

**EFFECT OF PERFORMANCE CONTRACTING ON PERCEIVED SERVICE
DELIVERY IN THE KENYA CIVIL SERVICE IN EASTERN PROVINCIAL
HEADQUARTERS, EMBU**

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DECLARATION

I declare that this is my original work and that the same has not been submitted for another degree or qualification in any institution of learning.

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DEDICATION

This study is dedicated to my parents, Charles and late Rahab Nyaga, who provided me with the necessary education without which I could not get to such a level. And to my children Kelvin, Susan and Carol whom I would want to encourage to scale to even greater heights and always remain in God's favour.

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TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS	v
LIST OF TABLES	vii
LIST OF FIGURES.....	viii
ABBREVIATIONS AND ACRONYMS	ix
OPERATIONAL DEFINITION OF TERMS.....	x
ABSTRACT	xi
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Statement of the Problem	4
1.3 Research objectives	5
1.4 Research Questions.....	6
1.5 Significance of the Study.....	6
1.6 Scope of the Study	7
1.7 Limitations of the study	7
CHAPTER TWO: LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 Concept of Performance Contracting	8
2.3 History of performance Contracting.....	9
2.4 Performance Contracting Process.....	11
2.5 General Systems Theory (GST).....	16
2.6 Empirical Review	18
2.6 Conceptual Framework.....	25
CHAPTER THREE: METHODOLOGY	29
3.1 Introduction.....	29
3.2 Research Design	29
3.3 Target Population.....	29
3.4 Sampling Procedure.....	31
3.5 Data collection Instruments	31
3.6 Data Collection Procedure	32
3.7 Data Analysis and Presentation	32
CHAPTER FOUR: RESEARCH FINDINGS	33
4.1 Introduction	33
4.2 Analysis of Response Rate and Background Information.....	33
4.3 Effect of annual work planning on perceived service delivery	37
4.4 Effect of performance target setting on work performance	40
4.5 Extent to which performance reporting affects service delivery.....	42
4.6 Effect of performance appraisal on perceived service delivery.	43
4.7 Civil servants' perception of quality of service delivery to clients.....	44

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	48
5.1 Introduction.....	48
5.2 Summary.....	48
5.3 Conclusions.....	49
5.4 Recommendations.....	50
REFERENCES.....	51
APPENDICES.....	53

LIST OF TABLES

Table 3.1	Distribution of Target Population	30
Table 4.1	Ministry & Gender Representation.....	33
Table 4.2	Length of service.....	34
Table 4.3	Academic & Professional qualifications.....	35
Table 4.4	Year PC was started in Ministries.....	36
Table 4.5	Training on PAS by Ministry.....	37
Table 4.6	Determining actual annual work load	42
Table 4.7	PC and use of time	44

LIST OF FIGURES

Figure 2.1 Schematic Diagram of the Conceptual Model.....	25
Figure 4.1 Need for more training.....	38
Figure 4.2 Extent AWP improves performance	38
Figure 4.3 Extent guidance received	40
Figure 4.4 Target setting and work distribution.....	41
Figure 4.5 Performance appraisal and transparency	43
Figure 4.6 Performance Contracting and efficiency	45
Figure 4.7 Accountability for resources.....	46
Figure 4.8 AWP and quality of service	47

ABBREVIATIONS AND ACRONYMS

AAPAM	African Association for Public Administration and Management
AWP	Annual Work Plan
CSOs	Community Service Organizations
CWSA	The Community Water Supply Agency
ERS	Economic Recovery Strategy
ERSWEC	Economic Recovery Strategy for Wealth and Employment Creation
FKE	Federation of Kenya Employers
GOK	Government of Kenya
GTI	Government Training Institute
HRM	Human Resource Management
KIA	Kenya Institute of Administration
MDAs	Ministries, Departments and Agencies
NCPB	National Cereals and Produce Board
OECD	Organization for Economic Cooperation and Development
PAS	Performance Appraisal System
PC	Performance Contract
PCSC	Performance Contracts Steering Committee
PSRP	Public Service Reform Program
RBM	Results Based Management
SMART	Specific, Measurable, Achievable, Realistic and Time bound
SWOT	Strengths, Weaknesses, Opportunities and Threats
TISDA	Transparency and Integrity in Service Delivery in Africa
UNDG	United Nations Development Group

OPERATIONAL DEFINITION OF TERMS

Efficient service delivery	Effective and efficient service delivery is one that is offered at the right time and place and in the right quantities and expected quality at minimal cost
Outcomes	These are the visible results that are expected to be achieved in line with the strategic objective.
Performance Contract	Performance Contracting is an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets. In some countries it is also referred to as Performance Management or Memorandum of Understanding.
Performance criteria	This is the standard of judgment; an established rule or principle for evaluating achievement
Performance evaluation	Assessment/ measurement of the extent to which public agencies achieved negotiated performance targets.
Performance indicator	This is a measure by which performance of an institution is assessed.
Performance planning	The process of establishing shared/ common understanding on what is to be achieved and managing the resources to ensure successful implementation
Service delivery	Service delivery refers to the provision of goods and services to clients
Vetting	The process of scrutinizing negotiated performance contracts to establish uniformity to PC guidelines

ABSTRACT

The purpose of this research was to find out the effect of performance contracting on perceived service delivery in the civil service. The research was motivated by the fact that there have been concerted efforts to correct the scenario of declining performance of the public service. The Public Service Reform Program (PSRP) was developed and the Strategy for Performance Improvement in the Public Service launched in 2001. The Government of Kenya adopted, as a policy, the application of Performance Contracts in the management of the Public Service. Having adopted Performance Contracting in most of the Ministries by the year 2006, research has been carried out mainly among recipients of the service to establish its effectiveness in service delivery. This research was carried out among providers of the service (civil servants) working at the Provincial Headquarter, Eastern province, Embu County. The target population was 112 respondents on Job group J and above whose statistics were available at the District Commissioner's office. Descriptive research design was used. Primary data was collected by use of structured questionnaires, with closed ended questions; 100 questionnaires were issued and 91 completed ones received back. They were reviewed for completeness and validity, coded and keyed into the computer for analysis using Statistical Package for Social Sciences (SPSS). Descriptive statistics was carried out. Percentile comparisons, frequency tables, pie charts and various types of graphs were used for presentation of findings. It was established from the findings that performance contracting has had a positive effect in increasing efficiency and effectiveness in service delivery. It has caused civil servants to be more devoted to their work and more transparent in their dealings with clients. The researcher recommended that there was need for Ministry of State for Public Service to offer more training on PAS to all cadres of staff and especially those in Office of the President. There was also need to review the performance contracting process in order to reduce details of performance reporting to avoid taking too much time on it. Its format should also be varied with cadres and not applied uniformly. Further research needs to be carried out among civil servants on job group H and below who started performance contracts in 2008/2009. Other research could also be carried out on other factors, other than PC, that could help improve performance in the civil service.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Performance Contracts originated from the perception that the performance of the Public Sector had been consistently falling below the expectations of the public. Performance Contracting is part of broader Public Sector reforms aimed at improving efficiency and effectiveness in the management of Public Service. The problems that have inhibited the performance of government agencies are largely common and have been identified as excessive controls, multiplicity of principles, frequent political interference, poor management and outright mismanagement (RBM Guide, 2005).

In order to move the implementation of the Public Service Reform Program (PSRP) forward, the Government of Kenya developed and launched the Strategy for Performance Improvement in the Public Service in 2001. The Strategy sought to increase productivity and improve service delivery by entrenching long lasting and sustainable change in the way public services were offered. Underpinning this strategy was the Results Based Management (RBM) approach, which makes it necessary to adjust operations to respond to predetermined objectives, outputs and results. This called for a transformation from a passive, inward-looking bureaucracy to one which is pro-active, outward looking and results oriented; one that seeks 'customer satisfaction' and 'value for money'.

The Government of Kenya adopted as a policy, the application of Performance Contracts in the management of the Public Service. The policy pronouncement in this regard is contained in the Economic Recovery Strategy for Wealth and Employment Creation (2003 – 2007).

The process of performance contracting commenced with the establishment of a Performance Contracts Steering Committee in August 2003 and the issue of Legal Notice No. 93, The State Corporations (Performance Contracting) Regulations, 2004 in August 2004. Under this framework, the initial performance contracts were introduced in 16 pilot state corporations, which signed contracts on 1st October 2004 and 16th December 2004 respectively. The Civil

Service and all the state corporations were scheduled to sign performance contracts by 30th June 2005.

The objectives of introducing performance contracts in Kenya include improvement of service delivery to the public by ensuring that top-level managers are accountable for results; reversing the decline in efficiency and ensuring transparency in use of resources that must be focused on attainment of key national policy priorities of the government; institutionalizing performance oriented culture in the public Service through introduction of an objective performance appraisal system, measuring and evaluating performance.

1.1.2 History of Performance Contracting in Kenya

The concept of performance contracting in Kenya was first introduced in the management of state corporations in 1989. A Parastatal Reform Strategy Paper, which was approved by cabinet in 1991, was the first official recognition of the concept of Performance Contracting. The first two parastatals to be on Performance Contracting were Kenya Railways Corporation and the National Cereals and Produce Board (NCPB). Kenya Railways signed performance contracts in April 1989 and NCPB signed in November 1990 (Kobia & Mohammed, 2006). Performance contracts eventually failed due to lack of political goodwill to drive this process; it was perceived as donor-driven. There was no performance incentive system and no provision for the impact of external factors such as changes in government policy, inflation, exchange rate fluctuations that would have made evaluation fair.

Kenya decided to re-introduce performance contracting in 2003. The initiative came from H.E. the President and was clearly spelt out in the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC). In August 2003, the government appointed a committee to spearhead the introduction and implementation of Performance Contracts namely the Performance Contracts Steering Committee. The government made a decision to introduce Performance Contracting in state corporations on a pilot basis in 2004. Sixteen State Corporations signed the PC's by December 2004.

Following the success in implementing performance contracts in state corporations, the government extended the process to Public Service beginning with Permanent Secretaries and Accounting Officers. Further, in April 2005, the Government decided to place the management of 175 Local Authorities on Performance Contracts. Accordingly, five major municipalities completed Performance Contracts on 30th September 2005 on pilot basis. The remainder signed Performance Contracts on 30th June 2006.

1.1.3 Service delivery

Many of the research and theory building is focusing on how to narrow the gap between government and the citizen. Citizen participation, increasing transparency and service delivery improvement seem to be the key issues to deal with in order to improve the legitimacy of public administration and regain the trust that citizens lost in their governments (Hoogwout, 2005).

Service delivery is the provision of goods and services to clients. In order for it to be deemed to be effective and efficient, the same should be offered at the right time and place and in the right quantities and expected quality at minimal cost. The service providers are expected to be accountable, transparent, and efficient as they offer the services.

Accountability refers to being answerable for results in one's area of responsibility. For one to be thus answerable, it involves setting of goals, clarifying expectations, defining roles and responsibilities, monitoring progress and measuring results, and gathering feedback. Performance contracting in the public service involves annual work planning and setting of performance targets that are in line with the organization's (ministry's) mandate, thus each worker has to be accountable for what has been or has not been achieved in relation to his/her duties and responsibilities.

