PERFORMANCE CONTRACTING AND ITS EFFECT ON COUNTY GOVERNMENT SERVICE DELIVERY: A CASE OF MANDERA COUNTY

BY

MOHAMED IBRAHIM HASSAN

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APRIL, 2019
DECLARATION

I hereby declare that this research project is my original work and has not been submitted to any university or institution for any award

Signature.................................................. Date........................................

MOHAMED IBRAHIM HASSAN

C153/OL/GAR/32609/2016

This research project has been carried out under my supervision as the university supervisor.

Signature.................................................. Date........................................

PROF. DAVID MINJA

ASSOCIATE PROFESSOR

DEPARTMENT OF PUBLIC POLICY AND ADMINISTRATION
DEDICATION

I dedicate this work to my parents, for their love and support. I also dedicate this study to my wife and sisters for encouragement.
ACKNOWLEDGMENT

My special thanks to the Almighty God the provider of the knowledge and wisdom for seeing me through my studies. To my loving parents, who took interest and sacrificed themselves for my education.

I wish to express my sincere gratitude to my supervisor Prof. David Minja who was very supportive from the word go. Your professional advice, guidance and encouragement throughout the time of project writing is appreciated.

Finally to my family thank you for your prayers and encouragement, also for your sacrifices and support. Thank you and May God bless you abundantly.
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OPERATIONAL DEFINITION OF TERMS

Competency: Competency is the ability to avoid wasting materials, energy, efforts, money, and time in doing something or in producing a desired result. In a more general sense, it is the ability to do things well, successfully, and without waste.

Feedback Systems: In this study this is referred as to the helpful information or criticism that is given to someone to say what can be done to improve a performance, product with the focus being on staff responsiveness and customer perceptions.

Goal Setting: In this study it involves the development of an action plan designed to motivate and guide a person or group toward a goal putting in mind resources required and time limit.

Service Delivery: In this study is a set of principles, standards, policies and constraints to be used to guide the designs, development, deployment, operation and retirement of services delivered by the county government in relation to customer satisfaction. The elements covered in this study were customer satisfaction, employee expectations and information availability.

Training: In this study this is defined as a function concerned with organizational activity aimed at bettering the job performance of individuals and groups in organizational settings focusing on training needs assessment and trainers competence.

Performance Contracting: In the current study this is referred to as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. In this study performance contracting referred to goal setting, feedback systems, competency and training and development.
**LIST OF ABBREVIATIONS**

<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ERSWEC</td>
<td>Economic Recovery Strategy for Wealth and Employment Creation</td>
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<tr>
<td>GPRA</td>
<td>Government Performance and Results Act</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>PC</td>
<td>Performance Contracting</td>
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ABSTRACT

Improved service delivery has been the focus of the Kenyan government in the recent past as part of public sector reforms and in the quest for the same, Kenya introduced performance contracts. The purpose of this study was on performance contracting and its effect on county government service delivery case of Mandera County. The study was guided by the following specific objectives: to establish the effect of goal setting on service delivery, to assess how feedback systems affect service delivery, to examine the effect of competency on service delivery and to establish how training affects service delivery in Mandera County government. This study adopted the qualitative and quantitative research methodology. The sample size for this study was 91 respondents. This research used a questionnaire as the data collection instrument. This study collected both qualitative and quantitative data. After data collection the data was edited and coded in readiness for analysis by the researcher. The qualitative data collected will be subjected to content analysis. On the other hand the researcher used descriptive and inferential statistics to analyse the quantitative data. The analysed data was presented using statistical and graphical techniques. Statistical techniques used included measures of central tendency (mean, median and mode) and measures of dispersion such as standard deviation and variance. Graphical techniques involved the diagrammatic representation by use of tables and charts. The findings show that most respondents agree that goal setting, feedback systems, competency in delivery of services and training affects service delivery. The most significant effect of goal setting on service delivery was realistic deadlines to finish the task at hand. Staff responsiveness was considered to have the greatest effect on service delivery. Ratio of work done and trainers’ competence has greatest effect on service delivery. It was concluded that performance contracting has brought about competency in the utilization of resources and improved on service delivery in public organization. In the study, a strong positive relationship between performance contracting and service delivery among the county government was identified. The results demonstrated that performance contracting led to goal setting, introduction of feedback systems, competency delivery of services and regular training and development. The study proposes the following recommendations; in order to ensure service delivery in the public sector; it is recommended that performance contracting should be implemented across all departments. The study also recommends the implementation of performance contracting in county governments in order to realize the efficient utilization of resources.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Countries across the globe aspire to achieve primary development goals which are broad-based and have a sustainable improvement in standards in regards to the quality of life for its citizens. The key to functioning of a state economy is the public service and in particular the county governments which play indispensable roles in effective delivery of services for the public. In Kenya the national government and the county governments across the country have acknowledged that over the years management of the Public Service has been a challenge and has been undergoing changes and evolving over time towards improved service delivery to the citizens and none has born better results than performance contracting. For instance, the management of public resources has been an issue hindering the realization of the country’s sustainable economic growth (Gok, 2015). The quality of life of the people and the nation’s development agenda and process is affected when the delivery of services becomes ineffective and constrained.

The push factor for introduction of performance contracting in Africa underlies the assumption that institution of performance measurements, clarification of corporate objectives, customer orientation and an increased focus towards incremental productivity and cost reduction can lead to improvements in service delivery. Recent public service reforms and the changes on how public business is conducted are an indication of the degree to which the public service has become a dynamic variable in the equation of successful economy. In an era where competitive success relies significantly on primary production, managed markets and secures industrial capacity, the public service represents a force for encouraging stability in economic development (Jones & Thomson, 2007).

The overall objective of introducing the performance contract in the civil service was to improve the service delivery by making each and every employee accountable for his or her unsatisfactory work. This according to the implementers was to be possible
through constant evaluation and monitoring of employees by their supervisors. All these attributes were to be measured by evaluation and ranking of the Ministries by Public Service Reform and Development Secretariat-Cabinet Office (Ministry of State for Public Service; 2003). A performance contract is referred as a tool which is expected to instill an attitude of ethics and accountability within the public sector which govern the relationship between the public enterprises management and the government helping in the formalization of mutual obligation and the corporate plan of the government and the public enterprises (Choke, 2006). Public enterprises are required to strictly follow well defined performance objectives and performance targets to help measure their performance against these targets in a systematic and transparent manner and providing the necessary monetary rewards and penalties which will induce management to achieve goals agreed upon, including financial support adjustments from the government (Armstrong, 2003).

The usage of performance contracts by government departments has been commended as a promising and an effective means through which performance could be improved. In essence, a performance contract is referred as an agreement between a public agency and the government which institutes general goals for the agency to adopt, sets agreeable targets for providing incentives and measuring performance for achieving the set targets (Hunter & Gates, 1998). They include a variety of incentive-based mechanisms for controlling public agencies controlling the outcome rather than the process. The success of performance contracts has been diverse among countries such as France, Pakistan, South Korea, Malaysia, India, and Kenya which has ignited a great deal of interest in policy around the world (Wheeler, 2001).

According to Hatry (2010) performance Governments are increasingly faced with the challenge to do things but with fewer resources and above all, differently performance contracts can be defined as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. Performance contracting provides a framework for generating desired behaviour in the contest 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.

Poor public performance in the Kenya public sector consistently hindered the realization of sustainable economic growth and development since the country attained her independence in 1963 (Mbithi, 1996). Among the noted factors that contribute to poor performance included; excessive regulations and control, frequent political interference, poor management, outright mismanagement of resources and lack of a guiding vision (Government of Kenya, 2005). Lack of clear focus as to what is expected from employees and poor or no methods of measuring performance has been the greatest challenge (Muthaura, 2007). The Government elected in 2003 decided to manage public service through performance contracting system to address the situation.

Since 2002 the Government has seen several initiatives meant to improve on service delivery in the country. For example there was the enactment of Public Procurement and Disposal Act, 2005 which sought to streamline the government efforts in procurement of avoiding public resources wastage. The introduction and implementation of performance contract in the Civil Service and the Anticorruption and Economic Crimes Act, 2003 are among several other initiatives that have generally contributed to overall government performance and service delivery. Effectiveness of performance in the Kenya civil service has been noted to be a big challenge and below the expectations and led to strained national budget without equivalent results (Prajapati, 2009; Muthaura, 2007; GOK, 2005). In response, the government has been undertaking a number of reforms to address the situation in the last two decades. Such reforms include; Freezing of Employment and Structural Adjustment Program (SAP) in the early 1990s, Voluntary Early Retirement (VER), Retrenchment Program in the mid-1990s early 2000s and introduction of Integrated Payroll and Personnel Database (IPPD), Salary Review and Strategies for uprooting corruption from the public service (DPM, 2010) among others.

Mandera County is charged with the responsibility of providing services such as health, primary education; refuse collection, water and sanitation, land use, planning,
housing, maintaining sewerage and drainage works among others in its area of jurisdiction for its public (Radcliffe & Mitullah, 2003). They also have an important role to play in economic development. They can influence these drivers through their functions as advocates, facilitators, investigators, planners and service providers to the community (Kumba & Makan, 2008). To ensure that services are delivered, there is need for a good performance evaluation system. Performance contracting has been in use in Kenya and Mandera County in particular for some time but has not been evaluated to establish its effects on service delivery. According to GoK (2007) lack of reward/sanctions in the performance contracting is toning down efforts at mainstreaming the performance contracting process in government. It is by linking performance measurements to rewards that organizations can improve future performance (Metawie & Gilman, 2005). Performance measurement is not an end in itself and unless it can direct efforts towards organizational goals and influence future performance it would only represent a tool for measuring past activities. Therefore, there is need to establish to effects of performance contracting on service delivery in Mandera County.

1.1.1 Performance Contracting and Service Delivery

The origination of Performance Contract System was in the late 1960s in France arising as a result of a publication of the famous Nora Report on the reforms of enterprises owned by the state in France. However, today almost all countries in the OECD apply some variant of performance contracts in the management of their public sector. The use of Performance Contracts has received a massive boost on introduction in the New Zealand as part of the country’s revolutionary public sector reforms. It gained prominence and legitimacy when it was introduced by the US government being part of Government Performance and Results Act (GPRA) of 1993. In the U.K, its introduction was by Margaret Thatcher as part of the establishment of next step agencies. Today, all British government agencies have adopted its use in their latest. Later it was developed in Pakistan and Korea with a great deal of elaboration and thereafter India followed suit in introducing it (OECD, 1997). In
developing countries it has been adopted by countries in Africa including Gambia, Ghana, Nigeria and now Kenya.

