questions were constructed according to the objectives of the study. In order to test for validity, a pilot test was carried out using 10% of the sample in one of the entities who were excluded from the final sample and the results were used to improve on the instrument content.

3.7 Reliability of the Research Instrument

Reliability of the instrument was tested by subjecting the questionnaire items to a reliability test based on the Cronbach Alpha test of reliability. Ideally, the reliability level for acceptance should be 0.7 and above for the instrument to be considered acceptable (Mugenda, 2013). The results obtained indicated an Alpha of 0.8223 for dependent variables and 0.7310 for the independent variable which were both considered reliable for further analysis.

3.8 Data Analysis

Data analysis refers to examining what has been collected in an experiment and making deductions and inferences.

It involves uncovering underlying structures and extracting important variables. It connects any anomalies and tests any underlying assumptions (Kothari, 2004). Data Analysis was done using STATA Version 13.

It entailed the application of inferential statistics which involves and multiple regression analysis. The analysis was empirically determined based on the following multiple regression model shown below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \dots\dots\dots (i)$$

Where:-

Y = Performance Contracting implementation

β_0 = Constant, showing employee productivity in the absence of Challenges

β_1 - β_3 = Regression Coefficients

X_1 = Training

X_2 = Organizational culture

X_3 = Management Support

ε = Error Term

Before the regression analysis was done, data was tested for Normality. Normality test entailed checking whether data collected is normally distributed based on OLS assumptions for example (Skewness, Kurtosis and Multicollinearity respectively).

3.9 Ethical Consideration

This relates to the ethical aspects of the study. Researchers are under obligation to develop an appropriate ethical framework that conforms to ‘practice’ of research. A commitment to quality in research demands a commitment from the researcher to the highest ethical principles and values. Such values entail the design of the study, selection of methodology, data collection, analysis and reporting. Before the exercise, the researcher sought permission from the selected public entities by presenting an introduction letter from the University and a copy of the questionnaire. The researcher also explained to the respondents that participation was voluntary and assured them that only the summary of the results would be used for the study.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter presents an analysis of the results obtained from the field. The results cover the general information of the respondents and the three research objectives. After the field work, the data collected was coded, then analyzed using STATA Version 13 software. The following statistical analysis was applied; Descriptive statistics was done on the sample profile for their views on performance contracting implementation. Regression analysis was used in testing the relationship between variables in order to ascertain the predictive power of the independent variables on the dependent variable.

4.2 Response Rate

Ninety eight questionnaires were distributed to the respondents (management staff) in the four public entities (Kenya Utalii College, National Youth Service, Survey of Kenya and Kenya Power Training School) and collected after two weeks. A total of 66 questionnaires were returned posting a response rate of 67% which was considered good for analysis, according to (Mugenda, 2003). The response rate is presented in table 4 below:

Table 4: Response Rate

Response	Respondents	Percentage
Returned	66	67
Not Returned	32	33
Total Distributed	98	100

Source: Primary data

Results in Table 4 reveal a 67% response rate. This response rate is attributed to the fact that the researcher established a good network in the selected public entities and also from the fact that the entities were chosen purposely because of their proximity to where the researcher works on a daily basis and each of them represented a different sector of the Public Sector.

4.3 Demographic Analysis of Respondents

In this section, the respondents' personal information is presented. It covers gender, age, educational qualification, the position in management and work experience in their respective entities. While this information may not be used in the final analysis, it helped the study to determine whether the respondents' personal profiles are normally distributed and thus had no bias on their opinions sampled with regard to the study. The results for general information is presented in table 5.

Table 5: Demographic Information

No.	Item	Description	Frequency	Percent
1	Gender	Male	45	68
		Female	21	32
		Total	66	100
2	Age of Respondents	20-30	11	17
		31-40	12	18
		41-50	33	50
		50 and above	10	15
		Total	66	100
3	Educational Qualification	Diploma	0	0
		Degree	44	67
		Post Graduate	22	33
		Total	66	100
4	Level in Management	Lower Level	22	33
		Middle Level	40	61
		Top Level	4	06
		Total	66	100
5	Work Experience	0-5	03	11
		6-11	22	39
		12-15	33	33
		16 and above	10	17
		Total	66	100

Source: primary data

On demographic information, results in table 5 revealed that 68% of the respondents were male while 32% were female which indicates that majority of the respondents involved in the study from the selected institutions were male whereas the female officers were the minority.