Efficiency is the ability to achieve certain (expected) results using minimal time and incurring the least cost. Performance contracting is growth oriented and seeks to keep on improving on processes even as one focuses on results. Due to this notion of continuous

improvement, performance contracting seeks to increase efficiency among individual workers and the organization as a whole.

Roles and responsibilities exercised out of a sense of ownership inspire commitment. Defining roles and responsibilities identifies specific benchmarks for performance and creates boundaries around the work to be done, both of which foster self-accountability. One does not feel pushed to achieve and does not therefore shy away from inefficiencies or even failures. Workers tend to become more transparent in their dealings with clients.

In performance contracting in the civil service, there is the declaration of Service Charters that are put in writing and placed conspicuously in areas where clients can access and therefore be aware of what is expected of them and what in turn they expect from the service provider. In this way it is expected that performance contracting should increase levels of transparency among its implementers.

1.2 Statement of the Problem

Performance Contracting was introduced in the civil service from 1st July 2006. According to Kobia & Mohammed (2006), in implementing performance contracts, some of the common issues that were being addressed included improvement of performance to deliver quality and timely services to the citizen, improve productivity in order to maximize shareholders wealth, and to instill a sense of accountability and transparency in service delivery and the utilization of resources. Obong'o (2009) in his conclusions on his research on Implementation of Performance Contracting in Kenya expressed that public sector reform is taking place in a continually changing environment. Current practices therefore need continuous review so as to help organizations improve their service delivery.

In the review of performance contracting in the public sector in Kenya by a Panel of Experts (2010), recipients of service from the public sector made it clear that even those MDAs deemed to be performing highly as per evaluations were not delivering required services. This study intends to reveal the perception of the service providers themselves as to whether according to them performance contracting has either enhanced or hindered their efficiency

in service delivery. Apart from Kobia & Mohammed (2006) who drew their study sample from among senior civil servants in 2006 when performance contracting had just been regularized in the ministries, the rest of the studies reviewed focused on members of the public, public institutions and case studies. Also no related research in Kenya has been carried out in Eastern Province/ Embu County.

The above scenario therefore gives a strong case and ground to attempt to fill the gap that exists in the area of the performance contracting process and its effect on service delivery as perceived by the actual providers of the service, the civil servants. The researcher considered it necessary to undertake this research to offer a continual review and assessment on how performance contracting is affecting service delivery, as perceived by those who have rendered the service under performance contracts for the last five years.

1.3 Research objectives

1.3.1 General objective

The general objective of the study was to find out the effect of performance contracting on service delivery in the civil service.

1.3.2 Specific Objectives

- (i) To find out how annual work planning influences service delivery by civil servants towards their clients;
- (ii) To establish the extent to which performance target setting has led to increased efficiency in service delivery by civil servants;
- (iii) To examine the effect of performance appraisal on service delivery by civil servants;
- (iv) To determine the extent to which performance reporting affects efficiency in service delivery by civil servants.

1.4 Research Questions

The research addressed the following questions:-

- (i) To what extent does annual work planning influence service delivery levels by civil servants?
- (ii) How has performance target setting affected service delivery by civil servants?
- (iii) To what extent has performance appraisal influenced work performance by civil servants?
- (iv) How does performance reporting lead to improved service delivery in the civil service?

1.5 Significance of the Study

1.5.1 Public Sector

Since the inception of the performance contracting program, not much has been done in form of research to evaluate the feelings of the implementers of the program, that is, the civil servants themselves, about how effective the program is in increasing their commitment to service delivery and general performance. Has the program made them more proactive than before? Are they more customer-focused? Has the tool been used as an incentive to motivate civil servants for better performance? The researcher sought to have all these questions and others answered through the study and thus assist the program implementer, that is, the Ministry of State for Public Service in getting more focused as they continue to inculcate a performance-oriented culture and institutionalize performance contracting in the entire civil service.

1.5.2 Academics

The research will shed more light on the effectiveness of performance contracting as viewed by civil servants and create interest among scholars to study more on this area.

1.5.3 Researchers

Researchers may also gain interest in this area of performance contracting and carry out research among lower level civil servants (job group G and below) as they continue to get acquainted to performance contracting.

1.6 Scope of the Study

The research was carried out at the provincial headquarter, Eastern Province, Embu County, Kenya. The target population was the civil servants on job group J and above in the various ministries represented at district level as departments.

1.7 Limitations of the study

The study focused on civil servants on job group J and above working at Eastern Provincial Headquarter, Embu County. The sample drawn from this group is expected to be representative of the views of public servants in the whole country. Getting a sample from one province may not represent the views of civil servants from all over the country, yet drawing from all eight provinces may not be economically viable. To minimize biasness, the researcher carried out a census of the civil servants whose statistics were available at the District Commissioner's office, Embu West.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter the researcher reviewed both theoretical and empirical literature related to performance contracting and its effect on service delivery in the public service. General Systems Theory was also reviewed as it was considered to be applicable to performance contracting.

2.2 Concept of Performance Contracting

Wangao (2010) defines performance contracting as a mechanism under Public Sector Reforms that aims at improving performance of the Public Sector through setting clear objectives; setting SMART targets; specifying agent performance in terms of results (outputs) and assigning accountability for those results; increasing the transparency of the accountability relationship in public institutions; establishing clear reporting, monitoring and evaluation mechanisms of the projects and providing a basis for assessment of performance.

Performance contracting was introduced in various countries in the world as early as 1960s, including countries like France, India, Pakistan, Korea and various other African countries. The concept of performance contracting in Kenya was first introduced in the management of state corporations in 1989. The first two parastatals to be on Performance Contracting were Kenya Railways Corporation and the National Cereals and Produce Board (NCPB). Kenya Railways signed performance contracts in April 1989 and NCPB signed in November 1990 (Kobia & Mohammed, 2006). According to them, performance contracts eventually failed due to lack of political goodwill to drive this process; it was perceived as donor-driven.

Kenya decided to re-introduce performance contracting in 2003 as an initiative from the President of the republic. In August 2003, the government appointed Performance Contracts Steering Committee (PCSC) to spearhead the introduction and implementation of Performance Contracts. Performance Contracting was introduced in state corporations on a pilot basis whereby sixteen State Corporations signed the PC's by December 2004.

2.3 History of performance Contracting

Performance Contract System originated in France in the late 1960s. It was later developed with great deal of elaboration in Pakistan and Korea and thereafter introduced to India (OECD, 1997). It has been adopted in developing countries in Africa, including Nigeria, Gambia, Ghana and now Kenya.

Starting in France in the 1970's, Performance Contracting has been used in about 30 developing countries in the last fifteen years. The results of performance contracting have been mixed. In some countries there has been a general and sustained improvement in Public Enterprise improvement, while in other countries some public enterprises have not responded or have been prevented by government policies from responding (Kobia et al, 2006).

In Ghana, national and international NGOs were contracted to build the capacity of local-level NGOs and Community Service Organizations. The Community Water Supply Agency (CWSA) was created as a facilitating agency rather than an implementer. CWSA signs an annual performance contract with the State Enterprise Commission. In little more than a decade, Ghana had transformed the structure and strategy of its rural water supply sector. The new policy and structure had attracted extra funds, and work was accelerating. The policy was then implemented in several large pilot projects, supported by a number of external agencies, and finally the lessons from those projects were incorporated into the national performance contract program itself (World Bank, 2002).

At national levels, governments and private institutions have embraced a performance management approach. Beginning as early as the 1940s, the Hoover Commission (1947) in the US began efforts to improve the efficiency and effectiveness of the government. Today, the same ideas are at work all over the world. Kouzmin (1999) states that among nations that comprise the OECD is "the development of measurement systems which enable comparison of similar activities across a number of areas," and which "help to establish a performance-based culture in the public sector".

In Australia, performance management pervades the Australian Public Service and calls for “the use of interrelated strategies and activities to improve the performance of individuals, teams, and organizations”. The Government Performance and Results Act (GPRA) of 1993, the Bush administration’s Program Assessment Rating Tool (PART), and the President’s Management Agenda, are just three of the current initiatives challenging US government managers to focus on and be accountable for results.

The evolution of contract plans in Swaziland started in the early 1990’s. The plans sought to establish viable control mechanisms for Swaziland’s parastatal sector amid a national outcry that public enterprises were continuing to be a financial as well as an administrative burden on the government (Musa, 2001). In Swaziland, the performance agreement of the early 1990’s failed to improve the performance of the public enterprises because of widespread use of consultants in the formulation of contract plans, including the determination mechanisms for their monitoring and evaluation; public enterprise management did not develop the necessary sense of ownership and commitment to the success of the enterprise contracts.

Performance contracts were introduced in 1995 in the Finnish public sector. The informal nature of the contracts made the implementation much easier than this would have been the case with a legal model. However, it also caused some difficulties in ensuring the compliance of the actors and making contracting parties accountable for their actions. The performance contracting process of the Ministry of Social Affairs and Health showed performance contracting increased the co-operation between Ministries and agencies as well as among agencies. It also strengthened the strategic thinking in central government agencies and made the agencies more cost-conscious and results-oriented (Petri & Petri, 1999).

In Kenya PCs were introduced in 1989 but eventually failed for various reasons. They were later re-introduced in 2003 but took on a fairly high momentum in 2006 when almost all ministries, State Corporations and Local government agents were put on performance contracts.

2.4 Performance Contracting Process

Performance Appraisal System- PAS (also known as PC process) is premised on principles of work planning, setting of agreed targets, feedback and reporting systems. It is linked to other HRM Systems and processes including recruitment and placement of staff, training and development, reward and compensation, recognition and sanctions. PC commits public officials to performing to or beyond specified levels which holds them accountable for results and creates levels of transparency in management of public resources (Muthaura, 2008).

2.4.1 Annual work planning

A work plan translates the strategic objectives of an organization into specific activities and tasks to be undertaken by an employee or a team of staff over a given period. A work plan further indicates what is to be achieved at different stages of the planned implementation period given available resources. An individual officer requests for departmental work plan and objectives from the supervisor to be able to develop individual work plan. In the plan he/she indicates resource requirements and discusses them with the supervisor. After the planning he gives regular feedback on his/her performance and points out any problems being encountered and discusses departmental work plan with supervisor (PAS Booklet, 2009).

Akaranga (2008) states that work plan management is based upon business plans and other corporate documents; through these, key deliverables and areas of responsibility to which staff members will contribute are determined. In the work plan, a staff member and manager agree on the work and responsibilities of the staff member's position, and how the staff members' performance will be measured or evaluated against set objectives.

According to UNDG, (2004) Annual Work Plan (AWP) contains the expected outputs, the activities to be carried out towards achievement of the expected outputs, the time frame for undertaking the planned activities and those responsible for carrying out the activities, together with the inputs to be provided for each activity. The completion of the activities

should lead over time to the achievement of the programme outputs, which in turn contribute to the programme outcomes upon actual service delivery. The AWP provides the basis for the requisition of inputs (cash, supplies, contracts, travel, and personnel) and disbursement of funds to carry out planned activities.