As part of performance management a study was carried by Gianakis (2002) which found out that performance contracting is viewed as a central component of new public management which is a global movement which is reflecting on market driven management and liberation management. According to liberation management the public sector managers are relieved from unnecessary and the plethora of cumbersome rules and regulations which hinder quick decision making in the organization. According to Greiling (2006) public sector is more multifaceted than just trying to increase strategic management systems effectiveness and narrowing the gap between ambitious strategies and annual planning. However, the main concern has been to improve on external accountability and the increase of internal effectiveness and competency at the same time. In specific, performance contracting is seen as a tool to improve public budgeting, modernizing public management and promotion of a better reporting system while enhancing competency in resource use and effectiveness in service delivery.

In their study Locke and Latham (2002) argue that in performance contracting the main issue is that task difficulty, measured as probability of task success was in relation to performance which was in a curvilinear inverse function whereby the highest level of effort occurs whenever the task was moderately difficult at the same time the lowest levels occurs whenever the task was very difficult or very easy. However, he did not establish personal performance goals. On the other hand Locke and Latham (2003) in their study found that there was a positive linear function that had the highest or most challenging goals that produced the highest levels of performance and effort. They established that performance decreased or leveled off only when the limits of ability were achieved or when obligations to a highest challenging goals lapsed.

In Kenya the concept of Performance Contracting was first introduced in 1989 arising for the need for the management of state corporations (Kenya Railways and National Cereals and produce Board). Despite its introduction PC eventually failed as a result
of: lack of political goodwill to move the process forward since it was seen as donor-driven; the PC’s did not conform to the three subsystems requirements because they lacked the performance incentive system, there were not exchange rate fluctuations that would have made assessment fair and there was not provisions in regards to the impact of external factors for example GOK policy changes (Kobia and Mohamed, 2006). In 2003 the Kenyan government did re-introduce performance contracting as an initiative of the then H.E the president which clearly spelt out in the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC).

The expected outcome of PC in Kenya was: improve performance; decline in reliance on exchequer funding; increased transparency in operations and resource utilization; increased accountability for results; linking reward on measurable performance; reduced confusion resulting from multiplicity of objectives; clear apportionment of responsibility for action; improvement in the correlation between planning and implementation; and creating a fair and accurate impression on the performance (Kobia and Mohamed, 2006). However, Kobia and Mohamed (2006) in their study established that over 174 (62.1 %) respondents indicated that they do not have adequate resources needed to meet their targets. They established that some of the challenges experienced during the implementation of performance contracting in Kenya are as a result of resources not being released on time for the purpose, a lack of having adequate resources, some performance targets were unrealistic.

Goal setting is referred to as a common concept that incorporates other important notions such as task, deadline, purpose, aim, intention, objective and end and is deemed as a regulator of action (Mitchell & Daniels, 2003). Considerably, Humphreys (2003) argues that whether they are known as targets or objectives, goals, institutions are regularly seeking new ways of accomplishing them because target setting is seen as a means of helping all employees to pull in the same direction with a view to gaining competitive advantage. According to Mills (2002) goal setting is a program that is formal which sets quantitative or numerical performance ends for individuals and ensures that all these formal goal setting programs share the common objectives of increasing employee motivation and performance. The benefit of goal can rightly be defined as a representative way of ensuring that employees are helped
in defining their personal goals and as a way of keeping the scores, and the managers are putting these ends on the path towards achieving the organization goals.

Customer feedback is defined as customer communication concerning a product or a service (Erickson & Eckrich, 2001). Verhoef et al. (2010) is of the opinion that customer engagement research has seen growth in research stream. Berry and Parasuraman (1997) argue that it is important that customer feedback is either unsolicited or solicited. Solicited feedback relies on companies to initiate and encourage their customers to give feedback on issues using tools such as focus group discussions and surveys (Sampson, 1996). In contrast, unsolicited customer feedback depend on the customer’s own will and desire to communicate his/her experiences (Sampson, 1996). As a form of customer engagement customer feedback has been acknowledged but can give either a negative or positive valence or at the same time it can give valence-free which takes the form of comments and suggestions (Doorn et al., 2010).

Competency to deliver service is termed as the capability of producing a desired effect, a specified way or seen as a way of getting the things done in the right way (Druker, 2004). For service providers it is an important pursuit to deliver services of high quality that strive to create and deliver value to the customers or the public (Grönroos & Ravald, 2011). Organizations can achieve increased loyalty and customer satisfaction through providing high levels of quality service thereby improving their long-term profitability (Zeithaml & Bitner, 2000). In order to provide high levels of service quality and therefore create value for their customers, service organizations need to plan the delivery of their services and to ensure the successful implementation of the actual plan. Therefore, good planning and effective implementation of the developed delivery plans are key factors for the service delivery system. Employee coordination is described as the degree to which individual employees work successfully in unity to achieve mutually agreed ends (Ellinger et al, 2011). A company’s organizational function is positively influenced by an effective cooperation or coordination of employees (Gittel & Weiss, 2004).
Training policies are the most important tools that an organization requires to compete in the changing and challenging world. From the ever fierce competition to the ever rapidly changes in the market environments both large and small organizations need to find a way of improving competency, customer service, staff retention, productivity as well as other key corporate profitability drivers if they want to be more competitive in the industry and be more profitable (Raja et al., 2011) Vitcet and Nguyen (2009) consider training and development as process that is planned to modify knowledge or skill, attitude by way of learning experiences in order to achieve performance in an a range of activities or an activity. Institutions have come up with a variety of training programs offered to meet their organizational objectives and needs. Training policies improve the workforce competence in order to create a competitive advantage and contribute to organizational success. This is also a means for employers to address the employees’ needs.

Service provision by the county governments has been deteriorating and more especially Mandera County. Moreover, public servants have been a target for criticism due to what is perceived by recipients of both national and county government services as unsatisfactory service delivery. This state of affairs has resulted largely from systems of management in government which put emphasis on compliance with processes rather than results. Whereas the general public and even some public servants welcomed the idea of performance contracting as a means of measuring performance, it was not readily accepted by everybody.

As recent as 20 January 2018, a report by Lucas Baras was published in the Daily Nation entitled: Roba wants EACC to charge ghost workers and recover pay ion the report the Competency Monitoring Task Force on Human Resource and Service Delivery embarked on a raft of measures geared towards enhancing service delivery, increasing public confidence, cleansing the payroll, enhancing staff discipline, close monitoring of staff punctuality and work discipline among others.” Other measures taken by the devolved unit to ensure service delivery were transfers and stoppage of salaries for absentee workers. The taskforce report established issues that there were challenges of performance contracting the total number of staff and payroll challenges among other existing problems. It also established the number of staff in the county
categorized by department, designation, sub-counties, Home County, academic qualifications and ethnic composition. All these lead to the current study which will seek to establish performance contracting and its effect on county government service delivery case of Mandera County.

Mandera County was considered in this study because it has had issues of service delivery over the years. The county has the issue to do with access to adequate, safe and affordable water and sanitation services both in urban and rural areas to spur economic productivity and enhance living standards, issues on the utilization of unexploited natural resources to achieve economic growth and challenges on ways to reduce the vulnerability of agro-pastoralist communities to negative impacts of prolonged, often recurrent droughts and floods through the implementation of long-term drought and floods mitigation interventions that shall progressively eliminate the need for short–term interventions such as emergency water trucking, repair of damaged facilities. These are part of the many challenges that the county is facing as it seeks to improve on its service delivery to the people of Mandera. With this in the current study will seek to establish how the effect that performance contracting has on county government service delivery.

1.2 Statement of the Problem

Improved service delivery has been the focus of the Kenyan government in the recent past as part of public sector reforms and in the quest for the same, Kenya introduced performance contracts. Kenya has not been left behind thus has introduced performance contracting in the quest of the same goal. This is not only considered as a way to improve on service delivery but as a way to refocus the mindset of public servants away from the culture of inward looing towards business culture to focusing more ion results and customer. Despite of these efforts made by the government to improve service delivery, some problems associated with service delivery are still prevalent in Mandera County as can also be seen from the background of the problem and a good example is misuse of public funds.

A number of studies on performance contracting both in Kenya and across the world have been carried out but focused on different aspects. Gathungu and Owanda (2006)
carried out a study examined the relationship between performance contracting strategy, public sector reforms and performance of public institutions in the transport sector in Kenya. The study established that performance contracting is a vehicle to achieve reform in leading to competency gains, improved service delivery and competitiveness. The study further established that performance contracting has a positive relationship with improved productivity in the public sector. The main areas covered in this study were on the relationship between performance contracting strategy and performance while this study looked at competency variable the current study will focus on performance contracting variables such as goal setting, feedback systems and training policy and how they relate with service delivery.

A study carried out by Nganyi, Shigogodi and Owano (2014) on the effectiveness of performance contracting in service delivery in Public Universities in Kenya established that performance contracting had not been cascaded to all the university staff members as only a quarter of the staff had committed to performance contracts. The study found out that the main challenge that affects the process performance contracting as the low level of coordination. This study did not specifically address the variables of the current study which include goal setting, feedback systems, competency and training policy. While the studies covered above were done on performance contracting and performance of organization none was on performance contracting and its effect on county government service delivery and specifically the case of Mandera County. Hence a gap exists on how performance contracting has affected delivery of services. It is this perceived knowledge gap that this study strives to narrow.

1.3 Purpose of the Study

The purpose of this study was on performance contracting and its effect on county government service delivery case of Mandera County.

1.3.1 Specific Objectives of the Study

The study was guided by the following specific objectives:
i. To establish the effect of goal setting on service delivery in Mandera County government.

ii. To assess how feedback systems affect service delivery in Mandera County government.

iii. To examine the effect of competency on service delivery in Mandera County government.

iv. To establish how training affects service delivery in Mandera County government.

1.4 Research Questions

The research questions guiding this study were:

i. What is effect of goal setting on service delivery in Mandera County government?

ii. How does feedback systems affect service delivery in Mandera County government?

iii. What is the effect of competency on service delivery in Mandera County government?

iv. To what extent does training affect service delivery in Mandera County government?