In addition, most of the managers are between the ages of 41-50 at 50%, followed by 31-40 brackets at 18%, 20-30 brackets at 17% while 50 and above bracket recorded 15%. This signifies that majority of the officers who participated in the study were in the middle age bracket. With regard to the level of education, it was observed that, 67% of the respondents have bachelor's degrees, 33% had a postgraduate qualification while none of them had a diploma level of education. This indicates that majority of the respondents possess at least a bachelor's degree which is appropriate for lower management position in the public sector.

On the level of management of respondents, (the CEO was top level, Divisional and Assistant Divisional Heads were middle level and the Heads of departments were lower level) it was revealed that the majority of respondents, 61% were middle level management whereas 33% were in the lower level management. In addition, the top level management was 6%. Therefore the study concluded that majority of respondents who took part in the study were middle level managers. On the length of service of the respondents, it was revealed that 11% were in the range 0-5 years of service whereas 39% were in the range of 6-11 years of service, 17% had worked for over 16 years while 33% had worked for 12-15 years. This implies that majority of the respondents belonged to the middle level category in the selected entities with at least six years of work experience.

4.4 Study Variables

This section presents a discussion on the results obtained for every variable involved in the study (training, organization culture, management support and performance contracting implementation process). The results were based on the five point Likert scale where 1= strongly disagree, 2= disagree, 3=neither agree nor disagree, 4= agree and 5= strongly agree. The mean analysis was based on the scale where (1-2.5) is negative response, (2.6-3.3) is neutral response while (3.4 -5) is positive responses. The next section presents the results for the variables involved in the study.

4.4.1 Employee Training

The study sought to assess the various effects of training on performance contracting implementation process in the four public entities under study. Five statements were available

to respondents and their views collected. The results obtained are presented in Table 6

Table 6: Employee Training

Statement			SD	D	N	A	SA	T	Mean	SDV
6	Performance contracting training facilitates the implementation process of performance contracting in the workplace	F	1	12	12	35	6	66	3.500	0.948
		%	1	18	18	53	10	100		
7	I understand the day to day objectives of my department	F	3	13	14	28	8	66	3.378	1.077
		%	4	19	21	42	14	100		
8	There is a possibility to perform multi-tasks in my department	F	9	7	16	26	8	66	3.257	1.219
		%	13	10	24	39	14	100		
9	Everyone is encouraged to participate in the department	F	4	12	16	25	9	66	3.348	1.116
		%	6	18	24	37	15	100		
10	Performance contracting training is regularly conducted in your organization and it significantly influences the implementation process	F	3	7	17	32	7	66	3.500	0.980
		%	4	10	25	48	13	100		

Source: primary data

The results in table 6 above revealed that the majority 63% were positive on whether performance contracting training facilitates the implementation process, 19% disagreed with the statement whereas 18% were neutral. This signifies that training is a necessary component of implementation success. On whether the respondents understood the day to day objectives of their department, majority 56% were in agreement, 23% disagreed and 21% were neutral. This implies that the respondents understood the objectives of their departments because of training. Further, 53% agreed with the statement that the respondents can multitask, 23% disagreed whereas 24% were neutral to the statement. This means that the employees can multitask based on the training they have received.

On whether performance contracting training is regularly conducted, 61% were positive, 14% disagreed and 25% were neutral. That implies that the selected organizations regularly conduct training on Performance Contracting.

The study conducted a mean analysis on employee training based on the five point Likert statements as indicated in table 6 above. It was revealed that the means scores for the five statements ranged between 3.257 and 3.500 with both the first; (Performance contracting training facilitates the implementation process of performance contracting in the workplace) and fifth; (Performance contracting training is regularly conducted) statements contributing the highest mean of 3.500 whereas the third statement; there is a possibility to perform multi-tasks in my department had the lowest mean score of (3.257, Standard Deviation = 1.219). This implies that employee training is important in the implementation of performance contracting exercise and public entities ought to provide training to employees regularly.