2.4.2 Performance target setting

The setting of specific performance targets, in a format that can be monitored, is intended to provide a basis for evaluating performance and improving accountability in the public enterprise sector. This illustrates the shift in emphasis from the input and procedure-oriented; controls of the past to the new paradigm of output or results-oriented controls. Performance-based accountability systems in the United States education sector, just like in the rest of the public sector, share the common assumption that information about performance improves quality and reliability of service. Creating public information about the public sector's performance, the theory goes, improves the quality of service (Elmore 2007).

In the Kenya public service, all civil servants are supposed to fill in a Performance Appraisal Form- GP 247 A for job groups H and above and GP 247 B for job groups G and below. The form is divided into sections detailing areas for performance target setting, staff training and development, competencies appraisal, mid year and end year reporting, and recommendation for rewards or sanctions. The forms are uniform for all ministries, meaning that they are standard and can be monitored and be used to make comparisons.

Obong'o (2009) states that Performance Contracting has provided an avenue for comparing public agencies through reliable benchmarks, especially during the negotiation period where members of the independent team are drawn from different leading industry players. It has also offered the opportunity to achieve a high degree of accountability and transparency in performance target setting. He states that the ranking of public agencies is an indicator and reflection of ability of each agency and its management to meet agreed performance targets and enhance healthy competition.

2.4.3 Performance reporting

In the Kenya government set up, one of the tasks in a performance contract is to report on agency performance with reference to the set targets, so that an analysis of the extent of achievement of the same is carried out. The reporting is cascaded down to individual level performance, whereby a written report in a predetermined format is handed in to the supervisor on a quarterly basis. The supervisor and the appraisee meet at mid year to review the extent of achievement of the targets. They meet again at the end of the year for a full review of the whole year's performance.

According to Transparency International, (2011), the TISDA team provided a platform for a multi-stakeholder discussion on the problems affecting the water sector and solutions to these. Local and international experts involved in the TISDA project trained the stakeholders on how anti-corruption initiatives in the water sector can be utilized to improve performance and service delivery through greater transparency, more diligent disclosure of information and direct accountability mechanisms that enable users to raise their concerns and demand for better services. Their emphasis is on increased transparency and disclosure of information, among other initiatives, which tallies with this research study variable of performance reporting and also performance appraisal.

2.4.4 Performance appraisal

Under performance monitoring, the staff member provides regular feedback to the manager on their progress towards the achievements of the agreed performance objectives. The manager provides regular formal and informal feedback on their assessment of the staff member's achievements. Armstrong and Baron (2004), argue that the manager and the staff member should regularly (periodically) evaluate the staff member's performance and the achievement of the objectives in the work plan as well as the agreed training and development plan. This phase should then be fed into the next cycle of the performance management process.

According to Chapman (1995), performance appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by their line manager. Directors are appraised by the CEO, who is appraised by the chairman or company owners, depending on the size and structure of the organization.

Annual performance appraisals enable management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals are also essential for career and succession planning - for individuals, crucial jobs, and for the organization as a whole. Performance appraisals are important for staff motivation, attitude and behaviour development, communicating and aligning individual and organizational aims, and fostering positive relationships between management and staff. They provide a formal, recorded, regular review of an individual's performance, and a plan for future development.

Why are they disliked?

In a point of digression from the importance of performance appraisals, Chapman states that managers and appraisees commonly dislike appraisals and try to avoid them. He says that to these people the appraisal is daunting and time-consuming. The process is seen as a difficult administrative chore and emotionally challenging. The annual appraisal is, maybe, the only time since last year that the two people have sat down together for a meaningful one-to-one discussion. No wonder then that appraisals are stressful - which then defeats the whole purpose. Within the context of performance evaluation, Armstrong and Baron (2004) speculate that the staff member's performance and the achievement of the objectives in the work plan needs to be evaluated periodically.

The Strategic Plans form the basis for the implementation of a performance contract. The coming into effect of Vision 2030, the main macroeconomic policy guiding document, in 2007, saw Government institutions revise these strategic plans in line with the priorities set out in Vision 2030 (Log Associates, 2010). The process of identifying performance targets and negotiations is carried out in two phases. The first phase which is the pre-negotiation

consultations involves carrying out SWOT analysis for the institution to determine its performance capacity. Its main objective is to determine whether the targets being developed are SMART, growth oriented and benchmarked to performance of similar organizations in the particular industry (GOK, 2010).

In the second phase of the negotiations, the issues agreed upon are factored in the PC. The draft contract is then submitted to the PCSC for vetting. The vetting process ensures among other things that the contracts comply with the guidelines and that they are linked to the strategic objectives of the organization anchored on the Strategic Plan, growth oriented and relevant to the institution's mandate and in line with Vision 2030 (GOK, 2010). The signing of the contract is done at two levels: the first level is between the government and the Ministers. The Permanent Secretaries representing the various ministries sign with the Minister for Public Service on behalf of the government, while the Chief Executives sign on behalf of the Public Institutions (Trivedi, 2000).

2.4.5 Service delivery

According to Njogu (2010), a modern public service culture requires values of fair play, efficiency and accountability, and without this mindset the commitment to professional standards and resource management, social interventions, reforms and development cannot be effectively executed for efficient service delivery.

Murray, (2002) highlights the following as limitations of using performance contracting as a tool for measuring performance or as a means of tying compensation to performance in the public sector: The absence of profit as a measure of performance can mean that measuring performance is difficult and it is quite difficult to tie compensation closely to performance; secondly, for many public sector activities there is a complex relationship between outputs and outcomes (and probably impact). Neither the outputs nor the outcomes may be readily observable. Many of the factors influencing outcomes are beyond an agency's control and/or are not well understood by both the implementers and their supervisors. The difficulties in

specifying and measuring performance are precisely why many of these activities are conducted in the public sector.

2.5 General Systems Theory (GST)

General Systems Theory was originally proposed by Ludwig von Bertalanffy in 1928. The subject matter of GST was the formulation and derivation of those principles which are valid for systems in general. The Primer group defines a system as a family of relationships among the members acting as a whole. It is a configuration of parts connected and joined together by a web of relationships. A system is characterized by the interactions of its components and the nonlinearity of those interactions. Organizations are complex social systems; reducing the parts from the whole reduces the overall effectiveness of organizations. In most cases the whole has properties that cannot be known from analysis of the constituent elements in isolation (Walonick, 1993).

Systems theory specifically developed following the World Wars from the work of Ludwig von Bertalanffy, Anatol Rapoport, Kenneth E. Boulding, William Ross Ashby, Margaret Mead, Gregory Bateson, C. West Churchman and others in the 1950s, specifically catalyzed by the cooperation in the Society for General Systems Research. The systems view was based on the idea that all phenomena can be viewed as a web of relationships among elements, or a system; all systems have common patterns, behaviors, and properties that can be understood and used to develop greater insight into the behavior of complex phenomena and to move closer toward a unity of science. Von Bertalanffy's desire was to use the word "system" to describe those principles which are common to systems in general.

The term 'complex adaptive systems' was coined at the interdisciplinary Santa Fe Institute (SFI), by John H. Holland, Murray Gell-Mann and others. It is claimed that, because there are often properties-of-the-whole which cannot be found among the properties-of-the-elements, in some cases the behavior of the whole cannot be explained in terms of the behavior of the parts. An example is the properties of the letters of the alphabet which when

considered together can give rise to words that have meaning, which does not exist in the letters by themselves (Walonick, 1993).

According to Lucey (1991), General Systems Theory emphasizes that it is vital to view a system in totality and not a sum of individual functions; that what all the subsystems can do while working together is greater than the sum total of individual subsystems- known as holistic approach. Viewed in this manner, organizations are open systems with various subsystems named as departments and sections along with work procedures. They are inter-related and interdependent, hence each department and section depends on another for its success, and what one department/section does affects all the others within the organization/system.

Lucey further states that systems theorists see organizations as complex social systems that interact with their environment and which must respond to numerous interdependent variables such as people, tasks, technology and the relationships between them.

The organization has both internal and external environments. The external environment consists of economic, social, political and technological aspects; the internal includes workers, machines, and procedures. An organization interacts with its environment by receiving from it raw materials, labour and other factors of production while it gives back goods and services. The systems theorists allude that there is no best way of designing organizations and their work systems and that the best way is contingent upon prevailing conditions.

Performance Contracts are executed within an organizational set up and, according to general systems theory, are part of the variables of an organization's environment. For their execution there is involvement of people, tasks and technology which, along with other factors, contribute to the achievement of the organization's objectives. One of the main objectives of implementing PCs is to improve efficiency and effectiveness in service delivery to the citizens. The PC process, also referred to as the PAS, is indeed regarded as a system, its component subsystems being the annual work plan, performance target setting,

performance evaluation and appraisal, and performance reporting. The success of the whole process depends on the performance of each of the parts in relation to the other.

Further, a Performance Contract being carried out in an organizational set up may be regarded as a subsystem of the organization, hence other factors within the organization must come into play for the organization to achieve its objectives. Performance Contracting is said to be part of the broader Kenya Public Sector Reforms aimed at improving efficiency and effectiveness in the management of the public service.

Obongo (2009), states that it is important to view a performance contract as part and parcel of a wider performance management system, but not as a standalone operating outside the established human resource regulations. Just in the same way some properties may not emerge from action of individual parts, achievement of any part of the PC process alone may not show any results, nor can accomplishment of the PC process alone without considering other factors within the organization.

Njogu (2010) states that a modern public service culture requires values of fair play, efficiency and accountability and without this mindset, the commitment to professional standards and resource management, social interventions, reforms and development cannot be effectively executed for efficient service delivery. This statement concurs with general systems theory in that the values may be considered to be variables which interact with each other and together bring about the achievement of the objective of efficient service delivery. Efficiency and accountability are envisaged as indicators of efficient service delivery which is the dependent variable in this study.

2.6 Empirical Review

A study by Bouckaert, Verhoest & De Corte, (1999) in Belgium indicated that performance contracting had induced the organizations to become more oriented towards customers, markets and performance. There was increased operational autonomy resulting from the

introduction of contracts and management by results was used to increase the performance oriented-ness of the human resources management.

However, according to the study, performance-contracting practices in Belgium and the Flemish region were still in development and some shortcomings were observed. First, the management contract was likely to fail to act as an effective control instrument because in most cases incentives for better performance were insufficient. The possibility of performance bonuses was limited. Sanctions were limited to financial compensation and individual threats for dismissal.

The Belgium case is similar to the Kenya situation in this study whereby there are no other incentives for improved performance except for the financial rewards (one month's basic salary for consistent excellent performance of over 100%) and sanctions (disciplinary action which may include dismissal for poor performance of below 79%) stated in the GP 247 form.

In Belgium, the main objective appeared to be a financial one- the need to save taxpayers' money dominated and endangered the motivating effect of contracts. Internal management improvements were limited by strict financial constraints. The objective of a better accountability seemed to be of minor importance. In this study the major objective for PC is improvement of service delivery to the tax payer.

A case study carried out by Sonja (1999) in the Ministry of Justice, and Department for Courts in New Zealand on Public Sector Performance Contracting revealed that PC would improve communication both between staff and their managers and within organizations as a whole. In this research, one of the objectives is to find out the effect of performance appraisal on service delivery by civil servants. In a performance contract, the supervisor appraises the subordinate by meeting with him/her to discuss and assess the extent of achievement of set targets. Much as this may improve communication between workers and supervisors, the researcher wishes to find out whether such improvement in communication through performance appraisal leads to improved service delivery to clients through increased transparency.