1.5 Assumption of the Study

The assumption of the study were as discussed in the following section:

i. This study assumed that the respondents targeted in this study had worked at the institution for considerable amount of time and would provide as much information on goal setting and how it affects service delivery.

ii. Another assumption for the study was that the respondents targeted in this study would answer truthfully the research questions on feedback system since this touches on their performance.

iii. The study assumes that the sample selected for this study was representative of the population that the study wishes to make inferences to more especially when covering the objective of the effect of competency on service delivery.
iv. On the other hand the study assumes that the study findings on training policy would help management by encouraging them to embrace training to increase competitiveness and service delivery.

1.6 Justification of the Study

The findings of this study would be useful to the management, stakeholders and staff of the county government of Mandera as they would have an opportunity to measure the progress and direction of performance contracting effort in enhancing service delivery to the residents. The findings of this study would enable the county leadership to come up with measures on how to overcome the performance eradicating factors and how such measures could contribute to successful performance contracting implementation. This would help in redesigning of the performance contracting framework, process, and evaluation system of performance. For academicians and other researchers, the findings would contribute to existing literature for further research to extend, refine or validate the findings of the study.

1.7 Limitations of the Study

This study was limited by the fact that the data collected was affected by the methodology applied by the researcher and the fact that the informants provided different information. The nature of information collected from the subjects was affected by the situational context. The respondents were unwilling or unable to supply the required information in the questionnaire. As such the researcher had to develop structured questionnaire with very simple and easily understood questions. The researcher therefore had to communicate clearly to respondents about the time lines and also did a thorough follow up of the questionnaires.

1.8 Scope of the Study

The main area of the study was on performance contracting and its effect on county government service delivery case of Mandera County. The specific objectives of the study were to; establish the effect of goal setting on service delivery in Mandera County government, assess how feedback systems affect service delivery in Mandera County government, examine the effect of competency on service delivery in
Mandera County government and establish how training policy affects service delivery in Mandera County government. The unit of analysis was Mandera County. The study considered all employees in the human resource and administration department, middle level managers and top level managers in Mandera County headquarters chosen randomly. This study was carried out in the period January 2018 to April 2019.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter looked at the theoretical literature and empirical literature. In addition this chapter captured the conceptual framework.

2.2 Performance Contracting

According to the GoK Training Manual of 2005 performance contracting is defined as a branch of management science dealing with management control systems. Kumar (1994) gives another definition of performance contracting as a memorandum of understanding (MoU) between parties. The Kenyan government uses performance contracting as a management tool that helps public sector policy makers and executives to define expectations, responsibilities and targets between the contracting agents so as to achieve common mutually agreed objectives or goals (Kobia and Mohamed, 2006). Different scholars have defined performance contracts differently. However, they seem to hold similar views on the contents of performance contracts. A performance contract according to Blasi (2002) is an agreement between two agents that specifies clearly their mutual performance intentions, obligations and responsibilities. This is a freely negotiated performance understanding between the state, acting as the owner of the government department, and the department itself up to and including other levels of management levels of the organization. Most commonly, performance contracts include bonuses for a job well done, less often, salary decrease for poor performance. The greater demands of accountability have increased the interest of performance in the country.

Performance management is defined as a systematic process that involves planning working and setting agreeable expectations to continually monitor the performance as well as develop the capacity to perform and periodically rating performance. Results based management is one of performance management process. The concept involves formulation of outcomes and goals, selection of outcome indicators, setting of specific targets to reach and dates for reaching them, assessment of whether the targets have
been met and analysis and reporting of results (Armstrong, 2003). The notion of results based management highlights the necessity for key external and internal stakeholders to be engaged and consulted before setting the indicators, outcomes and targets. Whereas performance contracts focus on the outcome and results, result based management is a system that is used by the government agencies to achieve specified targets by focusing on inputs, processes and outcomes. In order to mobilize the entire staff in a company to achieve the agreed goals and targets results based management system is preferred (Dessler, 2003).

A performance contract is defined by Blasi (2002) as an understanding between two parties specifying clearly the mutually agreed performance internations, responsibilities and obligations in the course of the agreement. The practice of performance contracting closely agrees with the definition provided by OECD ‘as a range of management instruments used to define responsibility and expectations between parties to achieve mutually agreed results’. This agreement is clearly specified between the two parties in regards to performance obligations of the agency itself.

2.3 Goal Setting

Setting appropriate goals and making effective use of appraisals can improve organizational performance and also facilitate assessment of how well the staffs are performing at their workplace. Employees are able to focus on specific corporate goals and specified tasks by establishing clearly defined objectives. In order to monitor and assess employees’ performance it is necessary to have in place a set of clear objectives with quantifiable performance. Involving staff in setting targets can ensure that they are more motivated to meet them and they identify better ways of carrying out the tasks. The benefits for defining performance targets include ensuring every employee contribution fits into the organization’s goals, helping individual employees to understand what is expected of them and the feeling of being valued, creating standards that will measure the quality and the quantity of employees’ work so as to be able to monitor the performance of the organization (Locke, 1968).
Focusing on organization and individual activity through the use of targets linked to strategic aims can be a powerful tool but careful consideration needs to be given to the targets and how the same targets could be applied (Ashton and Sung, 2005). Organizations also need to view targets as an extreme form of management whereby not all employees are likely to respond positively to. Performance management by organizations can focus on performance in relation to the department, employee and product while the appraisals can include the activities that ensure that the goals of the organization are effectively, efficiently and consistently met.

Druker (2005) derived a principle of management the practise of management by objectives which was aimed at harmonizing managers’ individual goals with those of the organization with the view of improving results. Through the use of this practice thus management by objective an organization is able to concentrate its efforts on achieving the desired performance results from their key business areas. It provides an opportunity for managers to collaborate in identifying key areas for results and establishing appropriate performance standards against which results can be measured.

2.4 Feedback Systems

A crucial factor in the success and effectiveness of employee performance evaluation is the monitoring of employee’s performance. This means to regularly check how the employees are performing their duties and responsibilities against service standards and targets. The employee performance evaluation provides strict monitoring to ensure that the employees meet the goals of the organization. With strict monitoring issues relative to employee performance can be immediately addressed and management can obtain data to evaluate performance. With monitoring and evaluation, management can identify the employees that are exceeding or failing to meet performance expectations and institute the corresponding action. To monitor means consistently measuring the performance and providing feedback that is ongoing about employees’ progress towards the achievement of performance targets and standards (Cole, 2002).
Performance appraisal is a method by which the job performance of an employee is evaluated by the supervisor. Evaluation and monitoring gives feedback on performance, identifies training needs, and forms the basis for rewards and sanctions. The effectiveness of support systems of monitoring and evaluation are directly correlated to the productivity of any organization but this depends on the type of organizational business being undertaken (Subraniam, 2004).

2.5 Competency in Delivery of Services

Public sector managers and policy makers are embracing the important role that competition can play in increasing competency and effectiveness, and contracting has been widely adopted as a vehicle to achieve reform in the new public management (Williams, 1994). The OECD (1997) asserts that the use of performance contracting in government services has increased; this is as a result of the fact that there is evidence to show that contracting out can lead to increased competency gains, while maintaining or increasing service quality levels. The two areas, competency usually measured in direct financial terms or productivity, and effectiveness usually indicated by quality, is frequently referred to when the benefits of contracting are discussed. However, there is an imbalance in the number of studies that explore the two areas (Lee & Kim, 1999), and while the conclusions relating to competency result in apparent agreement, effectiveness results are exposed to debate (Domberger, 1998; Hodge, 1998).

Through the effective control of the contracts, the service provider continuously monitors, evaluates and refines the service delivery process in order to make it more effective, more cost-efficient and more customer-driven. Therefore, the control process continuously improves the service delivery and upgrades the quality of the service provided to customers (Seth, Deshmukh and Vrat, 2005). Service organizations are able to avoid bottlenecks, double efforts and miscommunication during service delivery through the use of successful coordination of activities (Lings & Brooks, 1998). If organizations are able to avoid organizational, managerial and operational failures the competency and effectiveness of the systems are ensured and improved hence leading to better customer evaluations. Regarding the latter, of great
importance is the optimisation of the coordination between the front line and the back office personnel since this is a necessary factor for the success of the service delivery (Zeithaml and Bitner, 2000; Zomerdijk and Vries, 2007).

According to Ellinger et al. (2011) employee coordination is described as the degree to which employees in an organization are able to work successfully together in the achievement of mutually agreed results. Whenever the coordination or cooperation of employees is effective there is a beneficial effect on the organizational function (Gittel & Weiss, 2004). Organizations providing services always seek to improve on the communication employees as a way to optimize their working together as teams and departments. This is important because better coordination among individual employees enables the organization to generate value for their customers in addition to improving the organization’s overall administrative function (Demirbag et al, 2012).

Service quality is referred to as the ability of front line employees to adapt to customers individual behavior (Chebat & Kollias, 2000). Employees who are more adaptable if given the right tools find it easy to offer individualized attention to customers leading to satisfaction of individual needs (Singh, 2000). On the contrary, workers who lack the necessary willingness and ability to adapt their behavior to circumstances in relation to customer needs and entirely depend on supervisors’ instruction to work cannot be able to deliver high quality service (Sony & Mekoth, 2012).

2.6 Training

Organizational productivity has depended on the most important variables of training and development. Several researches have been carried out on this topic for example Colombo and Stanca (2008), Sepulveda (2005) and Konings & Vanormelingen, (2009), which have showed that training and development are effectual and fundamental instruments needed in successful accomplishment of organizational objectives and goals which result in productivity. Training and development designs adopted by firms refer to the degree to which the training and development has been
designed and delivered resulting in trainees transferring the learning process to work environment (Holton, 2000).

Identification of training needs, design and implementation of training programmes, transfer of training, and evaluation of program’s benefits are critical activities to the success of the undertaking (Krishnaveni & Sripirabaa, 2008) in addition to studying general training variables such as types of training, selection of trainees, selection criteria, evaluation instruments etc. The success of training depends on the correct implementation of all steps of the process; previous analysis of training needs development and implementation of an adequate training plan and evaluation (Mirabet, 1997).