4.4.2 Organizational Culture

The study sought to determine the effect of various aspects of organizational culture on performance contracting implementation process in the four public entities. Five statements were presented to the respondents and their views on five point Likert scale obtained are presented in table 7

Table 7: Organization Culture

Statement			SD	D	N	A	SA	T	Mean	SDV
11	Respect for diversity in the work place enhances the overall organizational development.	F	2	7	18	32	7	66	3.530	0.931
		%	3	10	27	48	12	100		
12	Poor communication channels has a direct effect on the attainment of individual objectives in your work place	F	1	6	20	33	6	66	3.560	0.843
		%	1	9	30	50	10	100		
13	Your organization encourages team work among all employees in order to enhance the achievement of organizational goals	F	2	7	19	29	9	66	3.545	0.963
		%	3	10	28	43	16	100		

14	Hard work and time management is encouraged by management in your work place	F	1	7	17	31	10	66	3.636	0.922
		%	1	10	25	46	18	100		
15	Organizational culture affects individual achievement in your place.	F	3	7	20	29	7	66	3.454	0.979
		%	4	10	30	43	13	100		

Source: primary data

The results in Table 7 above revealed that the majority (60%) were positive that diversity is regarded as part of organizational development, 13% disagreed with the statement whereas 27% were neutral. This signifies that the selected entities respect diversity as a factor in the development. On whether poor communication affects attainment of individual goals, majority (60%) were in agreement, 10% disagreed and 30% were neutral. This implies that that communication channels are important determinants of employee performance. Further, 59% agreed with the statement that team work is encouraged, 13% disagreed whereas 28% were neutral to the statement. That means that the elected entities encourage team work as a factor enhancing performance. On whether organizational culture affects performance contracting implementation, 56% were positive, 14% disagreed while 30% were neutral. That implies that organizational culture is a key determinant of individual achievements in the performance contracting exercise.

On the examination of the mean analysis on organization culture on performance contracting implementation based the five point Likert statements, it was revealed in Table 7 above that the mean scores ranged between 3.454 and 3.636 with the fourth statement (hard work and time management is encouraged by management in your work place) contributing the highest mean score of 3.636 whereas the 5th statement, (Organizational culture affects individual achievement in your place) had the lowest mean score (3.454, SD=0.979) This implies that organizational culture is a key determinant to the implementation of performance contracting and public organizations ought to cultivate positive culture that promotes performance and service delivery.

4.4.3 Management Support

The study sought to find out if management support is a challenge in the implementation of the performance contracting. Five statements were presented to the respondents, results in Table 8.

Table 8: Management Support

Statement			SD	D	N	A	SA	T	Mean	SDV
16	Management team is fully involved in the implementation process of performance contracting in your work place	F	5	5	20	26	10	66	3.469	1.084
		%	7	7	30	39	17	100		
17	Management ensures that adequate time is allocated in the implementation process	F	4	8	18	29	7	66	3.409	1.037
		%	6	12	27	43	12	100		
18	Compliance with set guidelines in the implementation process depends on the management support	F	3	7	23	25	8	66	3.424	0.993
		%	4	10	34	37	15	100		
19	Resource for implementation process rests with the management support	F	5	8	22	24	7	66	3.303	1.066
		%	7	12	33	36	12	100		
20	The success of performance contracting process in your work place depends on the support provided by the management	F	2	8	21	29	6	66	3.439	0.930
		%	3	12	31	43	11	100		

Source: primary data

The results in Table 8 above revealed that the majority (56%) were positive that management is fully involved in the performance implementation exercise, 14% disagreed with the statement whereas 30% were neutral. This signifies that in the selected entities management is fully involved in the exercise. On whether management ensures adequate time is allocated, majority (55%) was in agreement, 18% disagreed and 27% were neutral. This implies that that enough time is allocated for the exercise by the management. Further, 52% agreed with the statement that compliance depends on management, 14% disagreed whereas 34% were neutral to the statement.

That means that success of the performance contracting exercise and compliance depends on the management. On whether success of the performance contracting depends on the management 54% were positive, 15% disagreed whereas 34% were neutral. Therefore, it signified that management role is important in the success of performance contracting exercise in the selected public entities and therefore they need to fully support.

The mean score for the five statements set to measure if management support is a challenge to the implementation of performance contracting ranged between 3.303 and 3.469 with the first statement (Management team is fully involved in the implementation process of performance contracting in the work place) contributing the highest mean score of 3.469 whereas the lowest mean score between 3.303 and 1.066 from the fourth statement (Resources for implementation process rests with the management support). This implies that there is need for management support in the implementation of performance contracting as confirmed by the mean scores.