In a study by Petri & Petri (1999) on Public Sector Performance Contracting in Finland, it was observed that the content of the performance contract varied quite a lot from one agency to another. Only two research and development agencies managed to link their performance objectives directly to the strategic framework set by the ministry. Performance indicators were mostly qualitative. This caused some difficulty in monitoring the implementation of the result objectives. Only some agencies had easily measurable indicators, which were mostly related to the quality of the services such as waiting time for licenses or permissions. None of the agencies had included into their contract solid and measurable productivity indicators, nor were there procedures in case objectives were not met.

Results of the study indicated that contracting had increased the strategic capacity of the agencies and had also offered a suitable platform for exchanging views and visions between the ministry and its agencies. Performance contracting was seen to have improved co-operation between the agencies themselves and between the ministry and the agencies.

This, in turn, meant improved commitment to the systematic and strategic planning processes within the ministry and also strengthened links to the budget process.

The weaknesses of the system were noted as having a gap between the planning stage and the monitoring phase of the system. There was lack of measurement and evaluation of the set objectives. In conclusion, according to the civil servants who were interviewed at the ministry, Performance Contracting was viewed as one solution that had been introduced, and that it was functioning quite well.

The results of this Finland study are quite divergent from the Kenyan situation whereby all agencies are expected to have their performance targets linked to their strategic plans, which is a compulsory condition. In Finland only two agencies managed to link their performance objectives directly to the strategic framework set by the ministry. Performance indicators are also expected to be measurable for purposes of monitoring, unlike those in Finland where there was lack of measurement and evaluation of the set objectives. This research study sets to find out from civil servants in the Kenya public service the effectiveness of performance

contracting in improving service delivery, and thus compare with those of Finland who observed that theirs was functioning well.

In another study by Raga & Taylor (2005) which sought to analyze the impact of accountability and ethics on public service delivery with specific reference to the role played by local government in South Africa, the findings were that a universally acceptable code of conduct is a necessary component for public officials to perform their activities ethically. The study indicated that a normative criterion for effective and efficient public service delivery is based upon values, attitudes and aptitudes that can be measured or evaluated. According to the study, the values are based on Batho Pele Principles (People First) which include consultation, service standards, courtesy, and value for money, openness and transparency. The thrust of the Batho Pele Principles is the improvement of service delivery in the public service.

According to the study, the emphasis for effective performance is values, attitudes and aptitudes. In the Kenyan case and more so in this study, it is observed that in performance appraisal using GP 247 form, some of the areas appraised include service values and work ethics. This implies that values, attitudes and aptitudes may impact on effectiveness in service delivery. The study by Raga and Taylor is an alert for the researcher that there may be other factors other than the variables considered that could impact on effectiveness in service delivery. The Batho Pele principles in the above study tally with service delivery indicators in the current study which include transparency, accountability and effectiveness.

A survey carried out by Transparency International, Kenya (2008) on public service delivery attempted to look at the efficacy of the public service in terms of how it has carried out its established functions vis a vis the established service delivery infrastructure and policies. The survey further assessed four of the public service' major stakeholders: the government, other civil servants, customers and the general public. The findings were that it had been a challenge for the public service to effectively and efficiently dispense the services in the light of the demands from the four sets of competing stakeholders.

The four stakeholders are integrated and have a causal-effect interrelationship and the satisfaction or dissatisfaction of one, directly affects the other. If the civil servants are not satisfied, and in their view do not see the government appreciating their neutrality and professionalism, they get demoralized hence poor service to the customer. The survey found out that the main problem was purely political interference in all their functions hence the compromise of the expected professionalism. This ignited a chain of action and reaction relations between the employer and the employees, most of the time misdirected and all the times resulting in underperformance.

From this survey, the researcher concludes that performance contracting process may not be the only factor to consider when assessing effectiveness and efficiency in service delivery. All stake holders in public service- government, other civil servants, customers and the general public are integrated and have a causal-effect interrelationship and the satisfaction or dissatisfaction of one, directly affects the other. Hence the researcher should be on the lookout for other factors that could affect service delivery in the civil service.

One of the major objectives of a research by Kobia & Mohammed, (2006) was to identify successes and challenges of implementing performance contracts in Kenya and also to assess the impacts of performance contracting. Using primary data collected from a sample of 280 senior public service course participants at KIA, the study revealed that only 25 out of the 280 participants had signed performance contracts. From the study, it was also noted that implementation of the process of performance contracting began only in 2004 (in some ministries) and by the time of the study (2006) the real impact of the process had not yet been fully visible.

There was however extraordinary improvement in service delivery and operations by the bulk of state Corporations and statutory boards, among them, Ken-Gen, Kenya Power and Lighting Company Limited, Kenya Ports Authority, Kenya Utalii College, National Oil Corporation of Kenya, etc.

From the above findings, it is clear that performance contracting had not taken root by the time of study as only 25 out of the 280 participants had signed performance contracts. In the current study, the researcher expects that performance contracting has been implemented several times in most of the ministries thus respondents will have a clear understanding of the process, and that its perceived impact will be more visible. It is also noted that improvements in service delivery were only noted in state corporations and statutory boards but not in ministries. It is hoped that by the time of this research, improvements or otherwise in the ministries will be notable.

2.5.1 Summary of Literature Review and Research Gaps

From the foregoing the researcher observes that all the studies noted addressed different variables from what this study intends to address. The Belgium and Flanders study indicated that Performance Contracts induced organizations to become more oriented towards customers and performance, but lacked motivational incentives, the same being limited to financial compensation and individual threats for dismissal. Though similar to the situation in Kenya, this research study addressed different variables from these.

From the New Zealand case study, the researcher observes that PCs improved communication between staff, managers and the organization as a whole, but does not indicate whether this translated to better service delivery through improved communication with clients.

In the study on Public Sector Performance Contracting in Finland, it was observed that the content of the performance contract varied quite a lot from one agency to another and that most research and development agencies did not have their performance objectives directly linked to the strategic framework set by the ministry. None of the agencies had included into their contract solid and measurable productivity indicators, nor were there procedures in case objectives were not met. The weaknesses of the system were noted as having a gap between the planning stage and the monitoring phase of the system. There was lack of measurement and evaluation of the set objectives.

The results of this Finland study are quite divergent from the Kenyan situation whereby all agencies are expected to have their performance targets linked to their strategic plans, which is a compulsory condition. This research study sets to find out from civil servants in the Kenya public service the effectiveness of performance contracting in improving service delivery, and thus compare with those of Finland who observed that theirs was functioning well. In the Kenya situation, for every performance contract, performance indicators must be stated and monitoring and evaluation carried out in relation to the objectives set at the planning stage.

In the study carried out in South Africa which sought to analyze the impact of accountability and ethics on public service delivery the findings were that a normative criterion for effective and efficient public service delivery is based upon values, attitudes and aptitudes that can be measured or evaluated. In the Kenyan case and more so in this study, it is observed that in performance appraisal using GP 247 form, some of the areas appraised include service values and work ethics. This implies that values, attitudes and aptitudes may impact on effectiveness in service delivery. Though this is not one of the variables for this study, the researcher is aware that there may be other factors other than the variables considered that could impact on effectiveness in service delivery. The Batho Pele principles in the above study tally with service delivery indicators in the current study which include transparency, accountability and effectiveness.

The above scenario therefore gave a strong case and ground to attempt to fill the gap that exists in the area of performance contracting and its effect on service delivery as considered by the actual providers of the service, the civil servants. The researcher considered it necessary to undertake this research to offer a continual review and assessment on how performance contracting is affecting service delivery, as viewed by those who have rendered the service under performance contracts for the last five years. The above studies all addressed different variables from what this research study intended to address and hence the need to carry out the study.

2.6 Conceptual Framework

The purpose of this research was to find out the extent to which performance contracting had impacted on the quality of service delivery by civil servants to members of the public. The following components of performance contracting had been identified as the independent variables: Annual work planning, performance target setting, performance reporting and performance appraisal.

2.6.1 Conceptual model

The conceptual model will therefore be as shown in figure 1

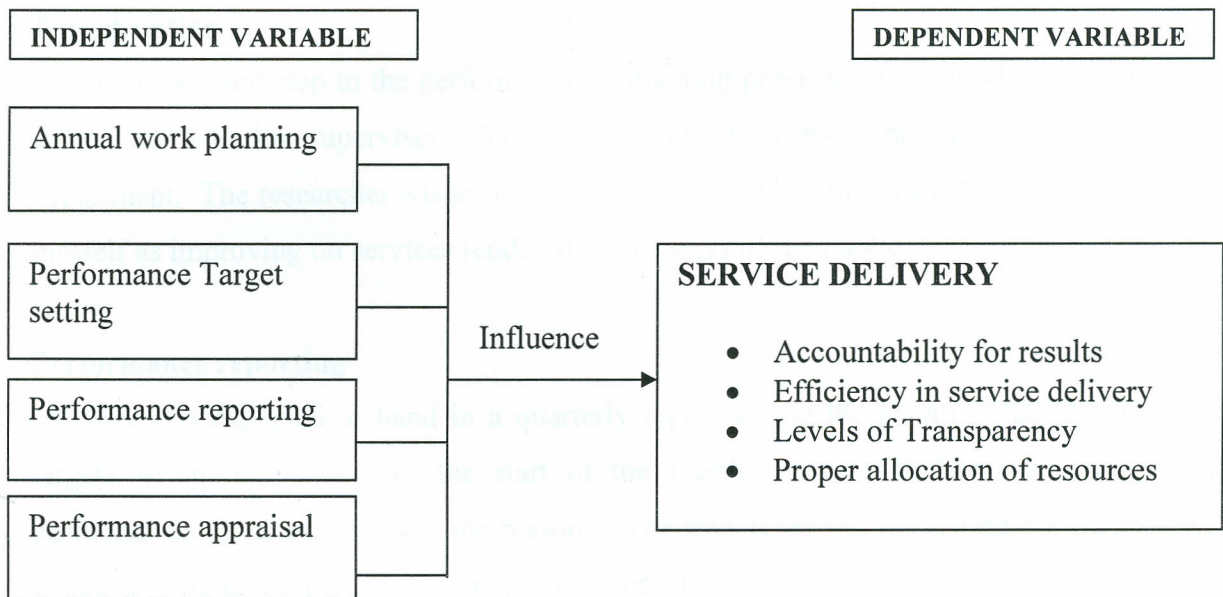


Figure 2.1- Schematic Diagram of the Conceptual Model

Author: Researcher, 2011

From the model, the independent variables are elements of the performance contracting process which are annual work planning, target setting, performance reporting, and performance appraisal; these are capable of influencing service delivery whose indicators are accountability for results, efficiency in service delivery in terms of quality and timing, levels of transparency and proper allocation of resources in the public service. The influence may be positive or negative or none at all.

Annual work planning

The first step in performance contracting between an individual and the supervisor is whereby the individual draws his/ her work plan for the year based on departmental objectives. The departmental objectives must be in line with the contract signed between the agency (Ministry) and the principal (Public Service Commission). In the work plan, the individual states his objectives for the year, the tasks he intends to carry out in order to meet the objectives, required resources, the time span within which to achieve the objectives, and the indicators of performance. The researcher wishes to find out the extent to which civil servants improve service delivery through drawing of annual work plans.