In their study McCourt and Eldridge (2003) are of the opinion that training and development are important in ensuring the performance evaluation of employees which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs. However, individuals themselves can help to indicate the areas requiring improvement as a result of the issues raised in the performance appraisal process and their career path needs.

2.7 Service Delivery

Service delivery is tied with performance at the organizational level. It means fulfilling organizational goals and objectives, especially in satisfying customer needs, employee needs and the investor needs. This is only possible if there is clear mutual (management and employee) understanding of the purpose: “At the heart of this concern was whether they are intended to primarily benefit the individual or the organization” (Heskett, 2006). According to Ngugi (2008) there are five determinants of quality service listed in order of importance. They include reliability, responsiveness (willingness to help customers and prompt service assurance), the ability to convey trust, empathy and individualized attention to customers. Other service quality measurement tools studies have found that well managed service companies have the following practices: strategic concept and top management
support, high standards of service delivery, service monitoring systems, satisfying customer complaints and emphasis on employee satisfaction.

According to SERVEQUAL model based on gap theory, there are two alternative ways of measuring service quality: internal and external measures. Internal measures of service quality are designed to provide objective measures of the firm’s performance where external is concerned with measuring attitudes and opinions of customers. Provision of quality should exceed customer’s expectation. Customers compare perceived service. If customers perceive service to be below their expectations they lose interest on the organization providing the service whereas the opposite creates their loyalty to the company (Okumbe, 2001).

Consequently the customer of the product or service is an important consideration in the achievement of the organization’s objectives. Saavedra and Kwun (2000) observed that the customer has all votes. There is a role for marketing, strategy formulation and the like, but ultimately it all boils down to perceived, appreciated and consistently delivered service and quality to customers. Increasingly it is recognized that even the service of government/public institutions, credibility and the quality of service delivery matters a great deal for the country economic performance (Ngugi, 2008), hence the need to link performance contracting and service delivery.

2.8 Government Policy

The GoK paper on human resources development strategy defines as government policy as is a rule or principle that hopefully better guides decisions, resulting in positive outcomes that enhance the community or unit. Government policies contain the reasons things are to be done in a certain way and why. This leads to the development of procedures and protocols to see that policies are conducted in an appropriate manner. Procedures and protocols dictate the “how,” “where,” and “when” of how policies will be executed. Government policies contain the reasons things are to be done in a certain way and why. Government policy describes a course of action, creating a starting point for change. They can influence how much tax the community pays, immigration status and laws, pensions, parking fines, and even
where you go to school. While policies are driven to be non-discriminatory, they can affect specific groups of individuals. Policies are not laws, but they can lead to laws.

2.9 Organizational Culture

Organizational culture is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organization. Organizational culture includes an organization’s expectations, experiences, philosophy, as well as the values that guide member behavior, and is expressed in member self-image, inner workings, interactions with the outside world, and future expectations. Culture is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid (Deal & Kennedy, 2000). Organization culture affects how employees conduct themselves in the organization towards the attainment of organizational objectives. According to Kaufman (2002) a positive organizational culture reinforces the core beliefs and behaviors that a leader desires while weakening the values and actions the leader rejects. Kotter (2012) asserts that organizational culture has the potential to enhance organizational performance, employee job satisfaction, and the sense of certainty about problem solving.

2.10 Theoretical Orientation

This study was guided by four theories as discussed in the following section.

2.10.1 Goal Setting Theory

Goal setting theory was proposed by Locke (1968) and is defined as a cognitive theory of based about people’s needs that are specific results of goals they seek to obtain. This theory is of the assumption that human behavior is with a purpose (Locke & Latham, 1990), and that these goals sustain and direct individuals’ energies in the direction of performing particular actions (Ryan, 1970). The individual goals have two primary dimensions or attributes of intensity and content (Locke & Latham, 1990). Goal intensity is seen as the process through which goals are set and accomplished while goal content is referred to as the features guiding the goals for
example the specificity and difficulty of the goal (Locke & Latham, 1990). This also relates to the factors of cognitive processes that are involved in setting and attaining goals for example individual commitment.

Locke (1978) is of the opinion that goal-directedness is one of the main qualities of all living things; however, not all goal-directed actions are focused. The major difference of employee (human) behaviors is that they are not only goal-directed, but also purposeful. Locke (1978) takes a different standpoint from behavioral psychologists stating that purposefulness is not automatic for human beings and it is not determined by environmental conditions or instinct. He further argues that choice determines the purposeful action. Organizations need to have their employees come up with goals, which contribute to fulfilling organizational objectives through workplace determining purposes willfully and purposeful action.

2.10.2 Agency Theory

Agency Theory explicitly addresses under which contractual arrangements the relationship between a Principal and an Agent operates most efficiently. It can be used to look at both the explicit (legal) and implicit (social) aspects of the contract (Eisenhardt, 1989). It is concerned with solving measurement and motivation problems that occur when Principals and Agents have differing goals and desires, and it is economically or otherwise infeasible for the Principal to verify the Agent's performance. Underlying Agency Theory are specific assumptions about human nature (self interest, bounded rationality, risk aversion), information (which is seen as a commodity that can be purchased), and organizations (goal conflict among members) (Eisenhardt, 1989).

This theory was well established in the management literature, but has been applied to a lesser extent in the marketing literature. With regard to human nature, Agency Theory's assumption of selfinterest relates to the fact that in case of unanticipated events, actors will each behave in the best interest of their companies (Logan, 2000), or perhaps functional area. Due to bounded rationality of the players and the complexity of contractual situations, the Agent's decisions and decisions which maximize the welfare of the Principal frequently conflict (Wright, Mukherji & Kroll,
2001), as a result of which agency costs accrue. Finally, Agency Theory assumes that each actor in the relationship differs with regard to risk aversion (Wright et al., 2001). In the case of two Principals, these Principals may have differing risk preferences.

### 2.10.3 Achievement Motivation Theory

This theory is associated with McClelland (1961) and it is important to the objective of the study because the theory observed that individuals with a high need for achievement tended to sought task which provided a challenge without being too difficult and which they felt they could master for instance one may feel he/she has not set impossible goals meaning they actively seek for feedback on results and might feel less concern with social needs or affiliation. If employees are motivated to improve service delivery through performance contract, this alone can not effectively achieve the objectives because as McClelland observed in the theory of achievement, there are other factors that can interfere with the performance of the employees.

Achievement theory of motivation is all about how needs of an individual change over a period of time with changes in his experience. This theory further gives and explanation on the effects power, affiliation and need for achievement have on their behaviour. Motivation of individuals irrespective of gender, race, culture, age is driven by the need of these factors. People are motivated by different factors and the factors depend on the type or nature of the person. Based on the fact, achievement theory of motivation was developed by considering three major factors. It was established that there are people motivated by accomplishment or achievement in the work place. Such people always look forward to excelling in whatever they do and are high performers in their fields. Need for power is the desire in people to be able to control one’s as well as other people’s actions. Such people’s motivation is neither driven by rewards nor recognition but only by compliance and agreement from others. People who value their affiliation above power and achievement always focus on maintaining easy relationships which are interpersonal with people they have recurring contact with. Having good bond with others creates a feeling of belongingness and relatedness which automatically results in a supportive and collaborative response from them (Tapola & Niemivirta, 2008).
This theory was important for this study since fondly explains that it is imperative for an organization to thoroughly understand the reason behind an individual’s motivation to achieve something and propagate the message to his/her colleagues in an attempt to inspire them as well. Passing along such inspirational messages to other employees becomes all the more important in organizations where the firm’s success is mostly dependent on certain departments working in crucial areas. Whenever an employees starts moving up the ladder and tastes success, one feels that they have achieved something from this feeling and this keeps them fuelling to achieve even more.” However, in organizations where moving up the ladder is a bit hard pertaining to the limited vacancies, handing the employees with a variety of incentives and rewards will always help them keep motivated to achieve what is required on both organizational and personal fronts.

2.11 Conceptual Framework

A conceptual framework is defined by Kothari (2008) as a logically developed network of interrelationships among variables deemed to be the integral part of the dynamics of the situation being investigated. This section gives a presentation of the independent variables and their relationship with the dependent variable. The independent variables of this study included; goal setting, feedback systems, competency in delivery of services and training policy whereas the dependent variable is service delivery. The study was also guided by the intervening variables consisting of government policy and organization culture.
2.12 Summary of Research Gaps

A number of studies on performance contracting both in Kenya and across the world have been carried out but focused on different aspects. Nganyi, Shigogodi and Owano (2014) carried out a study on the effectiveness of performance contracting in service delivery in Public Universities in Kenya. Their findings indicate that performance contracting has not been cascaded to all staff members, only a quarter of the staff had signed performance contracts. However, public universities have made moderate achievements in the entire performance contract indicators. The major challenge that affects the performance contracting process is the low level of coordination. This study did not specifically address the variables of the current study which include goal setting, feedback systems, competency and training policy.

Ohly Sonnentag and Pluntke (2006) did a study on the effect of performance contracting on profit making organizations performance and service delivery. Their
findings indicate that through performance contracting there is job control which enables employees to experiment in the workplace and thereby allows employees to generate and enhance creative ideas at work. They further concluded that a high level of job control may make employees feel more responsible for developing creative ideas in order to solve problems or to improve work. While this study looked at the effects of performance contracting they focused on job control whereas the current study will focus on variables such as goal setting, feedback systems, competency and training policy and how they affect service delivery.

Gathungu and Owanda (2006) carried out a study examined the relationship between performance contracting strategy, public sector reforms and performance of public institutions in the transport sector in Kenya. The study established that performance contracting is a vehicle to achieve reform in leading to competency gains, improved service delivery and competitiveness. The study further established that performance contracting has a positive relationship with improved productivity in the public sector. The main areas covered in this study were on the relationship between performance contracting strategy and performance while this study looked at competency variable the current study focused on performance contracting variables such as goal setting, feedback systems and training policy and how they relate with service delivery.

McCourt and Eldridge (2003) argues that policies are necessary to ensure that employee performance is evaluated, which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs. However, individuals themselves can help to indicate the areas requiring improvement as a result of the issues raised in the performance appraisal process and their career path needs. This study focused on training policies while the current study sought a relationship between service delivery and variables such as training policy, goal setting, competency and feedback system.
CHAPTER THREE
RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

This chapter looked at the research design, target population, sampling procedures and techniques. The chapter covered construction of research instruments, testing for validity and reliability. In addition the chapter captured data collection methods and procedures, ethical considerations, proposed data analysis techniques and procedures.