4.4.4 Implementation Process

The study sought to measure the implementation process of performance contracting in the selected four public entities under study given the challenges identified and the results are presented in table 9 below.

Table 9: Implementation Process

Statement			SD	D	N	A	SA	T	Mean	SDV
21	Only senior employees in your organization annually sign a performance contract with their heads of departments	F	3	6	20	30	6	66	3.46	0.953
		%	4	9	30	45	12	100		
22	There is a mechanism to determine the level of employee performance in all departments in your workplace	F	3	10	16	32	4	66	3.37	0.977
		%	4	15	24	48	9	100		
23	All employees including the management are fully involved in	F	1	10	22	26	6	66	3.40	0.915

	ensuring that performance contracting in your work place is successful	%	1	15	33	39	12	100		
24	Majority of the stakeholders of your organization take active role in the implementation process of performance contracting exercise	F	1	4	23	32	5	66	3.55	0.791
		%	1	6	34	48	11	100		
25	The performance contracting implementation process in your organization is above 50% mark.	F	2	7	20	28	8	66	3.51	0.953
		%	3	10	30	43	15	100		

Source: primary data

The results in table 9 above revealed that the majority (57%) were positive that only senior employees annually sign performance contracts, 13% disagreed while 30% were neutral. This signifies that in the selected entities senior employees are directly involved in the exercise. On whether there is a mechanism to measure employee performance, majority (57%) were in agreement, 19% disagreed and 24% were neutral. This implies that the mechanism of measuring employee performance exists. Further, 51% agreed with the statement that all employees are directly or indirectly involved in the implementation process, 16% disagreed whereas 33% were neutral to the statement. That means that all employees have a role to ensure the success of performance contracting. On whether performance contracting implementation in the four entities has surpassed 50% success, 58% were positive, 13% disagreed whereas 30% were neutral. That signifies that the implementation success in the selected entities is over 50%.

On the examination of the mean analysis on organizational culture's influence on performance contracting implementation based on the five point Likert statements, it was revealed in table 9 above that the mean score for the five statements set to measure the performance contracting implementation process ranged between 3.369 and 3.553 with the statement (Majority of the stakeholders of your organization take active role in the implementation process of performance contracting exercise) contributing the highest mean score(3.553, SD=0.791) while the statement (There is a mechanism to determine the level of

employee performance in all departments in the workplace) indicating the lowest mean score (3.369, SD=0.990).

This implies that performance contracting exercise in the four entities is progressing well and there is good support from the stakeholders towards the success of the process.

4.5 Reliability and Validity Analysis

In order to establish the reliability and validity of the research instruments, the results collected were tested and the next section discusses their results.

4.5.1 Validity

Validity is the degree by which instruments accurately target the contents that the test is designed to address (Kothari 2004). The questionnaire was guided by experts in academia as well as people with knowledge on the subject of study.

4.5.2 Reliability

Cronbach's test was applied on the four variables; training, organizational culture, management support and the implementation of performance contracting. The results obtained from the results are summarized and presented in table 10.

Table 10: Reliability Test

Variable	Number of Items	Coefficient (Alpha)
Employee Training	05	0.7026
Organization Culture	05	0.7160
Management Support	05	0.7083
Implementation Process	05	0.7077

Source: Primary data

Based on the results in Table 10 above, all the four variables posted an Alpha of above 0.7 which implies that the internal consistence of the instruments was acceptable.

4.6 Diagnostic Tests

Before using Ordinary Least Square (OLS) method for analysis, the study checked to ensure that data conforms to the Classical Linear Regression (CLR) assumptions. Various tests were performed on data including Shapiro Wilk test, pairwise correlation and Breusch-Pagan Test for Heteroscedasticity. This is discussed in this section.

4.6.1 Shapiro Wilk Test for Normal Data

Shapiro-Wilk Test is a non-graphical test where if the test results are insignificant (above 0.05) it implies that data being used follows a normal distribution. However, when the p-value for the variables is less than 0.05(significant) then it implies that data is not good for OLS analysis. The results obtained from the Shapiro Wilk test are presented in table 11.