Target setting

This is the second step in the performance contracting process. An individual sets targets in agreement with his supervisor. The targets must tally with the overall targets for the department. The researcher wishes to establish whether by setting targets a worker perceives himself as improving on services rendered to members of the public.

Performance reporting

A worker is expected to hand in a quarterly report giving the extent of attainment of set targets within three days of the start of the fourth month. If there are variances in performance, he should explain the reasons. The researcher wishes to find out the extent to which an employee perceives himself as improving service delivery through performance reporting.

Performance appraisal

A civil servant is appraised to ascertain the level of attainment of set targets at the middle of the government's financial year (January) and at the end of the year (June). During appraisal, the appraisee meets with the supervisor to analyze what targets have or have not been achieved, giving reasons for the same. The researcher through this study intends to investigate whether by appraising employees, they consider themselves able to improve services rendered to the public.

Service delivery

Service delivery refers to the provision of goods and services to clients. Indicators of service delivery are accountability for results, efficiency and transparency.

On accountability for results, the researcher intends to find out whether through performance contracting process, an employee is better able to account for his actions (or for his failure to act) in relation to set targets and resources provided. In order for it to be deemed to be effective and efficient, the same should be offered at the right time and place and in the right quantities and expected quality at minimal cost. The service providers are expected to be accountable, transparent, and efficient as they offer the services.

Accountability refers to being answerable for results in one's area of responsibility. For one to be thus answerable, it involves setting of goals, clarifying expectations, defining roles and responsibilities, monitoring progress and measuring results, and gathering feedback. Performance contracting in the public service involves annual work planning and setting of performance targets that are in line with the organization's (ministry's) mandate, thus each worker has to be accountable for what has been or has not been achieved in relation to his/her duties and responsibilities.

Efficiency refers to the ability to achieve certain (expected) results using minimal time and incurring the least cost. Performance contracting is growth oriented and seeks to keep on improving on processes even as one focuses on results. Due to this notion of continuous improvement, performance contracting seeks to increase efficiency among individual workers and the organization as a whole.

Roles and responsibilities exercised out of a sense of ownership inspire commitment. Defining roles and responsibilities identifies specific benchmarks for performance and creates boundaries around the work to be done, both of which foster self-accountability. One does not feel pushed to achieve and does not therefore shy away from inefficiencies or even failures. Workers tend to become more transparent in their dealings with clients.

In performance contracting in the civil service, there is the declaration of Service Charters that are put in writing and placed conspicuously in areas where clients can access and therefore be aware of what is expected of them and what in turn they expect from the service provider. In this way it is expected that performance contracting should increase levels of transparency among its implementers.

2.2. Methodology

The study was conducted using a qualitative research design. The study was conducted in a descriptive manner to explore the experiences of the respondents in the study. The study was conducted in a descriptive manner to explore the experiences of the respondents in the study.

The method was chosen as the researcher wanted to explore the experiences of the respondents in the study. The method was chosen as the researcher wanted to explore the experiences of the respondents in the study. The method was chosen as the researcher wanted to explore the experiences of the respondents in the study. The method was chosen as the researcher wanted to explore the experiences of the respondents in the study. The method was chosen as the researcher wanted to explore the experiences of the respondents in the study.

2.3. Target Population

The target population for this study was the respondents in the study. The target population for this study was the respondents in the study. The target population for this study was the respondents in the study. The target population for this study was the respondents in the study. The target population for this study was the respondents in the study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter looks at the research design that has been adopted, target population and sampling procedure. It also reviews the data collection instruments used, data collection procedure, methods of data analysis and data presentation used.

3.2 Research Design

The study used descriptive research design, which entails the process of collecting data in order to test hypotheses or to answer questions concerning the current status of the subjects in the study. It determines and reports the way things are and it also attempts to describe such things as behaviour, attitudes, values, and characteristics (Mugenda and Mugenda, 1999).

This method was chosen as the research intended to describe the effect of performance contracting on service delivery in order to improve performance in the civil service. This involved analyzing the performance contracting process which involves annual work planning, target setting, performance appraisal and evaluation, and performance reporting. Also given the time frame, budget allocation and taking cognizance of the fact that educational research contained many variables that could not be realistically controlled; the descriptive design was the most appropriate. The study was conducted using mainly qualitative approach to tackle the specific issues in the research.

3.3 Target Population

The target population for the study was civil servants in various government ministries, represented as district departments, who are on job groups 'J' and above, working at the Eastern Provincial Headquarters, Embu County. Officers on Job group H and below were excluded because they started filling contract forms from the year 2008/2009. Out of 45 district departments, 19 of them did not have any statistics at the District Commissioner's office. The 26 departments that have statistics were therefore included in the target population. From the table, they were 112 civil servants.

Table 3.1 Distribution of Target Population

Ministry	District Office	Employees on Job Group J and Above.
Ministry of Agriculture	District Agricultural Office	7
Ministry of Cooperative Development	District Cooperative Office	8
Ministry of Education	District Adult Education Office	1
Ministry of Environment and Mineral Resources	District Environment Office	4
Ministry of Environment and Mineral Resources	District Building Survey & Geology	4
Ministry of Finance	District Procurement Office	1
	District Accountant Office	9
Ministry of Fisheries Development	District Fisheries Office	3
Ministry of Gender and Children Affairs	District Children Office	2
Ministry of Industrialization	District Industrial Development Office	2
Ministry of Labour	District Labour Office	1
Ministry of Lands	District Surveyors' Office	3
	District Lands Administration Office	3
Ministry of Livestock Development	District Veterinary Office	8
	District Livestock Production Office	11
Ministry of Public Health and Sanitation	District Public Health Office	2
Ministry Of Public Works	District Works Office	17
Ministry of State for Immigration and Registration of Persons	District Immigration Office	1
	District Civil Registrar Office	2
	District Registrar Of Persons Office	4
Ministry of State for National Heritage and Culture	District Culture Office	1
Ministry of State for Planning, National Development and Vision Twenty Thirty	District Physical Planning Office	4
Ministry of Youth and Sports	District Youth Office	1
Office of the Deputy Prime Minister and Ministry of Trade	District Trade Office	2
Office of the President	District Commissioners' Office	5
Office of the Vice President and Ministry of Home Affairs	District Probation Office	6
Total		112

Source: District Commissioner Embu West 2011

3.4 Sampling Procedure

Statistics available from the District Commissioner's office, Embu West, indicated a population of 112 civil servants on Job Group J and above (Table 3.1). To make it more representative of the national population, the researcher took on the whole number available according to the statistics. Thus taking a census of the population of the statistics available was intended to ensure that the sample was more representative of the national population.

3.5 Data collection Instruments

For collection of primary data, the researcher used questionnaires. Use of questionnaire is supported by Peil (1995) who asserts that they assist in collecting a wide variety of data from a large number of people. The same is corroborated by Mugenda & Mugenda (1999) who state that questionnaires are an inexpensive way to gather data from a potentially large number of respondents. The document also states that a questionnaire may be used when resources and money are limited; when it is necessary to protect the privacy of the participants, and when corroborating other findings. In this study, time and budget resources were limited and also there was no intention of disclosing the identities of the respondents, hence the use of questionnaires.

Closed-ended questions were used as they can be analyzed more easily than open ended questions. There were a few open-ended questions to supplement and countercheck answers to the closed ended questions.

3.5.1 Validity and Reliability of instruments

To ensure that the questionnaires were reliable, the researcher used a simple and clear language and terms that could be understood by the respondents. Closed ended questions were used as they have been proven in most researches to be most reliable for analysis. To ensure validity, the researcher ensured that questions used related to or covered all the variables of the study. A pilot test was carried out to pretest the questionnaires to confirm

their validity. Ten questionnaires were administered to potential respondents after which necessary editing was done to ensure that the final questionnaire to be used was valid.

3.6 Data Collection Procedure

The researcher administered questionnaires to the respondents using drop and pick method; they were self administered with closed ended questions. The researcher collected them within one week from the date they were administered. The questions used were self explanatory and no supplementary explanations were required.

3.7 Data Analysis and Presentation

Completed questionnaires were reviewed for completeness and validity, coded and keyed into the computer for analysis using Statistical Package for Social Sciences (SPSS). Data analysis was in form of frequencies, mean, median and mode.

These methods were the most appropriate for the type of data that was generated which was mainly in form of frequencies as the variables were measured in nominal scale which is generally dichotomous and has descriptive responses. For these, mean, median and mode were used for summaries and comparisons. Findings were presented using essay descriptions, bar charts, pie charts, percentages and frequency tables. This was used for quantitative data, whereby the individual counts and total frequencies were shown as proportions of the total population.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

This chapter shows results of findings from the research, the implications and a brief critique of the same. The findings are presented in sub-sections according to the variables of the study, starting with a brief of the respondents' bio-data.

4.2 Analysis of Response Rate and Background Information

A brief analysis of response rate and background information was done in this subsection.

4.2.1 Response rate

The number of respondents by gender and ministry is shown on Table 4.1.

Table 4.1 Ministry & Gender Representation

Ministry	No of Respondents		Total responses	Percent
	Male	Female		
Agriculture	4	3	7	7.7
Finance	3	1	4	4.4
Forestry	0	1	1	1.1
Gender & social	1	3	4	4.4
Higher Education	0	1	1	1.1
Immigration	6	4	10	11.0
Industrialization	0	1	1	1.1
Information	2	1	3	3.3
Kenya National Bureau of Statistics	2	0	2	2.2
Lands	3	1	4	4.4
Livestock	5	4	9	9.9
Office of the President	2	6	8	8.8
Public Health	0	6	6	6.6
Public Works	16	0	16	17.6
Roads	7	0	7	7.7
Trade	7	1	8	8.8
TOTAL	58	33	91	100

Source: (Survey data, 2011)

A total of 16 ministries were represented. 91 questionnaires out of the 100 given were completed and returned, representing a 91% return. It was not possible to give out 112 questionnaires as intended as some officers were away from office for various reasons.

Majority of the respondents (63.7 % i.e. 58/91) were male, implying that in the civil service majority of officers on job group J and above are male. However, the 36.3% number of females fulfils the current Kenya constitution requirement that not more than two thirds of any grouping in terms of employment or elections etc should be of the same gender.

4.2.2 Background information

The tables that follow (Table 4.2, 4.3 and 4.4) give information on length of service of respondents, their academic and professional qualifications and the years when ministries started performance contracting.

Table 4.2 Length of service

Years in service	No of respondents	Percent
0-5	15	16.5
6-10	3	3.3
11-15	10	11.0
16-20	9	9.9
over 20	54	59.3
Total	91	100.0

Source: (Survey Data, 2011)

Respondents representing 59.3% of the total had a service of over 20 years (Table 4.2). The implication here is that there is low turnover of employees in the civil service, probably due to improved terms of service by the government. This confirms, as per reviewed literature, the determination of public service to attract and retain well qualified employees in order to meet the Millennium Development Goals envisioned in the Kenya Vision 2030. Most of those who have served for 0-5 years are in the 25-30 age bracket.