3.2 Research Design

This study adopted the qualitative and quantitative research methodology. This study adopted a descriptive survey research design. This study adopted the descriptive research design since it depicts the respondents in a way that is accurate an the information is collected without interfering with the environment in any way (Kothari, 2004). This design was the most appropriate for this particular research since it aims at getting precise information with regard to performance contracting and its effect on county government service delivery case of Mandera County. This research design was further justified since it presents the researcher with the opportunity to fuse both qualitative and quantitative data a means to enable the reconstruction of the topic under review. Mugenda and Mugenda (2003) view descriptive survey design as the best method that social scientists could use to collect original data from a large population for purposes of research.

3.3 Target Population

The population for this study consisted of all employees in the human resource and administration department, middle level managers and top level managers in Mandera County headquarters as shown in the Table 3.1. The population was considered in this study as the most reliable in relation to providing information required to achieve the objectives sought.
Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Target Population</th>
<th>Study Items</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource and Administration</td>
<td>73</td>
<td>60.3</td>
</tr>
<tr>
<td>departments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>39</td>
<td>32.2</td>
</tr>
<tr>
<td>Top Level Managers</td>
<td>9</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>121</td>
<td>100</td>
</tr>
</tbody>
</table>

Mandera County Human Resource department (2018)

3.4 Sampling Procedures and Techniques

The sample size for this study was 91 respondents, thus 55 from the human resource and administration department category, 29 from the middle level managers category and 7 top level managers category to participate in the study who were chosen randomly. To determine the sample size, the following formula suggested by Kothari (2004) was used.

\[ n = \frac{X^2 N p q}{d^2 (N-1) + X^2 p q} \]

where

- \( n \) = Desired sample size
- \( N \) = Target population
- \( P \) = Population proportion
- \( q \) = 1 - \( p \)
- \( d \) = Corresponding to significance level which is the degree of accuracy reflected by amount of error that is associated with the sample size of the population
- \( X^2 \) = Chi square value for one degree of freedom relative confidence at 95% confidence level \( X = 1.96 \)
n \(=1.96^2 \times 121 \times 0.5 \times 0.5/(0.05^2(121-1))+1.96^2 \times 0.5 \times 0.5=\)

n = 91 respondents

**Table 3.2 Sampling**

<table>
<thead>
<tr>
<th>Target Population</th>
<th>Study Items</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource and Administration departments</td>
<td>73</td>
<td>55</td>
<td>60.3</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>39</td>
<td>29</td>
<td>32.2</td>
</tr>
<tr>
<td>Top Level Managers</td>
<td>9</td>
<td>7</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>121</strong></td>
<td><strong>91</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**3.5 Data Collection Instrument and Data Collection Procedures**

This research used a questionnaire as the data collection instrument. The questionnaire comprised of both open and close-ended questions. The questionnaire had two sections namely A and B. Section A of the questionnaire covered the demographic profile of respondents while section B covered performance contracting and its effect on county government service delivery case of Mandera County. This section also had questions related to goal setting, feedback systems, competency and training. The questionnaire was preferred in this study because it is flexible, inexpensive and practical in gathering data. In addition it comprehensively covers the variables of the research topic. The questionnaire was structured with the variables in mind. This research instrument covers the study objectives which focused on variables such as goal setting, feedback systems, competency and training.

**3. 6 Data Collection Methods and Procedures**

The researcher was given permission to carry out data collection. Letters from the university and National Commission for Science, Technology and Innovation were given to the researcher before embarking on data collection. The research focused on primary data that was collected from a questionnaire distributed to the target groups. The researcher personally administered the questionnaire. The questionnaire enabled detailed collection of data by the researcher.
3.7 Piloting of Research Instrument

The questionnaire that was used was tested for competency through the process of piloting. A small representative of ten people was used in the pilot testing from the target population but did not participate in the main study. The research instrument was pilot tested by ten employees who were considered appropriate in best estimates in regards to the anticipated observations of the main sample size (Creswell, 2006). Pilot testing was necessary for unforeseeable corrections to be undertaken before the final questionnaire was released to the respondents. It also ensured correct wording, formatting, typographical errors and the nature of the questions are rectified in advance.

3.8 Testing for Validity and Reliability for Research Instruments

Mugenda and Mugenda (2003) defines validity as the accuracy of the instruments used to obtain information in research. Validity of the data collection instruments was ensured through content validity where expert opinion and the supervisors input was sought.

Kothari (2004) refers to reliability as the degree of consistency demonstrated in the study instruments. To ensure there is reliability the researcher carried out a pilot study whereby the questions were used twice by the same group of respondents and ascertain whether they answer the research objectives. Time lapse between the first and the second test was three weeks. The researcher used the Cronbach’s Alpha to assess internal consistency reliability and was use the five point like scale items with 0.7 and above being the cut-off point (Cooper & Schindler, 2006).

3.9 Data Analysis Techniques and Procedures

This study collected both qualitative and quantitative data. After data collection the data was edited and coded in readiness for analysis by the researcher. The qualitative data collected was subjected to content analysis. On the other hand the researcher used descriptive and inferential statistics to analyse the quantitative data. This study utilized the SPSS version 22.0 software to perform correlation and regression analysis on the collected data.
The prediction equation was as shown below:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where \( Y \): service delivery at time (t).

\( X_1 \): Goal setting  
\( X_2 \): Feedback systems  
\( X_3 \): Competency  
\( X_4 \): Training

Where:

\( \beta_0 \) is the intercept; and reflects the constant of the equation.

\( \beta_1 \) is the sensitive coefficient of each independent variable \((i=1,2,3,4)\).

\( \epsilon \) is the error term.

The analysed data was presented using statistical and graphical techniques. Statistical techniques used included measures of central tendency (mean, median and mode) and measures of dispersion such as standard deviation and variance. Graphical techniques involved the diagrammatic representation by use of tables and charts.

### 3.10 Ethical Considerations

Before data collection, permission to carry out research was sought. The researcher was cleared by the Kenyatta University to collect data through an introduction and data collection letter. These letters were forwarded to National Commission for Science, Technology and Innovation for the processing of the research permit. Upon receipt of the research permit the researcher sought permission from the County Government of Mandera prior to data collection. A consent letter was presented to the respondents before commencement of any interviews and each respondent signed a consent form to ensure confidentiality of any information given. The researcher provided adequate and clear explanation on the purpose of the study to all respondents. The respondents’ consent was sought from the respondents before the questionnaire was given out. On the other hand the respondents were not expected to identify themselves thus their anonymity was secured.
CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The purpose of this study was on performance contracting and its effect on county government service delivery case of Mandera County. This chapter presents the research findings using descriptive and inferential statistics on the demographic data, data analysed in regard to the study objectives as well as the suggestions provided by the respondents based on the specific objectives of the study.

4.2 Reliability Test

Table 4.1 Reliability Test

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of Elements</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal Setting</td>
<td>5</td>
<td>0.80</td>
</tr>
<tr>
<td>Feedback Systems</td>
<td>5</td>
<td>0.81</td>
</tr>
<tr>
<td>Competency in delivery of services</td>
<td>5</td>
<td>0.80</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>0.79</td>
</tr>
<tr>
<td>Overall Alpha</td>
<td>5</td>
<td>0.80</td>
</tr>
</tbody>
</table>

From the reliability test shown in Table 4.1, overall alpha was 0.80. This was above the cutoff point of 0.7 and this cleared the way for further analysis and interpretation.

4.3 Response Rate

The researcher administered 91 questionnaires to participants who were targeted population however, 79 of the questionnaires were returned, representing 85.8 per cent response rate. According to Mugenda and Mugenda (2003), this response rate is representative and sufficient since 50% is adequate for analysis and reporting a rate of 60% is good whereas a response rate of 70% and above is excellent.

4.4 Demographic Information

The demographic characteristics that were tested by the researcher were that of gender, age and level of education.
4.3.1 Gender of the Respondents

In the wake of gender mainstreaming in the public sector and more relevantly at Mandera County, an inquiry was made into the gender of the participants. The findings are depicted in Figure 4.1.

![Gender of the Respondents](image)

Source: Researcher (2018)

**Figure 4.1 Gender of the respondents**

According to the study findings in Figure 4.1, it is clear that most of the respondents were male at 55% while 45% were female. While the number of male respondents was more than that of the female respondents, the relatively narrow gap between the two genders implies that most of the majority of public enterprises in Kenya, and especially at Mandera County government, are gradually responding to gender balance constitutional provisions. Thus an organization with diverse perspectives in regard gender, as was the case in this study, goes a long way in contributing to a more thorough search for alternative solutions to problems in relation to performance contracting and its effect on county government service delivery in Mandera County government.

4.4.2 Age

An inquiry was made into the age of the participants. The study findings are as shown in Table 4.2.
Table 4.2 Age Representation

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-30 yrs</td>
<td>12</td>
<td>15.4</td>
<td>15.4</td>
<td>15.4</td>
</tr>
<tr>
<td>31-40 yrs</td>
<td>30</td>
<td>37.9</td>
<td>37.9</td>
<td>53.3</td>
</tr>
<tr>
<td>41-50 yrs</td>
<td>21</td>
<td>26.5</td>
<td>26.5</td>
<td>79.8</td>
</tr>
<tr>
<td>Over 50 yrs</td>
<td>16</td>
<td>20.2</td>
<td>20.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

According to the findings in Table 4.2 it is clear that most of the participants in this study were in the age category of 31-40 years representing 37.9%; followed by those in the age category of 41 to 50 years at 26.5%. These findings indicate that the employees at Mandera County are equally spread among all the age groups. The implication of these findings is that in Mandera County, all age groups are catered for in employment and strategies adopted by the firm is to focus on all the age sets when it comes to performance contracting and service delivery.

4.3.3 Educational Qualifications of the Respondents

To investigate how competent the participants were, an inquiry was made into the educational qualifications of the respondents. The results are presented in Figure 4.2
As per the findings in Figure 4.2, up to 39% of the respondents had a Bachelor’s degree, while 24% had Master’s degree holders. According to the study findings, 15% were diplomas holders, whereas 13% had other qualifications such as PhD and post graduate diplomas. From the findings above, the implication is that the respondents had adequate knowledge on the influence of performance contracting and its effect on county government service delivery. It is true also from the study findings that public sector organizations have realized the importance of having the right human capital in the organization who are have reasonable contracts to steer them forward.