Table 11: Shapiro Wilk Test for Normal Data

Shapiro-Wilk W test for normal data					
Variable	Obs	W	V	z	Prob>z
ETraining	66	0.96379	2.125	1.634	0.05113
PC	66	0.97443	1.501	0.880	0.18945
OrgC	66	0.96821	1.866	1.352	0.08826
MGSUP	66	0.96402	2.111	1.620	0.05265

Source: Stata Output

Table 11 results indicate that all the variables had a p-value greater than (0.05) meaning that the variables involved in the study follow a normal distribution and therefore OLS method was suitable for further analysis.

4.6.2 Pairwise Correlation Test for Multicollinearity

According to Gujarat (2003), independent variables should not be highly correlated with each other because that may cause spurious results during regression.

In order to avoid the problem, explanatory variables were tested for Multicollinearity using pairwise correlation technique and the results are presented in table 12.

Table 12: Pairwise Correlation Test

Variable	Performance Implementation	Employee Training	Organization Culture	Management Support
Performance Implementation	1			
Employee Training	0.5554	1		
Organizational Culture	0.4842	0.4394	1	
Management Support	0.3688	0.2740	0.2108	1

Source: primary data

Table 12 above reveals that the three explanatory variables are moderately correlated with each other and none of them had surpassed 0.8 thresholds hence OLS method was in order.

4.6.3 Test for Heteroscedasticity

The pattern of errors should remain constant throughout the observations and violation of this assumption renders the Ordinary Least Square (OLS) results biased (Gujarat 2003). To minimize the Heteroscedasticity problem, residuals were tested for Heteroscedasticity after running regression using the Breusch-Pagan test. This tests the null hypothesis that error variances are constant throughout the observations. The results are presented in Table 13.

Table 13: Breusch-pagan Test for Heteroscedasticity

```
. hettest  
  
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity  
Ho: Constant variance  
Variables: fitted values of PC  
  
chi2(1)      =      0.41  
Prob > chi2   =      0.5238
```

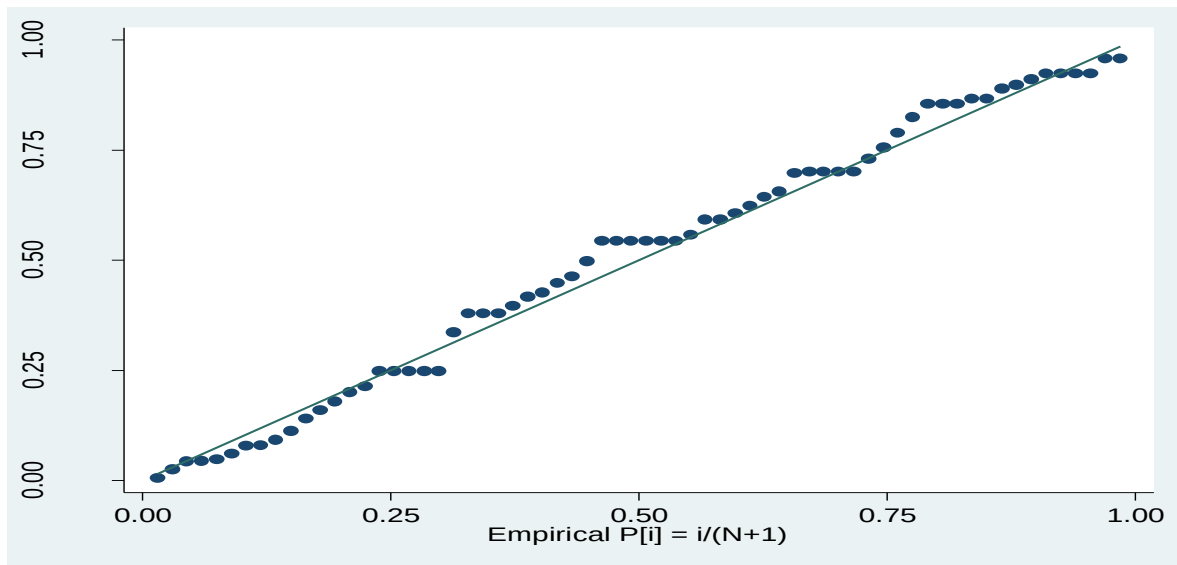
Source: Stata Out put

The results in Table 13 above recorded a p-value of 0.5238 at 95% confidence level hence the study failed to reject the null hypothesis that errors are homogeneous and concluded that there was no possible presence of Heteroscedasticity in the model.