Table 4.3 Academic & Professional qualifications

Age Bracket (Years)	Academic & Professional Qualifications					
	Secondary	Certificate	Diploma	Higher Diploma	1 st Degree	Masters
25- 30	1	0	1	0	4	1
31- 35	4	0	3	1	4	2
36- 40	5	1	3	2	2	1
41- 45	6	3	2	2	6	4
46-50	15	7	6	2	4	2
51 PLUS	22	6	11	3	6	2
TOTAL	53	17	26	10	26	12

Source: (Survey Data, 2011)

The respondents in the 51 plus age bracket had the highest number with secondary education and a professional qualification of a diploma (Table 4.3). The implication is that it is most likely that the professional qualifications were acquired while the respondents were in the civil service and that academic performance is not the main criteria for upward career movement. It is further observed that out of the ten respondents in the 41-45 age bracket with University education, four (i.e. 40%) had acquired Masters Degrees. The percentage is noted to be decreasing as the age bracket moves to 46-50 which had two out of six respondents with a University degree having acquired a Masters (this is 33.3 %).

The percentage further decreases in the 51 plus age bracket whereby 2 out of 8 which is 25% with a University degree had a Masters. The implication is that human resource development and specifically training is factored within the current civil service and civil servants especially those in the middle age brackets are taking up the opportunities availed.

In the literature earlier reviewed, according to Kobia & Mohammed (2006), in implementing performance contracts, some of the common issues that were being addressed included improvement of performance to deliver quality and timely services to the citizen. The aspect of training is inevitable if performance and service delivery have to be improved, and the current Kenya civil service is appropriately addressing it as this study reveals.

Table 4.4 Year PC was started in Ministries

Year Performance Contracting Started	Frequency	Percent
2004	3	3.3
2006	26	28.6
2007	22	24.2
2008	33	36.3
2009	2	2.2
Total	86	94.5
Missing System	5	5.5
Total	91	100.0

Source: (Survey Data, 2011)

From Table 4.4, it may be concluded that most ministries started performance contracting between 2006/2007. This confirms existing literature on the period most ministries were placed on performance contracts.

4.3 Effect of annual work planning on perceived service delivery

To test the variable on the effect of annual work planning on perceived service delivery, the researcher used three questions with responses on a Likert scale. Two were in regard to training while the other was on effect of annual work plan on performance.

4.3.1 Training on Performance Appraisal System

The purpose of the question on levels of training by Ministry was to determine the extent of training of civil servants on the PAS since it is important for training to have been undertaken for one to be able to implement the performance contracting process (which makes up the variables of the whole study).

Table 4.5 Training on Performance Appraisal System by Ministry

EXTENT OF TRAINING/ MINISTRY	Great extent	Satisfactory	Insufficient	Minimal	None	Total
Agriculture	0	4	1	1	1	7
Livestock	0	4	3	1	1	9
Public Works	0	2	3	6	5	16
Public Health	0	1	2	2	1	6
Office of the President	0	0	1	1	6	8
Lands	0	2	1	1	0	4
Industrialization	0	1	0	0	0	1
Immigration	0	3	2	3	2	10
Information	0	0	1	2	0	3
Roads	0	1	2	1	3	7
Trade	0	3	2	1	2	8
Kenya Bureau of Statistics	0	2	2	0	0	4
Forestry	0	0	0	0	1	1
Higher Education	0	1	0	0	0	1
Finance	1	1	0	2	0	4
Gender & Social Dev	0	2	1	1	0	4
Total	1	27	19	22	22	91

Source: (Survey data, 2011)

From Table 4.5 it is observed that 63 (22+22+19) out of 91 respondents, representing 69% have only received either insufficient, minimal or no training at all. The most affected ministry was Office of the President where all eight respondents lay in this category. Only

one respondent claimed to have received training to a great extent and required no further training, while 30% had received satisfactory training. Only 2 out of 16 in the Ministry of Public Works (12.5%) had received satisfactory training, while the only officer from Ministry of Forestry had not received any training at all.

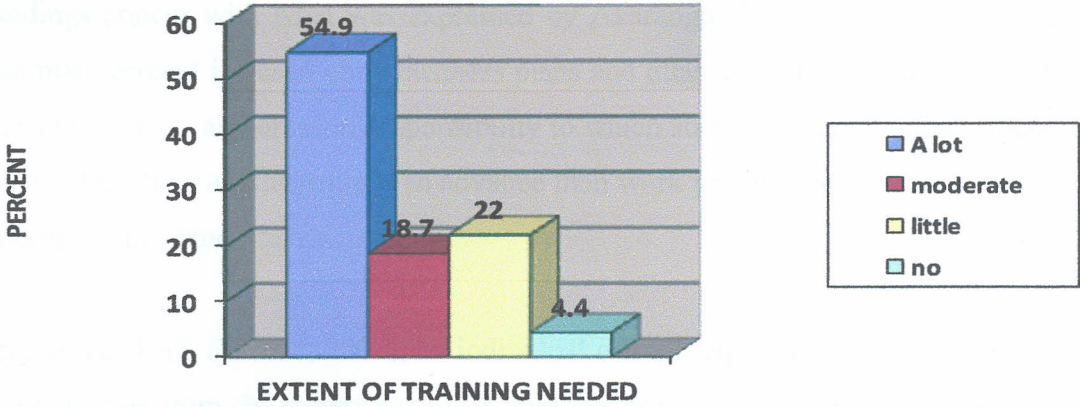


Figure 4.1 Need for more Training
Source: (Survey Data, 2011)

When asked whether they needed more training, 67 respondents (73.6%) indicated need for a lot to moderate training while the rest needed just a little more (Figure 5). This implies that there is still need for more training on PAS for most civil servants of all cadres. This would make PC a more efficient tool for enhancing performance in the public service.

4.3.2 Annual work planning and work performance

This indicator tested whether respondents considered annual work planning as helping to improve work performance

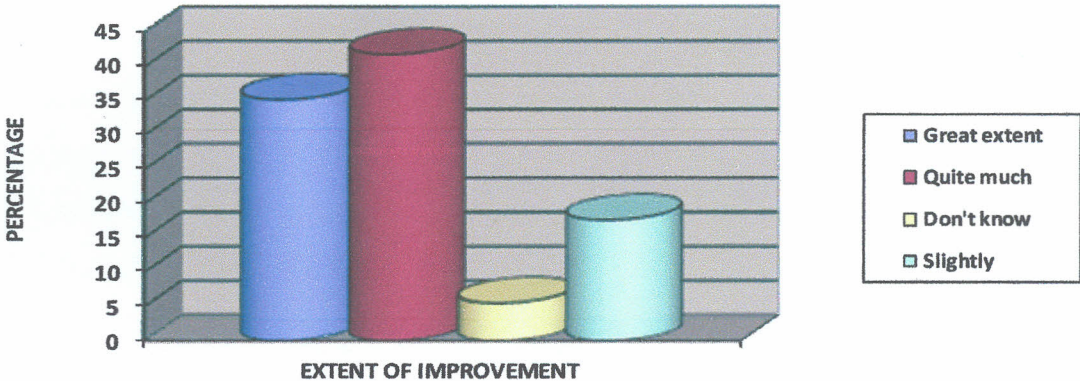


Figure 4.2 Extent AWP improves performance
Source: (Survey Data, 2011)

On whether annual work planning did help improve work performance (Figure 4.2), 77 % strongly affirmed that it did help (either quite much or to a great extent). When work for the whole year is planned in advance then workers become more focused and perform better as they know what is expected of them.

These findings concur with what was expressed by Akaranga (2008), where he stated that work plan management is based upon business plans and other corporate documents through which key deliverables and areas of responsibility to which staff members will contribute are determined. Once they are determined in advance then work performance is seen to improve as the findings in this study reveal.

According to the (PAS Booklet, 2009), an individual officer requests for departmental work plan and objectives from the supervisor to be able to develop individual work plan. In the plan he/she indicates resource requirements and discusses them with the supervisor. After the planning he gives regular feedback on his/her performance and points out any problems being encountered and discusses departmental work plan with supervisor. In this way, the officers become focused on their specific targets and the departments provide the required resource materials, hence the improved performance revealed in the study.

4.4 Effect of performance target setting on work performance

To test the variable on effect of performance target setting on work performance, the researcher used three indicators as evaluated below.

4.4.1 Guidance received when setting performance targets

The researcher sought to know whether employees received guidance when setting performance targets.

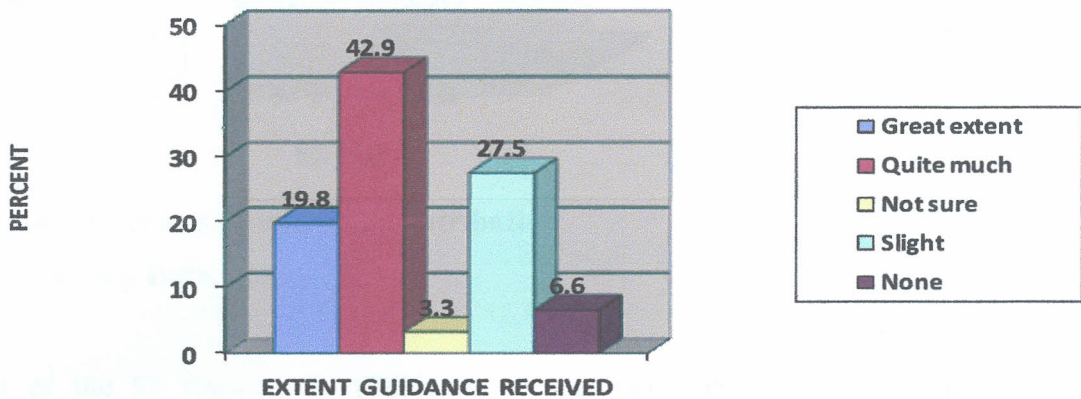


Figure 4.3 Extent guidance received

Source: (Survey Data, 2011)

There were mixed responses regarding guidance received when setting performance targets whereby some needed guidance even with satisfactory training on PAS while some without any training at all did not receive any guidance. However, 62.7% (19.8% + 42.9%) indicated that they either much guidance when setting their performance targets (Figure4.3). This on the one hand may imply devotion by supervisors in some ministries where guidance is given to ensure correct performance contracting procedures are followed; it may also imply poor training forcing supervisors to keep giving guidance. Where some had no training and received no guidance, it may imply that even the supervisors themselves are not trained on PAS, or that they did not take PC seriously.

4.4.2 Performance target setting and work distribution

This indicator was meant to test whether respondents considered performance target setting to be important when distributing work among employees.

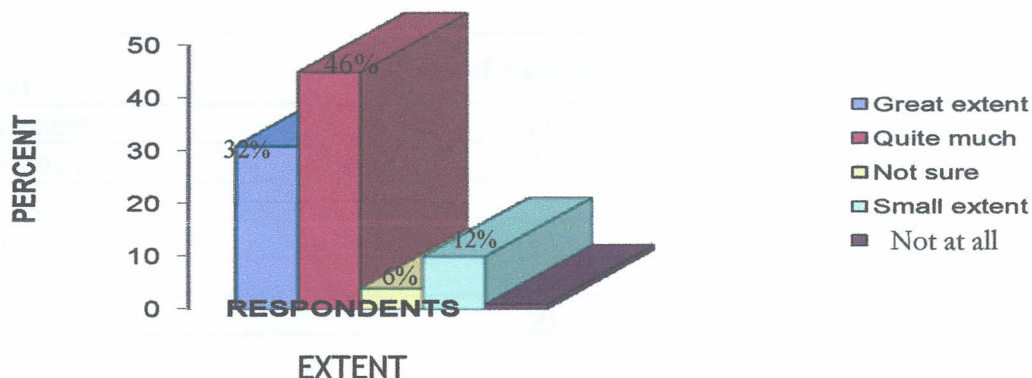


Figure 4.4 Target setting and work distribution

Source: (Survey Data, 2011)

69 out of the 91 respondents (78%) stated that performance target setting was very instrumental as it helped quite much or to a great extent (32% + 46%) when distributing work among the staff (Figure 4.4).