4.3.3 Experience in the Organization of the Respondents

To investigate how experienced the participants were, an inquiry was made into the experience in the organization of the respondents. The results are presented in Figure 4.3.
As per the findings in Figure 4.3, up to 37% of the respondents had been with the organization for a period of 5-9 years while 27% of the respondents had been with the organization for a period of between 10-14 years. From the findings above it true that majority of the respondents had been with the organization for a period exceeding two years meaning that they had the experience to understand performance contracting and how this affects service delivery.

4.4 Goal Setting

The first objective of the study was to establish the effect of goal setting on service delivery in Mandera County government. The results of the study are presented in Table 4.3.

Table 4.3 Does goal setting has an effect on service delivery

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>67</td>
<td>84.8</td>
<td>84.8</td>
<td>84.8</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>15.2</td>
<td>15.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
Participants were asked whether they thought goal setting has an effect on service delivery. As shown in Table 4.3, it is clear that most of the respondents at 84.8% were of the opinion that goal setting has an effect on service delivery, whereas 15.2% of the respondents’ thought this was not the case.

The study sought to establish from the respondents the effect of goal setting on service delivery. According to the respondents, setting appropriate goals and making effective use of appraisals can improve organizational performance and also facilitate assessment of how well the staffs are performing at their workplace and employees are able to focus on specific corporate goals and specified tasks by establishing clearly defined objectives. The respondents also argued that involving staff in setting targets can ensure that they are more motivated to meet them and they identify better ways of carrying out the tasks and that the benefits for defining performance targets include ensuring every employee contribution fits into the organization’s goals, helping individual employees to understand what is expected of them and the feeling of being valued, creating standards that will measure the quality and the quantity of employees’ work. This findings are supported by Drucker (1995) who derived a principle of management the practise of management by objectives which was aimed at harmonizing managers’ individual goals with those of the organization with the view of improving results. Through the use of this practice thus management by objective an organization is able to concentrate its efforts on achieving the desired performance results from their key business areas.

The study sought to establish the extent of effect of goal setting factors on service delivery. This is as illustrated in Table 4.4.
Table 4.4 Extent of effect of Goal Setting on Service Delivery

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type and amount of resources set aside</td>
<td>79</td>
<td>4.1579</td>
<td>1.02689</td>
</tr>
<tr>
<td>Time limit for is organizational goal</td>
<td>79</td>
<td>4.2193</td>
<td>1.37460</td>
</tr>
<tr>
<td>Having specific goals</td>
<td>79</td>
<td>4.5351</td>
<td>.97925</td>
</tr>
<tr>
<td>Realistic deadlines to finish the task at hand</td>
<td>79</td>
<td>4.7982</td>
<td>.68071</td>
</tr>
<tr>
<td>Setting manageable goals</td>
<td>79</td>
<td>3.2982</td>
<td>1.42624</td>
</tr>
</tbody>
</table>

Participants were asked questions on the extent of effect of goal setting on service delivery on a Likert scale of 1-5 where: 1 = No Effect; 2= Least Effect; 3= Great Effect; 4= Greater Effect and 5= Greatest Effect. According to the findings in Table 4.4, the most significant effect of goal setting on service delivery was realistic deadlines to finish the task at hand with a mean of 4.7982, followed by the factor which indicates that having specific goals at 4.5351, implying that the participants agreed with these two important factors of goal setting as having the most effect on service delivery on the Likert scale. Other key effects of goal setting include: time limit for is organizational goal, time limit for is organizational goal and setting manageable goals at 4.2193, 4.1579 and 3.2982 respectively. This study is in tandem with the findings of Ashton and Sung (2005) who stated that focusing on organization and individual activity through the use of targets linked to strategic aims can be a powerful tool but careful consideration needs to be given to the targets and how the same targets could be applied.

4.4.2 Feedback Systems

The second objective of the study was to assess how feedback systems affect service delivery in Mandera County government. Respondents were asked whether they
thought feedback systems have an effect on service delivery in Mandera County government. The results are as shown in Table 4.5.

### Table 4.5 Whether Feedback Systems have an Effect on Service Delivery

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>69</td>
<td>87.3</td>
<td>87.3</td>
<td>87.3</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>12.7</td>
<td>12.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 4.5 it was established that most of the respondents, at 87.3%, were of the opinion that feedback systems have an effect on service delivery while 12.7% did not share the same opinion.

The participants what they thought was the effect of feedback systems on service delivery. According to the respondents, employee performance evaluation provides strict monitoring to ensure that the employees meet the goals of the organization and with strict monitoring issues relative to employee performance can be immediately addressed and management can obtain data to evaluate performance. They further argued that with monitoring and evaluation, management can identify the employees that are exceeding or failing to meet performance expectations and institute the corresponding action and to monitor means consistently measuring the performance and providing feedback that is ongoing about employees’ progress towards the achievement of performance targets and standards. The study findings are supported by Cole (2002) who argues that with strict monitoring issues relative to employee performance can be immediately addressed and management can obtain data to evaluate performance. With monitoring and evaluation, management can identify the employees that are exceeding or failing to meet performance expectations and institute the corresponding action. To monitor means consistently measuring the performance and providing feedback that is ongoing about employees’ progress towards the achievement of performance targets and standards.

Respondents were asked questions on the extent of effect to which feedback systems have service delivery on a Likert scale of 1-5 where: 1 = No Effect; 2= Least Effect;
3= Great Effect; 4= Greater Effect and 5= Greatest Effect. The findings are presented in Table 4.6.

**Table 4.6 Extent of Effect of Feedback Systems on Service Delivery**

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>Statistic</td>
<td>Statistic</td>
</tr>
<tr>
<td>Staff responsiveness</td>
<td>79</td>
<td>3.7368</td>
</tr>
<tr>
<td>Customer perceptions</td>
<td>79</td>
<td>3.4474</td>
</tr>
<tr>
<td>Understanding the performance of employees</td>
<td>79</td>
<td>3.2719</td>
</tr>
<tr>
<td>Every person evaluates each other in the hierarchy</td>
<td>79</td>
<td>3.3158</td>
</tr>
<tr>
<td>Feedback mechanism</td>
<td>79</td>
<td>3.3158</td>
</tr>
</tbody>
</table>

Valid N/ Average 79

According to the findings in Table 4.6, staff responsiveness was considered to have the greatest effect with a mean of 3.7368 followed by customer perceptions at 3.4474, implying that most the respondents agreed on the two variables of feedback systems on having the greatest effect service delivery. Other feedback systems that affect service delivery in Mandera County include: understanding the performance of employees, every person evaluates each other in the hierarchy and feedback mechanism. These study findings are in agreement with those of Subraniam (2004) who argue that evaluation and monitoring gives feedback on performance, identifies training needs, and forms the basis for rewards and sanctions. The effectiveness of support systems of monitoring and evaluation are directly correlated to the productivity of any organization but this depends on the type of organizational business being undertaken

**4.4.3 Competency in Delivery of Services**

The third objective of the study was to examine the effect of competency in delivery of services on service delivery in Mandera County government. The study sought to
establish from the respondents whether they thought competency has an effect on service delivery. The study findings are as depicted in Table 4.7.

Table 4.7 Whether competency in delivery of services has an effect on service delivery

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>58</td>
<td>73.4</td>
<td>73.4</td>
<td>73.4</td>
</tr>
<tr>
<td>No</td>
<td>21</td>
<td>26.6</td>
<td>26.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

As indicated in Table 4.7, it is clear that the majority of the respondents agree that competency in delivery of services has an effect on service delivery at 73.4% whereas 26.6% of the respondents are of the opinion that competency in delivery of services does not have an effect on service delivery.

The respondents were asked on what the effect of competency in delivery of services on service delivery. The respondents stated that the use of performance contracting in government services has increased; this is as a result of the fact that there is evidence to show that contracting out can lead to increased competency gains, while maintaining or increasing service quality levels. They respondents argued that employees who are more adaptable if given the right tools find it easy to offer individualized attention to customers leading to satisfaction of individual needs and that whenever the coordination or cooperation of employees is effective there is a beneficial effect on the organizational function. The study findings are in agreement with those of Ellinger et al (2011) who argued that employee coordination is described as the degree to which employees in an organization are able to work successfully together in the achievement of mutually agreed results. Whenever the coordination or cooperation of employees is effective there is a beneficial effect on the organizational function.

Respondents were asked questions on the extent of effect to which competency in delivery of services have on service delivery on a Likert scale of 1-5 where: 1 = No Effect; 2= Least Effect; 3= Great Effect; 4= Greater Effect and 5= Greatest Effect. The results are presented in Table 4.8.

41
Table 4.8 Extent of Effect of Competency in Delivery of Services on Service Delivery

<table>
<thead>
<tr>
<th>N</th>
<th>Mean Statistic</th>
<th>Std. Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid N</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>Ratio of output to total input</td>
<td>79</td>
<td>3.6579</td>
</tr>
<tr>
<td>Ratio of work done</td>
<td>79</td>
<td>4.1754</td>
</tr>
<tr>
<td>Change management capabilities</td>
<td>79</td>
<td>3.0175</td>
</tr>
<tr>
<td>Enhancing access to and the quality of service-delivery</td>
<td>79</td>
<td>3.7895</td>
</tr>
<tr>
<td>Increased transparency and access to information</td>
<td>79</td>
<td>3.3128</td>
</tr>
</tbody>
</table>

From the findings in Table 4.8, ratio of work done with a mean of 4.1754, followed by enhancing access to and the quality of service-delivery at 3.7895, indicate that most of the respondents agreed on the effect of competency in delivery of services on service delivery based on the Likert scale. Other competency in delivery of services that have an effect on service delivery are: change management capabilities, increased transparency and access to information and ratio of output to total input. These findings agree with those of Seth, Deshmukh and Vrat (2005) who argued that through the effective control of the contracts, the service provider continuously monitors, evaluates and refines the service delivery process in order to make it more effective, more cost-efficient and more customer-driven. Therefore, the control process continuously improves the service delivery and upgrades the quality of the service provided to customers.