4.6.4 Standardized Probability Plot for Normality (PP-Plot)

The study also checked for non-normality of residuals based on the graphical technique (Standardized plot) whereby the output points or scores are supposed to follow very closely the regression line of fit. The PP-Plot results obtained are presented in figure 2

Figure 2: PP-Plot For Normal Data



Source: STATA output

The PP- plot test results in figure 2 above revealed that the majority of the points are within the line of best fit and therefore helped to confirm the normality of residuals in the model.

4.7 Inferential Analysis

To determine the relationship between the independent and dependent variable, multiple regression analysis was performed based on the model below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \dots\dots\dots (i)$$

Where:-

Y = Performance Contracting Implementation

β_0 = Constant, showing performance implementation in the absence of the factors

β_1 - β_3 = Regression Coefficients

X_1 = Employee Training

X_2 = Organizational Culture

X_3 = Management Support

ε =Error Term

Table 14 presents the multiple linear regression analysis that was performed on data and the subsequent analysis comprising of the coefficient of determination, regression coefficients and the overall regression model.

Table 14: Multiple Regression Analysis

. regress PC MS ET OC						
Source	SS	df	MS			
Model	26.8820123	3	8.96067076	Number of obs = 66		
Residual	37.2391998	62	.600632255	F(3, 62) = 14.92		
				Prob > F = 0.0000		
				R-squared = 0.4192		
				Adj R-squared = 0.3911		
Total	64.1212121	65	.986480186	Root MSE = .775		
PC	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
MS	.4027768	.1173245	3.43	0.001	.1682484	.6373053
ET	.3154233	.1245712	2.53	0.014	.0664091	.5644375
OC	.2216458	.1081622	2.05	0.045	.0054326	.4378589
_cons	.1576759	.5122948	0.31	0.759	-.8663869	1.181739
Source: Stata output						

4.7.1 Coefficient of Determination

The coefficient of determination is defined as the proportion of variance in the dependent variable that is explained by the explanatory variables in the study. Based on the regression output in Table 14 above, the coefficient of determination is given by R-squared which is 41.92 %. This implies that 42 % of the variance in the performance contracting implementation is explained by the three factors combined: employee training, organizational culture and management support. However, 58.08 % of the variance is explained by other factors not identified in the study. However, on the adjusted basis, the R-square is 39% effective on performance contracting implementation.

4.7.2 Regression Coefficients

The results on the individual coefficients shown in Table 14 revealed that all the three independent variables: training, organizational culture and management support positively and significantly affect performance contracting implementation process in the selected public entities (0.4027, PV=0.001; 0.3154, PV=0.014 and 0.2216, PV=0.045) at 5% confidence level. However, management support had the greatest influence because every activity regarding performance contracting (time, resources and commitment) determines the pace of implementation. Training is second on influence because employees need to understand what is required of them, how they need to progress and the adjustments required. While organizational culture is least on the influence because with the first two variables in place, the organizational culture is a continuous activity which takes time to manifest.

4.7.3 Overall Significance of the Model

The results in Table 14 further indicate the overall significance of the model comprising of the factors identified (employee training, organization culture and management support and performance implementation process was significant 0.000(F-statistics =15, p-value <0.05) hence implies that the model is a good fit that can significantly be used to predict the dependent variable which is performance contracting implementation.

4.8 Interpretation and Discussion of Results

Given the results, the following model is derived to explain the relationship between the factors identified in the study and performance contracting implementation fitted as shown.

$$Y = 0.1576 + 0.3154 \text{ Training} + 0.2216 \text{ Organizational Culture} + 0.4027 \text{ Management Support}$$

Where:-

Y = Performance Contracting Implementation

β_0 = Constant, showing performance contracting in the absence of the factors identified

β_1 - β_3 = Regression Coefficients

X_1 = employee training

X_2 = organization culture

X_3 = Management support

ε =Error Term

The results indicate that management support has the greatest influence on performance contracting implementation process having a variance of 42%, which implies that one point increase in management support leads to 42% influence on performance contracting implementation process. The management support is central to the success or failure of the exercise because they foresee the running of the organization. Employees want to emulate the management in every aspect of performance. They provide resources, direction and leadership and inspire others in the spirit of teamwork and success; the values performance contracting is founded on.

A point increase in employee training leads to 31% influence on performance contracting implementation process because training helps simplify the process, appreciate the tenets of performance contracting as well as change strategy for the better of the organization. Training reduces mistakes, reduces supervision as well as enhances efficiency in performing given tasks. Training is facilitated by management hence the possible reason why the influence for training is slightly less than management support.