In the literature earlier reviewed, PCs were introduced in 1995 in the Finnish public sector. The performance contracting process of the Ministry of Social Affairs and Health in Finland showed performance contracting increased the co-operation between Ministries and agencies as well as among agencies. Similarly in this study, there seems to be more cooperation among workers especially in distributing work among themselves and in deciding on individual work load for each person.

4.4.2 Performance target setting and determination of actual work load

The researcher sought to know the extent to which performance target setting helped in determining the annual work load per person.

Table 4.6 Determining actual annual work load

Extent	No of Respondents	Percent
Great extent	26	28.6
Quite much	45	49.5
Not sure	2	2.2
Small extent	14	15.4
No	4	4.4
Total	91	100.0

Source: (Survey Data, 2011)

On workload determination, 78.1 % expressed that performance target setting helped them greatly to determine annual work load (Table 4.6). Drawing the annual work plan precedes setting of performance targets. An individual sets targets in agreement with his supervisor; they must be SMART.

4.5 Effect of performance appraisal on perceived service delivery.

The researcher sought to find out the effect of performance appraisal on perceived service delivery.

4.5.1 Performance Appraisal and Transparency

The indicator used was on whether performance appraisal had an effect on transparency towards clients

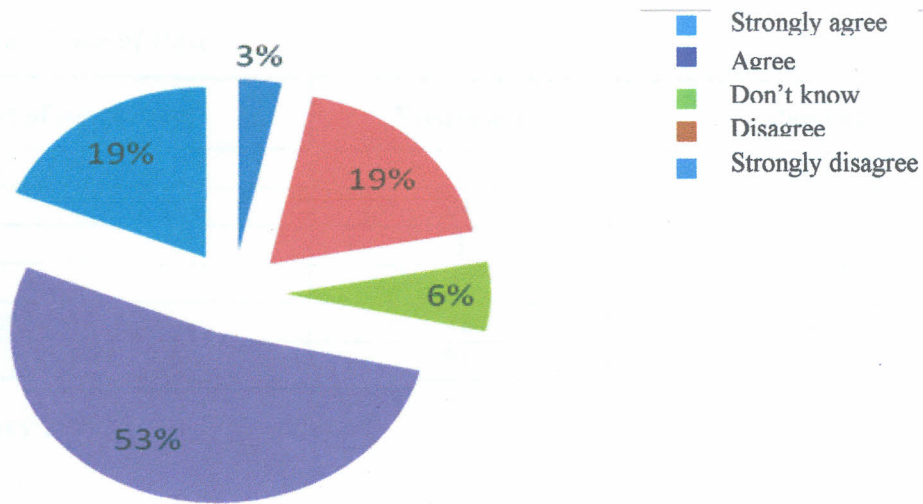


Figure 4.5 Performance appraisal and transparency

Source: (Survey Data, 2011)

Majority (65/91) that is 72 % (19%+ 53%) agreed that performance appraisal helped them become more transparent to their clients. 6% did not know whether it helped them to become more transparent or not, but 22 % (19% + 3%) were sure that it did not help them (Figure 4.5). These findings that performance appraisal helped respondents become more transparent to their clients tally with the study by Obong’o (2009) in which he states that PC has offered the opportunity to achieve a high degree of accountability and transparency in performance target setting.

4.6 Extent to which performance reporting affects service delivery

Using this variable, the researcher sought to determine the effect that performance reporting had on service delivery.

4.6.1 Use of time in performance reporting

This indicator used was in regard to the amount of time spent on preparing performance reports.

Table 4.7 PC and use of time

Extent of Agreement	Frequency	Percent
Strongly agree	7	7.7
Agree	21	23.1
Don't know	3	3.3
Disagree	42	46.2
Strongly disagree	18	19.8
Total	91	100.0

Source: (Survey Data, 2011)

A total of 60 respondents which represents 66% (19.8+46.2%) did not consider performance reporting as a waste of time that could be used for service delivery. Instead they considered it as a necessary step in the performance contracting process in an endeavour to improve service delivery. 30.8% considered it a waste of time while 3 respondents did not know whether it a waste of time or not (Table 4.7).

In the literature earlier reviewed, similar sentiments were expressed by Chapman (1995) when he stated that managers and appraisees commonly disliked appraisals and tried to avoid them. He said that to these people the appraisal was daunting and time-consuming. 30.8% is a significant proportion to warrant attention to device different ways of reporting performance so that too much time is not spent unnecessarily on the exercise.

4.7 Civil servants' perception of quality of service delivery to clients

To find out how civil servants perceived the quality of service delivered to clients, three indicators were used.

4.7.1 Performance contracting and efficiency in service delivery

This indicator was used to test the quality of service delivery in comparison with the period before performance contracting.

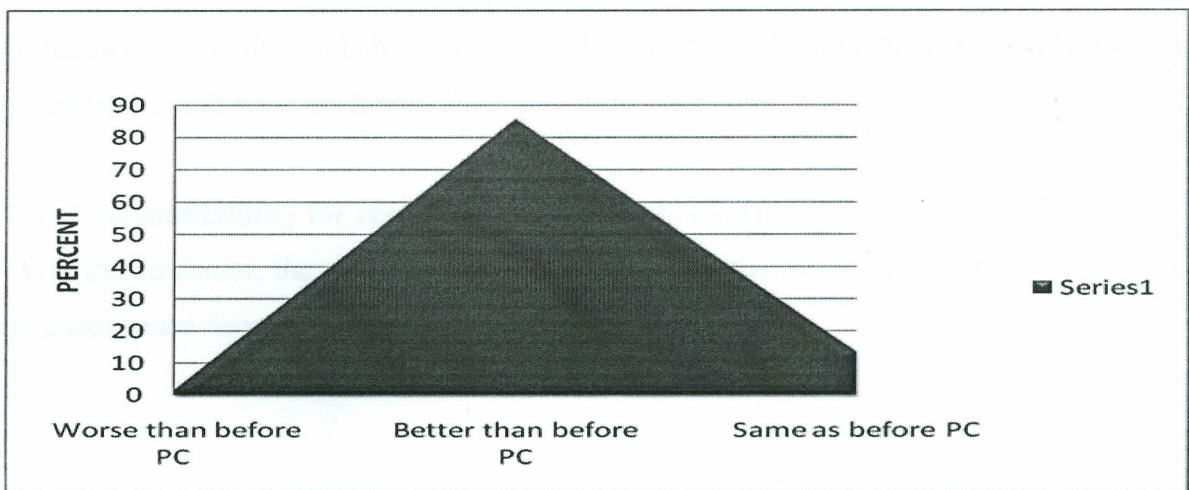


Figure 4.6 Performance Contracting and efficiency
Source: (Survey Data, 2011)

78 out of 91 respondents representing 85.7 % (Figure 4.6) expressed that service delivery to the citizen is better with performance contracting than before. Only one person felt that it was worse. According to the literature earlier reviewed, in Swaziland, the performance agreement of the early 1990's failed to improve the performance of the public enterprises because of widespread use of consultants in the formulation of contract plans, including the determination mechanisms for their monitoring and evaluation; public enterprise management did not develop the necessary sense of ownership and commitment to the success of the enterprise contracts.

On the contrary in Kenya, PC is fully supported both administratively and also politically as it is an initiative of the President of the Republic. Its success may be attributable to this and also the fact that the administrators of PC are the respective heads of ministries themselves.

From the research findings by Kobia and Mohammed (2006), it was clear that performance contracting had not taken root by the time of the study as only 25 out of the 280 participants had signed performance contracts. In the current study, performance contracting had been implemented several times (since 2006) in most of the ministries thus respondents had a clear understanding of the process, and its perceived impact was quite visible as reflected on the 85.7% response that service delivery to the citizen was better with performance contracting than before.

It is also noted in this study that improvements in service delivery were noted in almost all ministries unlike those of the study by Kobia et al which were notable in only two state corporations and statutory boards but not in ministries.

4.7.2 Accountability for resources and service to clients

With this indicator, the researcher sought to know whether respondents gave better services to clients once they were required to account for resources.

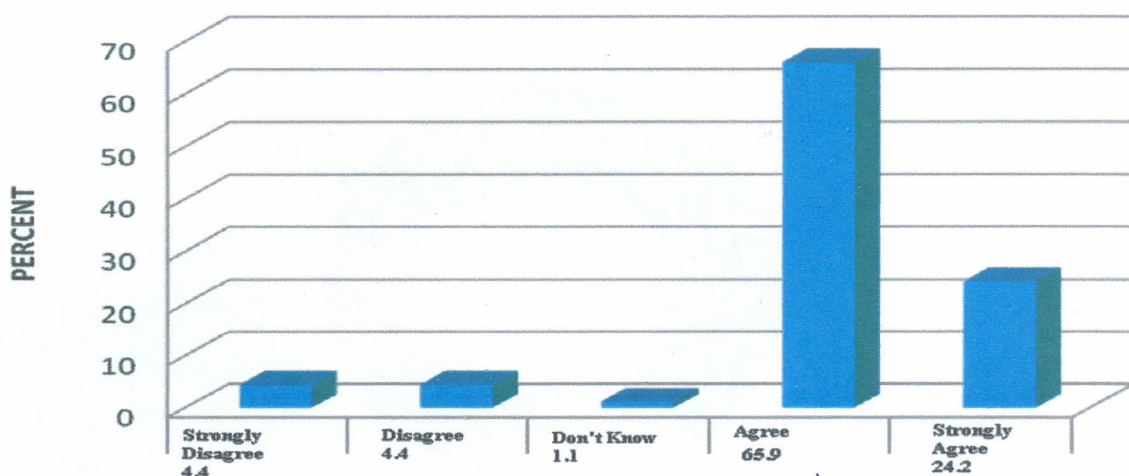


Figure 4.7 Accountability for resources

Source: (Survey data, 2011)

90% (82/91) agreed that when one is required to account for resources they are able to give better services to clients (Figure 4.7); 9% disagreed while one person (1%) was not sure whether it did help or not. When one is made accountable for resources then they put them into appropriate use as per budget allocation hence according better services to clients.

As per the literature earlier reviewed, in the Belgium case, the main objective appeared to be a financial one, the need to save taxpayers' money. Internal management improvements were limited by strict financial constraints. The objective of a better accountability seemed to be of minor importance, which contrasts with this study in that priority is on accountability for resources which increases the employees' autonomy to spend as long as the resources are available and are well accounted.

According to Muthaura, (2008), PC commits public officials to performing to or beyond specified levels which holds them accountable for results and creates levels of transparency in management of public resources.