4.4.4 Training

The fourth objective of the study was to establish how training affects service delivery in Mandera County government. The respondents were asked whether they thought training affects service delivery. The findings are as illustrated in Table 4.9.
As per the study findings shown in Table 4.9 most of the participants at 92.4% were of the opinion that training affects service delivery, while 7.6% of the respondents stated that they thought training does not affect service delivery. The respondents were asked on what the effect of training were on service delivery. The respondents argued that organizational productivity has depended on the most important variables of training, identification of training needs, design and implementation of training programmes, transfer of training, and evaluation of program’s benefits are critical activities to the success of the undertaking and that training and development are important in ensuring the performance evaluation of employees which in turn ensures that the appropriate training and development take place. The findings agree with those of Konings and Vanormelingen (2009) who found out that training and development are effectual and fundamental instruments needed in successful accomplishment of organizational objectives and goals which result in productivity. Training designs adopted by firms refer to the degree to which the training and development has been designed and delivered resulting in trainees transferring the learning process to work environment.

Respondents were asked questions on the extent of effect to training affects service delivery on a Likert scale of 1-5 where: 1 = No Effect; 2 = Least Effect; 3 = Great Effect; 4 = Greater Effect and 5 = Greatest Effect. The results are presented in Table 4.10.
As per the study results in Table 4.10, trainers competence with a mean of 3.6754, followed by professional-skills training at 3.9737 are the factors that the respondents agreed to having the most effect service delivery in Mandera County government. Other training factors were: skills development, on-the-job training and training needs assessments. This implies that all the variables associated with training and developments have had a large effect on service delivery in Mandera County government. These findings agree with those of Konings and Vanormelingen (2009) who argued that training is effectual and fundamental instruments needed in successful accomplishment of organizational objectives and goals which result in productivity. The findings also agree with those of McCourt and Eldridge (2003) who were of the opinion that training and development are important in ensuring the performance evaluation of employees which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs.

4.5 Establishing the Relationship between Performance Contracting and Service Delivery

Multivariate analysis was conducted to establish an empirical model establishing the association between performance contracting and service delivery. Using SPSS
version 21, the resulting regression coefficients have been used to interpret the
direction and magnitude of the relationship. The findings of the regression analysis
are presented in Table 4.11.

Table 4.11 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
<td>df2</td>
</tr>
<tr>
<td>1</td>
<td>.880a</td>
<td>.774</td>
<td>.766</td>
<td>.70085</td>
<td>.774</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Goal setting, Feedback systems, Competency on service
delivery, Training and development
b. Dependent Variable: Service delivery

From the results in Table 4.11, the Coefficient of Multiple Determination ($R^2$) is
0.774 implying that the regression line is of “high goodness of fit” explaining up to
77.4% of the variation on service delivery. The p-value of 0.000 indicates that the
relationship between performance contracting and service delivery is statistically
significant at 5% confidence level. The Analysis of Variance (ANOVA) was applied
to determine the combined effects of the independent variables on the dependent
variable. The results are presented in Table 4.12.
Table 4.12 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>183.407</td>
<td>2</td>
<td>45.852</td>
<td>93.347</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>53.540</td>
<td>75</td>
<td>.491</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>236.947</td>
<td>78</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Goal setting, Feedback systems, Competency on service delivery, Training  
b. Dependent Variable: Service delivery

Going by the findings in Table 4.12, the F static is 93.347 with a p-value of 0.000. This implies that the combined impact of performance contracting is significant given the fact that the p-value is less than the alpha value.

4.6 Correlation Analysis

Table 4.13 Correlation Analysis

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>Service delivery</th>
<th>Goal setting</th>
<th>Feedback systems</th>
<th>Competency in delivery of services</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service delivery</td>
<td>1.000</td>
<td>.576</td>
<td>.649</td>
<td>.709</td>
<td>.559</td>
</tr>
<tr>
<td>Goal setting</td>
<td>.576</td>
<td>1.000</td>
<td>.707</td>
<td>.285</td>
<td>.697</td>
</tr>
<tr>
<td>Feedback systems</td>
<td>.649</td>
<td>.707</td>
<td>1.000</td>
<td>.205</td>
<td>.742</td>
</tr>
<tr>
<td>Competency in delivery of services</td>
<td>.709</td>
<td>.285</td>
<td>.205</td>
<td>1.000</td>
<td>.196</td>
</tr>
<tr>
<td>Training</td>
<td>.559</td>
<td>.697</td>
<td>.742</td>
<td>.196</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Sig. (1-tailed)

| Service delivery    | .000             | .000         | .000             | .000                              | .000     |
| Goal setting        | .000             | .000         | .000             | .001                              | .000     |
| Feedback systems    | .000             | .000         | .014             | .014                              | .000     |
| Competency in delivery of services | .000       | .001         | .014             | .018                              | .018     |
| Training            | .000             | .000         | .000             | .018                              | .018     |

* Correlation is significant at the 0.05 level (1-tailed).

The findings in Table 4.13 indicate a near perfect significant positive correlation between goal setting and service delivery in Mandera County government \((r = 0.576; \text{Sig.} = 0.000)\). The findings further reveal that feedback systems has a statically significant strong positive correlation with \((r = 0.649; \text{Sig.} = 0.000)\) and competency in delivery of services \((r = 0.709; \text{Sig.} = 0.000)\).

4.7 Regression Analysis

Table 4.14 Regression Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-2.455</td>
<td>.478</td>
<td></td>
</tr>
<tr>
<td>Goal setting</td>
<td>.069</td>
<td>.150</td>
<td>.033</td>
</tr>
<tr>
<td>Feedback systems</td>
<td>.723</td>
<td>.124</td>
<td>.431</td>
</tr>
<tr>
<td>Competency in delivery of services</td>
<td>.605</td>
<td>.049</td>
<td>.592</td>
</tr>
<tr>
<td>Training</td>
<td>.172</td>
<td>.125</td>
<td>.101</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Service Delivery


As per the model coefficients in Table 4.36, the equation \(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \ldots + \beta_4X_4\) becomes:

\[Y = -2.455 + 0.069X_1 + 0.723X_2 + 0.605X_3 + 0.172X_4\]
According to the regression line established above, holding all the entire independent variable constant, service delivery in Mandera County government will be -2.455. The study findings indicate that the coefficients for goal setting positively relate to service delivery in Mandera County government. The data findings analysed also show that, holding all other variables constant, a unit increase in goal setting will lead to an increase of 0.069 in service delivery in Mandera County government. This is indicated in the regression below.

\[ Y = -2.455 + 0.069X_1(±.150) \]

The study findings indicate that the coefficient for feedback systems positively relate to service delivery in Mandera County government. The regression line also indicates that, holding all the other variables constant, a unit increase in feedback systems will lead to an increase of 0.723 in service delivery in Mandera County government. The regression analysis is as shown below:

\[ Y = -2.455 + 0.723X_2(±1.124) \]

The study findings indicate that the coefficient for competency in delivery of services positively relates to service delivery in Mandera County government. The researcher found out that, taking all other variables at zero, a unit increase in competency in delivery of services will lead to a 0.605 increase service delivery in Mandera County government. The regression analysis is as shown below:

\[ Y = -2.455 + 0.605X_3(±.049) \]

The study findings indicate that the coefficient for training positively relates to the service delivery in Mandera County government. The same findings indicate that taking all other predictor variables constant, a unit increase in training will lead to a 0.172 increase in service delivery in Mandera County government. This is indicated in the regression below.

\[ Y = -2.455 + 0.172X_4(±.125) \]
From the findings, all the predictor variables have a p-value of less than 0.05%. This implies that the effect of goal setting, feedback systems, competency in delivery of services and training and development have a significant effect on service delivery in Mandera County government since the p-value is less than alpha level at 95% confidence level. This findings agree with those of Okumbe (2001) who argued that provision of quality should exceed customer’s expectation. Customers compare perceived service. If customers perceive service to be below their expectations they lose interest on the organization providing the service whereas the opposite creates their loyalty to the company. The study findings are in agreement with those of Saavedra and Kwun (2000) observed that the customer has all votes. There is a role for marketing, strategy formulation and the like, but ultimately it all boils down to perceived, appreciated and consistently delivered service and quality to customers. Increasingly it is recognized that even the service of government/public institutions, credibility and the quality of service delivery matters a great deal for the country economic performance
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter captures information on the summary of results obtained in the research study and draws conclusions from it. It also gives recommendations in the light of the conclusions drawn.

5.2 Summary of Findings

Most of the respondents at 84.8% were of the opinion that goal setting has an effect on service delivery. According to the respondents, setting appropriate goals and making effective use of appraisals can improve organizational performance and also facilitate assessment of how well the staffs are performing at their workplace and employees are able to focus on specific corporate goals and specified tasks by establishing clearly defined objectives. The respondents also argued that involving staff in setting targets can ensure that they are more motivated to meet them and they identify better ways of carrying out the tasks and that the benefits for defining performance targets include ensuring every employee contribution fits into the organization’s goals, helping individual employees to understand what is expected of them and the feeling of being valued, creating standards that will measure the quality and the quantity of employees’ work. The most significant effect of goal setting on service delivery was realistic deadlines to finish the task at hand with a mean of 4.7982, followed by the factor which indicates that having specific goals at 4.5351, implying that the participants agreed with these two important factors of goal setting as having the most effect on service delivery on the Likert scale.

It was established that most of the respondents, at 87.3%, were of the opinion that feedback systems have an effect on service delivery. According to the respondents, employee performance evaluation provides strict monitoring to ensure that the employees meet the goals of the organization and with strict monitoring issues relative to employee performance can be immediately addressed and management can obtain data to evaluate performance. They further argued that with monitoring and evaluation, management can identify the employees that are exceeding or failing to
meet performance expectations and institute the corresponding action and to monitor means consistently measuring the performance and providing feedback that is ongoing about employees’ progress towards the achievement of performance targets and standards. Staff responsiveness was considered to have the greatest effect with a mean of 3.7368 followed by customer perceptions at 3.4474, implying that most the respondents agreed on the two variables of feedback systems on having the greatest effect service delivery

Majority of the respondents agree that competency in delivery of services has an effect on service delivery at 73.4%. The respondents stated that the use of performance contracting in government services has increased; this is as a result of the fact that there is evidence to show that contracting out can lead to increased competency gains, while maintaining or increasing service quality levels. They respondents argued that employees who are more adaptable if given the right tools find it easy to offer individualized attention to customers leading to satisfaction of individual needs and that whenever the coordination or cooperation of employees is effective there is a beneficial effect on the organizational function. Ratio of work done with a mean of 4.1754, followed by enhancing access to and the quality of service-delivery at 3.7895, indicate that most of the respondents agreed on the effect of competency in delivery of services on service delivery based on the Likert scale.