A point increase in organizational culture leads to 22% effect on performance contracting implementation process. Organizational culture can both be positive or negative and culture has been identified by many scholars as one of the factors affecting strategy implementation. Culture is about beliefs, norms and actions of leadership in an organization. It is about participation and involvement as well as aligning personal goals and behaviors with those of the organisation. The failure to have a corporate culture that targets professionalism and team work negates service delivery which is the fundamental tenet of performance. However culture takes time to change and it is dependent on both training and management performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The purpose of this chapter is to present a summary of the research findings based on the main objectives. The chapter also contains recommendations and limitations of the study.

5.1 Summary of Findings

The study sought to determine the challenges affecting the effective implementation of performance contracting in selected public entities in Kenya. The study established that there is a significant positive relationship between the factors identified as training, organization culture and management support, R- Squared (42%) explaining the variance whereas 58%, was attributed to other factors. Findings for each of the three objectives are also presented.

5.1.1 Employee Training

The first objective was to assess the effect of employee training on the effective implementation of performance contracting in the selected public entities in Kenya. The results obtained revealed that training had a positive and significant effect on performance contracting implementation of the public entities with coefficient of correlation (31%, P-value = 0.014). This is supported by the study on whether performance contracting training is regularly conducted where 61% were positive. Korir (2010) in a study on performance contracting argued that providing training and education services with the goal of disseminating information and modifying people's behavior helps people to think and act differently which enhances development of output measures and service delivery.

5.1.2 Organizational Culture

The second objective sought to establish the influence of organization culture on implementation of performance contracting in the selected entities in Kenya and the results obtained revealed that organization culture positively and significantly affects the implementation process with a correlation coefficient (0.22, $p=0.30$). This is supported by the majority of the respondents on the statement whether culture influences performance implementation, 56% were positive, which is in agreement with the study by Kobia & Mohammed (2006) in their study on performance contracting implementation where they noted that performance contracting if well implemented by an organization could lead to observed behavior regularity, norms, dominants values, rules and organization climate that work for the betterment of the organization. Whereas, Ndung'u (2009) reckons that the culture of non-performance and lack of accountability are some of the barriers to effective implementation of performance contracting in the public service.

5.1.3 Management Support

The third objective was to determine the effect of management support on the implementation of performance contracting in the selected state entities in Kenya and the results revealed that management support contributes 42% towards the implementation process, coefficient (0.42057, $p=0.001$). The respondents posted a response of 54% agreement that success of the performance contracting implementation depends on the management. McNabb (2007) identified lack of management support as one of the barriers to effective policy implementation in terms of time and resources which directly affects the execution of tasks. This implies that management support has a significant positive contribution towards the implementation process regardless of the other factors involved.

5.2 Conclusion

Based on the findings, the study concluded that there exists a positive and significant relationship between the three factors; training, organizational culture and management support on performance contracting implementation with management support contributing the highest percentage, followed by employee training and organization culture respectively.

The study further observed that the overall model is statistically significant in the prediction of the dependent variable and therefore entities should give the three factors a considerable priority. Overall, the findings agree with the findings of earlier researchers on the subject such as (Kobia & Mohamed, 2006, Muthaura, 2007 and Obare, 2006) which recommended further studies to establish more variables affecting performance contracting paradigm. The findings also corroborate with studies by Akaranga (2008); Lumley (2005) and May (2005) which held that motivation, culture and government policy as central in improving performance of organization and subsequent service delivery.

5.4 Recommendations

The following recommendations are presented based on the study findings and conclusions.

5.4.1 Government

For the implementation process to be successful more resources need to be provided in all levels of governance where performance contracting is practiced to improve service delivery as well as to ensure the performance contracting meets its set objectives.

5.4.2 Public Entities

The state corporations can benefit from the results of this study; especially as they evaluate the success of performance contracting in the public sector so far. The findings may contribute towards the improvement of the performance contracting process.

5.4.3 Researchers and Scholars

Performance contracting is still evolving in developing countries such as Kenya and therefore scholars will need to continue researching in order to help improve on the implementation techniques as has happened in other jurisdictions world over.