4.7.3 Annual work planning and quality of service

This indicator was used in testing whether civil servants considered annual work planning as crucial in determining quality of service rendered.

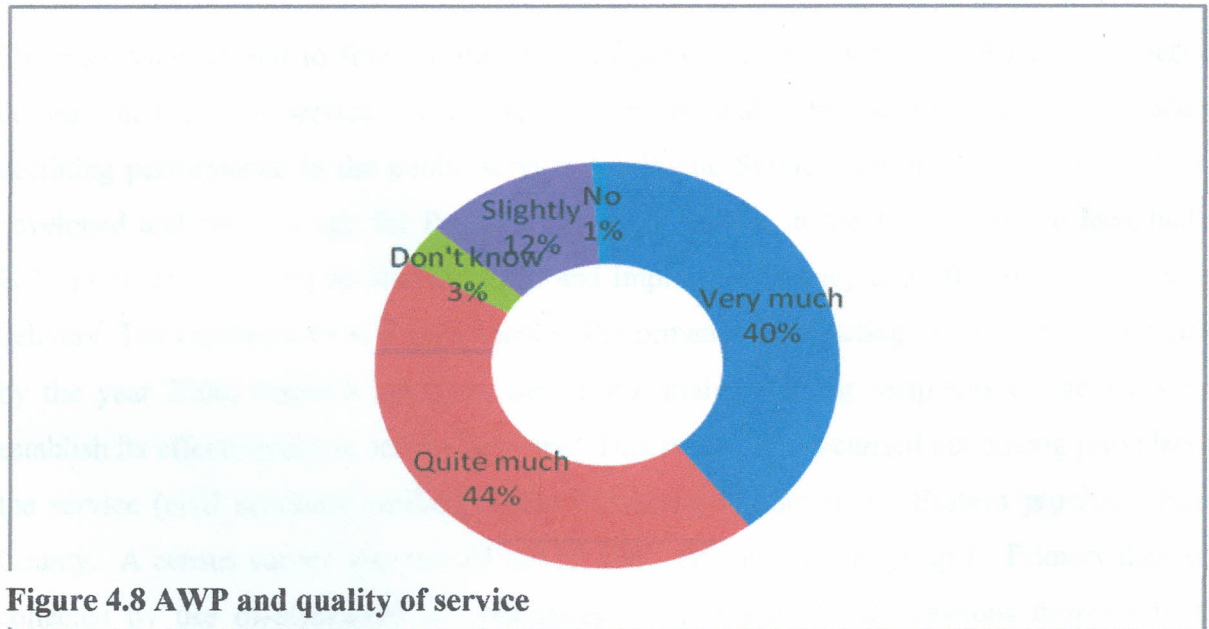


Figure 4.8 AWP and quality of service

Source: (Survey Data, 2011)

A total of 76 respondents (very much & quite much) which is 84 % considered annual work planning as very important in determining quality of service to clients. According to literature earlier reviewed, in the work plan, the individual states his objectives for the year, the tasks he intends to carry out in order to meet the objectives, required resources, the time span within which to achieve the objectives, and the indicators of performance. Once they draw their annual work plans they are able to focus better on the services to give to citizens so that they become more efficient in terms of resources and time utilization. Not only did annual work planning improve work distribution and work load determination, it also had a positive effect on the perceived quality of service rendered to clients.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the whole document; it also shows the conclusions from the findings and the researcher's recommendations for practice and for further research.

5.2 Summary

The researcher set out to find out the effect of performance contracting on perceived service delivery in the civil service. The research was motivated by the fact that on the face of declining performance in the public service, the Public Service Reform Program (PSRP) was developed and the Strategy for Performance Improvement in the Public Service launched in 2001 in order to try and reverse the trend and improve efficiency and effectiveness in service delivery. The Government of Kenya adopted Performance Contracting in most of the Ministries by the year 2006; research has been carried out mainly among recipients of the service to establish its effectiveness in service delivery. This research was carried out among providers of the service (civil servants) working at the Provincial Headquarters, Eastern province, Embu County. A census survey was carried out on civil servants on Job group J. Primary data was collected by use of structured questionnaires, with closed ended questions dropped to the respondents' offices and later collected within one week. They were reviewed for completeness and validity, coded and keyed into the computer for analysis using Statistical Package for Social Sciences (SPSS). Descriptive statistics was carried out. Percentile comparisons, frequency tables, pie charts and various types of graphs were used for presentation of findings.

Findings showed that majority of the respondents were male and the rest females. Most of them had served in the civil service for over 20 years. In regard to their training on the performance appraisal system, majority had received either insufficient or no training at all and most of them expressed need for either a lot or moderate training. Majority strongly affirmed their perception that annual work planning helped them in improving work performance, and that performance target setting was helping improve work distribution and determination of annual work load. About a third of the respondents considered performance reporting a waste

of time that could be better utilized for service delivery while the rest expressed that it was not a waste of time. Most of them perceived performance appraisal as influencing them positively to be more transparent to their clients. Only about one third of the respondents rated PAS as good in providing clear training program. The rest considered it as either fair or poor. Majority also positively rated performance contracting in increasing efficiency.

5.3 Conclusions

From the findings, it may be concluded that the levels of training on PAS, which is a prerequisite on effective implementation of performance contracting, is quite low in most ministries.

On the variable on annual work planning, it may be concluded that AWP did help improve work performance in that when work for the whole year is planned in advance then workers become more focused and perform better as they know what is expected of them.

Performance target setting was very instrumental during work distribution and determination of individual work loads, though many required much guidance in setting the targets, which may be due to the fact that they were poorly trained on PAS.

About a third of the respondents considered performance reporting a waste of time that could be better utilized for service delivery while the rest expressed that it was not a waste of time.

Performance appraisal had a positive influence in making respondents more transparent to their clients.

Performance contracting was highly rated as a means of increasing efficiency and accountability in service delivery by the civil servants. It has gone a long way in changing the attitudes of civil servants towards their clients by causing them to be more transparent to clients. Majority affirmed that service delivery was much better since the era of performance contracting than before.

5.4 Recommendations

The following are recommendations for practice and for further research.

5.4.1 Recommendations for practice.

The researcher makes the following recommendations in relation to the research findings: the Ministry of State for Public Service should schedule regular training rotating around all ministries and all cadres of staff in order to ensure thorough understanding of PAS and also keep the staff updated on the processes that keep being revised. The researcher also recommends specific training for Office of the President as all respondents from this ministry were found much wanting in terms of PAS training; they all indicated that the training received was either insufficient or none at all. It is noted that implementation of all the variables of this study is very much dependent on PAS training.

Ministry of State for Public Service should review the Performance Contracting process further to reduce/amend details required in performance reporting which cause quite a number of civil servants to feel that it takes a lot of time. Also, the performance reporting format should be customized for different cadres and not applied uniformly. The drivers and the secretarial cadre are specifically pinpointed for this in the findings.

Public Service Commission should endeavor to introduce Performance Contracting in all the three arms of government as it has proved to be quite successful in the Executive arm that has implemented it. It should therefore be introduced in the Judiciary and the Legislative arms.

5.4.2 Recommendations for further research

Civil servants on job group H and below signed their first performance contracts in the 2008/2009 financial year. There is need to carry out research focusing on this group in order to get their perception on its effect on service delivery and any challenges that they could be facing. It would also be necessary to carry out research on other factors other than performance contracting that could help improve performance in the civil service.

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This questionnaire is designed to collect information on the views of respondents on the impact of performance contracting on whether they consider that the introduction of performance contracting has improved the efficiency and effectiveness of the public sector. The information supplied in this questionnaire will be used for research purposes only. Please tick the appropriate options where applicable.

SECTION ONE: WHO DATA

Ministry/Department _____

Sub Group _____

1. Gender Male Female

2. Age bracket 25-30 years 31-35 years

36-40 years 41-45 years

46-50 years 51 years and above

3. Highest academic qualification Secondary Higher Secondary

Certificate Diploma Bachelor's Degree

A. Highest professional qualification Diploma Higher Diploma

Certificate First Degree Masters

Other (specify) _____

4. How long have you been in service 0-5 years 6-10 years

APPENDICES
RESEARCH QUESTIONNAIRE

This questionnaire is designed to obtain information from civil servants on job group J and above as to whether they consider the performance contracting process as enhancing efficiency and effectiveness in service delivery.

The information supplied in this questionnaire will be treated with absolute confidentiality and for research purposes only

Please answer all questions as exhaustively as possible. Do not write your name.

SECTION A: BIO-DATA

Ministry/Department _____

Job Group _____

1. Gender Male Female

2. Age bracket 25-30 years

31-35 years

36-40 years

41-45 years

46-50 years

51 years and above

3. Highest academic qualification

Secondary

University

4. Highest professional qualification

Diploma

Higher Diploma

First Degree

Masters

Other (specify) _____

5. How long have you been in service

0-5 years

- 6-10 years
- 11-15 years
- 16-20 years
- Over 20 years

6. When was performance contracting started in your ministry? _____

SECTIONB: TO DETERMINE THE EXTENT TO WHICH ANNUAL WORK PLANNING ENHANCES EFFICIENCY IN SERVICE DELIVERY

1. I have received sufficient training on the Performance Appraisal System
 Strongly disagree Disagree Don't Know Agree Strongly agree
2. I need further training on Performance Contracting
 Strongly disagree Disagree Don't Know Agree Strongly agree
3. Annual work planning has helped me improve on efficiency in serving clients
 Strongly disagree Disagree Don't Know Agree Strongly agree

SECTIONC: TO INVESTIGATE THE EFFECT OF PERFORMANCE TARGET SETTING ON PERCEIVED SERVICE DELIVERY

1. I get appropriate guidance when setting performance targets
 Strongly disagree Disagree Don't Know Agree Strongly agree
2. Performance target setting improves work distribution
 Strongly disagree Disagree Don't Know Agree Strongly agree
3. Performance target setting helps in determining annual work load
 Strongly disagree Disagree Don't Know Agree Strongly agree

SECTION D: TO FIND OUT THE EXTENT TO WHICH PERFORMANCE REPORTING AFFECTS SERVICE DELIVERY

1. Performance reporting uses up much time that could be used for delivering service

Strongly disagree Disagree Don't Know Agree Strongly agree

SECTION E: TO DETERMINE THE EXTENT TO WHICH PERFORMANCE APPRAISAL AFFECTS WORK PERFORMANCE

1. Performance appraisal helps me become more transparent to my clients

Strongly disagree Disagree Don't Know Agree Strongly agree

SECTION F: TO FIND OUT HOW CIVIL SERVANTS PERCEIVE QUALITY OF SERVICE DELIVERY TO CLIENTS

1. How do you gauge your efficiency in delivering services to clients in terms of quality and time taken?

- a. Same as before performance contracting
- b. Worse than before performance contracting
- c. Better after performance contracting

2. Accountability for resources helps me serve clients better

Strongly disagree Disagree Don't Know Agree Strongly agree

3. Annual Work Planning helps me to improve on quality of service to clients.

Strongly disagree Disagree Don't Know Agree Strongly agree

THANK YOU FOR DEDICATING YOUR TIME TO SINCERELY FILL IN THIS QUESTIONNAIRE. GOD BLESS YOU.