Most of the participants at 92.4% were of the opinion that training affects service delivery. The respondents argued that organizational productivity has depended on the most important variables of training and development, identification of training needs, design and implementation of training programmes, transfer of training, and evaluation of program’s benefits are critical activities to the success of the undertaking and that training and development are important in ensuring the performance evaluation of employees which in turn ensures that the appropriate training and development take place. Trainers competence with a mean of 3.6754, followed by professional-skills training at 3.9737 are the factors that the respondents agreed to having the most effect service delivery in Mandera County government.
5.3 Conclusions

Performance contracting has brought about competency in the utilization of resources and improved on service delivery in public organization. In the study, a strong positive relationship between performance contracting and service delivery among the county government was identified. The results demonstrated that performance contracting led to goal setting, introduction of feedback systems, competency delivery of services and regular training and development. Performance contracting in the county government also resulted to transparency and accountability in the county government leading to improved service delivery. Further, it contributed towards increase in the county revenue collection as well as customer satisfaction. Thus performance contracting in organizations facilitates efficient utilization of the scarce resources in the organizations.

5.4 Recommendations for Policy Implications

The study proposes the following recommendations based on the findings and conclusions. In order to ensure service delivery in the public sector, it is recommended that performance contracting should be implemented across all departments. The study also recommends the implementation of performance contracting in county governments in order to realize the efficient utilization of resources. Further, this study recommends that performance contracting in public organization should have a strategic plan that will include various strategies for implementing performance contracting. These strategies will help address the challenges faced in the implementation of performance contracting. The strategies for implementing performance contracting should include goal setting, feedback systems, competency in delivery of services and training and development as well as putting in place an autonomous institution that will ensure objectivity of performance contracting process. Having an independent department to negotiate performance contracts and carry out evaluation can ensure objectivity of performance contracting. There is also the need to put in place a rewarding system that is impartial.
5.5 Contribution to the Study

The current study has contributed to the body on knowledge in terms of theoretical orientation whereby goal setting theory, agency theory, achievement motivation theory and Hertzberg's motivational-hygiene theory can be used in one study to enhance performance contracting and its effect on service delivery in organizations and, more relevantly, public institutions. In regard to methodology, the current study has contributed to the body of knowledge on sampling techniques where it was able to employ both simple random sampling. The study contributed to the body of knowledge by establishing that goal setting, feedback systems, competency in delivery of services and training and development have an effect service delivery in public institutions.

5.6 Areas for Further Research

It is proposed that future studies should be carried out on the same variables to ascertain the performance contracting and its effect on service delivery among private sector enterprises. Another study should also consider examining how the general public perceives performance contracting and service delivery among private organizations and the role of performance contracting in enhancing effectiveness of performance.
REFERENCES


APPENDICES

APPENDIX I: LETTER TO THE RESPONDENTS

RE: REQUEST FOR QUESTIONNAIRE INFORMATION

I am a post graduate student in Kenyatta University. I am conducting a research of my final year project on “performance contracting and its effect on county government service delivery case of Mandera County”, which is a requirement of the degree program.

I am kindly requesting you to answer the attached questionnaire. This is purely an academic exercise and your sincere responses will be highly appreciated and treated with a lot of confidence.

Thank you.

Yours faithfully,

Mohamed Ibrahim Hassan

C153/OL/GAR/32609/2016
APPENDIX II: QUESTIONNAIRE

SECTION A: PERSONAL DATA

1. Department/section/Category ________________________________

2. Gender (tick)

   - Male
   - Female

3. Age (tick)

   - 21 – 30 years
   - 31 – 40 years
   - 41 – 50 years
   - Over 50 years

4. Educational qualifications (tick)

   - Secondary
   - Diploma
   - Degree
   - Masters
   - Others (specify)

5. Experience in the organization (tick)

   - Less than one year
   - 1 – 4 years
   - 5 – 9 years
   - 10 – 14 years
   - Above 15 years
SECTION B: PERFORMANCE CONTRACTING AND ITS EFFECT ON COUNTY GOVERNMENT SERVICE DELIVERY

Kindly give your opinion on the following questions

1. Goal Setting

a) Do you think goal setting has an effect on service delivery?(Tick)

Yes ( )
No ( )

b) What do you think is the effect of goal setting on service delivery?

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c) Using the scale 1-5 as shown below please tick the extent of effect of the following goal setting factors on service delivery.

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type and amount of resources set aside</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time limit for is organizational goal</td>
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<td></td>
<td></td>
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<tr>
<td>Having specific goals</td>
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<tr>
<td>Realistic deadlines to finish the task at hand</td>
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<td></td>
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<tr>
<td>Setting manageable goals</td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Feedback Systems
a) Do you think feedback systems have an effect on service delivery?(Tick)

Yes ( )
No ( )

b) What do you think is the effect of feedback systems on service delivery?

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3. Competency in Delivery of Services
a) Do you think competency in delivery of services has an effect on service delivery?(Tick)
b) What do you think is the effect of competency in delivery of services on service delivery?

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c) Using the scale 1-5 as shown below please tick the extent of influence of the following competency in delivery of services factors on service delivery.

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of output to total input</td>
<td></td>
<td></td>
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<tr>
<td>Ratio of work done</td>
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<td></td>
<td></td>
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<tr>
<td>Change management capabilities</td>
<td></td>
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</tr>
<tr>
<td>Enhancing access to and the quality of service-delivery</td>
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<td></td>
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</tr>
<tr>
<td>Increased transparency and access to information</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Training

a) Do you think training has an effect on service delivery?(Tick)

Yes ( )

No ( )
b) What do you think is the effect of training on service delivery?

..................................................................................................................
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c) Using the scale 1-5 as shown below please tick the extent of effect of the following training factors on service delivery.

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs Assessments</td>
<td></td>
<td></td>
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<tr>
<td>Trainers Competence</td>
<td></td>
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<td></td>
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<tr>
<td>On-the-job training</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Skills development</td>
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<td></td>
<td></td>
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<tr>
<td>Professional-skills training</td>
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</tbody>
</table>


d. Any other comment concerning this topic that you feel should be addressed?

..................................................................................................................
..................................................................................................................


Thank you for participating in this study
## APPENDIX III: BUDGET ESTIMATE

<table>
<thead>
<tr>
<th>Item description</th>
<th>Quantity/cost per item (Ksh)</th>
<th>Total Cost Ksh</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stationery</td>
<td>6 rims of fullscaps @ 600 each</td>
<td>3,600</td>
</tr>
<tr>
<td></td>
<td>2 biro packets @ 200 each</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>2 printer cartridges @ 3000 each</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>6 notebooks @ 1000 each</td>
<td>3,600</td>
</tr>
<tr>
<td>2. Proposal writing and research</td>
<td>Internet research</td>
<td>11,500</td>
</tr>
<tr>
<td></td>
<td>Fare</td>
<td>6,900</td>
</tr>
<tr>
<td></td>
<td>Binding and photocopies 300 pages @ 3 per page</td>
<td>6,500</td>
</tr>
<tr>
<td>3. The project</td>
<td>Data analysis</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Binding and photocopies</td>
<td>5,700</td>
</tr>
<tr>
<td>4. Miscellaneous</td>
<td>Phones, meals, etc</td>
<td>6,500</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>60,700</strong></td>
</tr>
</tbody>
</table>
# APPENDIX IV: RESEARCH PLAN

<table>
<thead>
<tr>
<th>Task/Activity Details</th>
<th>TASK DURATION (2018-2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Problem Identification</td>
<td></td>
</tr>
<tr>
<td>2 Literature review and methodology</td>
<td></td>
</tr>
<tr>
<td>4 Proposal Defense and Data Collection</td>
<td></td>
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<tr>
<td>5 Data Processing</td>
<td></td>
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<tr>
<td>6 Data Analysis</td>
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<tr>
<td>7 Report Writing</td>
<td></td>
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<tr>
<td>8 Submitting the Final Report</td>
<td></td>
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</tbody>
</table>
APPENDIX V: RESEARCH AUTHORIZATION FROM NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Ref. No: NACOSTI/P/18/21435/25766

Mohamed Ibrahim Hassan
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Performance contracting and its effect on county government service delivery case of Mandera County” I am pleased to inform you that you have been authorized to undertake research in Mandera County for the period ending 12th October, 2019.

You are advised to report to the County Commissioner and the County Director of Education, Mandera County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Mandera County.

The County Director of Education
Mandera County.
APPENDIX VI: RESEARCH LICENSE FROM NACOSTI

THIS IS TO CERTIFY THAT:
MR. MOHAMED IBRAHIM HASSAN
of KENYATTA UNIVERSITY, 0-70100
GARISSA, has been permitted to conduct
research in Mandera County

on the topic: PERFORMANCE
CONTRACTING AND ITS EFFECT ON
COUNTY GOVERNMENT SERVICE
DELIVERY CASE OF MANDERA COUNTY

for the period ending:
12th October, 2019

Applicant's Signature

Director General
National Commission for Science,
Technology & Innovation

THE SCIENCE, TECHNOLOGY AND
INNOVATION ACT, 2013
The Grant of Research Licenses is guided by the Science,
Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS
1. The License is valid for the proposed research, location and
   specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before
   commencement of the research.
4. Excavation, filming and collection of specimens are subject to
   further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy
   of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the
   License including cancellation without prior notice.

Republic of Kenya
National Commission for Science,
Technology and Innovation
RESEARCH LICENSE

Serial No. A 21259
CONDITIONS: see back page

National Commission for Science, Technology and Innovation
P.O. Box 36623 - 00100, Nairobi, Kenya
TEL: 020 400 7000, 0713 788787, 0735 404245
Email: digi.nacostl.go.ke, registry@nacostl.go.ke
Website: www.nacostl.go.ke

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