5.5 Limitations of the Study

First, the study focused on selected public entities which makes the results limited given that there are many public entities in the country with their own unique circumstances, environment and mandate thus the results cannot be generalized.

Second, the study was limited in scope as very few variables were considered hence more factors need to be considered to make the inference more inclusive and concrete.

Third, the study focused on a very small sample which may have affected the results and therefore a larger sample is recommended in future studies to improve on the results.

5.6 Suggestions for Further Research

Given that the area of performance contracting is dynamic in orientation, further studies are recommended especially on the challenges facing other institutions in Kenya.

Second, future studies can assess the level of adoption of performance contracting in the public sector in Kenya and provide recommendations on how the process can be improved.

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APPENDICES
Appendix A: Research Questionnaire

**CHALLENGES IN THE EFFECTIVE IMPLEMENTATION OF
PERFORMANCE CONTRACTING IN THE PUBLIC SECTOR
CASE OF SELECTED PUBLIC ENTITIES**

Dear Respondent,

My name is **Catherine Mwambingu** a student at KCA University. I am required to carry out a study towards my master's degree requirement and my topic is to assess the challenges facing the effective implementation of performance contracting in the public sector in Kenya. The study is focusing on the public sector because it plays an important role in the economic development of the whole country thus performance contracting is the mechanism through which the public can receive better services. Your organization has been selected to facilitate this exercise and your contribution is considered very important to make this process complete. Your responses will be used **only** for the purpose of this study. Please don't write your name on questionnaire.

Yours sincerely

Catherine Mwambingu

SECTION A: GENERAL INFORMATION

This section is concerned with individual information you are expected to share with the researcher by putting an appropriate tick based on the choices provided.

NAME OF YOUR ORGANIZATION _____

1. Gender: Male ☐ Female ☐		2. Your Age: 20-30 ☐ 31-40 ☐ 41-50 ☐ Over 50 ☐	
3. Your level of Education: Diploma ☐ Undergraduate ☐ Post Graduate ☐			
4. Your Position: CEO ☐ Divisional Head ☐ Asst. Divisional Head ☐ Departmental Head ☐			
5. Employment Experience (years) 0-5 ☐ 06-10 ☐ 11-15 ☐ Over 15 ☐			

SECTION B: TRAINING

On a scale of 1-5 rate the contribution of **TRAINING** to the performance contracting implementation process. *Please tick as appropriate*

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

STATEMENT		1	2	3	4	5
6	Performance contracting training facilitates the implementation process of performance contracting in the workplace					
7	I understand the day to day objectives of my department					
8	There is a possibility to perform multi-tasks in my department					
9	Everyone is encouraged to participate in the department					
10	Employee training influences the extent of performance contracting implementation in your organization					

SECTION C: ORGANIZATION CULTURE

On a scale of 1-5 rate the contribution of **organizational culture** to the performance contracting implementation process. *Please tick as appropriate*

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

STATEMENT		1	2	3	4	5
11	Diversity: individual differences (age, gender, education level,) are respected					
12	Communication flows well; information is shared equally in my department					
13	Employees cooperate with each other to get the job done.					
14	Employees integrate changes as a normal part of their work					
15	Organization culture plays a key role in the performance contracting implementation process in your organization					

SECTION D: MANAGEMENT SUPPORT

On a scale of 1-5 rate the contribution of **management support** to the performance contracting implementation process. *Please tick as appropriate*
(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

STATEMENT		1	2	3	4	5
16	The management makes the information on performance contracting available to employees.					
17	The planned activities of performance contracting take place within the set time.					
18	The management team in your workplace supports the implementation of performance contracting.					
19	The organization complies with the set guidelines of performance contracting.					
20	Resources are made available in good time to facilitate the achievement of set performance contracting objectives.					

SECTION E: PERFORMANCE CONTRACTING IMPLEMENTATION

On a scale of 1-5 rate the contribution of performance implementation process to the performance contracting implementation process. *Please tick as appropriate*
(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

STATEMENT		1	2	3	4	5
21	Only employees in managerial positions annually sign a performance contract with their heads of departments					
22	There is a mechanism to determine the level of employee performance in all departments in your workplace					
23	All employees including the management are fully involved in ensuring that performance contracting in your work place is successful					
24	Majority of the stakeholders of your organization take active role in the implementation process of performance contracting exercise					
25	The performance contracting implementation process in your organization is above 50% mark.					

THANK YOU