

The Effectiveness of Performance Contracting in Service Delivery in Public Universities in Kenya

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Abstract

The concept of performance contracting was mooted by the government of Kenya for effective and efficient achievement of set targets in the public service. All public institutions are expected to set performance targets and indicators for their achievement. The introduction of performance contracting in public universities is an effort to institute a framework of accountability and enhance service delivery in Kenya. Though difficult and challenging to implement, performance contracting leads to higher levels of performance through periodic monitoring and evaluation of performance targets. The main objective of carrying out this study was to determine the effectiveness of performance contracting and ways of improving its implementation and measurement in Kenyan public universities. The study was carried out in public universities and targeted staff in various cadres as respondents. The researchers employed descriptive survey design where questionnaires were administered. Stratified random sampling was used in a sample size of 80 respondents. The findings indicate that performance contracting has not been cascaded to all staff members, only a quarter of the staff had signed performance contracts. However, public universities have made moderate achievements in the entire performance contract indicators. The major challenge that affects the performance contracting process is the low level of coordination. The study recommends that the performance monitoring and evaluation unit be strengthened in order to carry out its mandate effectively and departmental performance contract coordinators be appointed. Also, a clear reward and sanctions scheme is put in place to inculcate a competitive culture in public universities. The study further recommends sensitization and training of university staff to demystify performance contracting. The process should be more inclusive by involving all stakeholders.

Key words: Performance, Contracting, Performance Contracting, Universities, Service Delivery, Effectiveness and Kenya

Introduction

The concept of performance contracting is historical. Performance Contracts were first introduced in France after the publication of the famous Nora Report on the reform of state owned enterprises in France. They were introduced in the US in 1993 as part of the Government Performance and Result Act (GPRA). Today, almost all Organization for Economic Co-operation and Development (OECD) Countries use some variant of Performance Contracts in managing the public sector (Obongo, 2009). In Asia, Performance Contracting concept has been used in Bangladesh, China, India, Korea, Pakistan and Srilanka. In Africa, Performance Contracting has been used in selected enterprises in Benin, Burundi, Cameroon, Cape Verde, Congo, Ghana, Guinea, Madagascar, Mali, Mauritania, Morocco, Niger, Senegal, Togo and now Kenya. In Latin America, Performance Contracting has been used in different times in Argentina, Brazil, Bolivia and Venezuela (GoK, 2010).

The issue of Performance Contracting has been acclaimed as an effective and promising means of improving performance in public enterprises as well as government departments all over the world. Its success in such diverse countries as France, Pakistan, South Korea, Malaysia and India has sparked a great deal of interest around the world. Public service in many African countries is confronted with many challenges which constrain their delivery capacities. They include the human resource factor relating to shortages of manpower in terms of numbers, key competencies, lack of appropriate mind sets and accountability (GoK, 2010).

Since independence performance of Kenyan Public Service has been deteriorating largely as a result of management systems which put emphasis on compliance with processes rather than results. This coupled with the absence of clear well formulated objectives made it difficult to assess organizational and individual performance (Government of Kenya, 2005a). Recognizing that the Public Service efficiency sets the standards of performance on the other sectors, the government embarked on a series of public sector reforms in 1993 aimed at improving service delivery and effective utilization of resources. The reforms were to be done in three phases namely cost containment, performance improvement and lastly consolidation and sustenance of the gains made in phase one and two. While phase one and two managed to reduce the workforce by 30% i.e from a total of 272,000 staff in 1992 to 191,670 staff in 2003, improvement in productivity and performance of the Public Service remained a mirage until 2003 when the government introduced the Results Based Management in the public service based on the Economic Recovery Strategy (ERS) for Wealth and Employment Creation (2003-2008). Among the strategies adopted in this regard were; the Repaid Results Initiative (RRI), Performance Contracting (PC), Citizens Service Delivery Charter, Transformative Leadership and Institutional Capacity Building (GoK, 2003). Of these initiatives, Performance Contracting has had the highest impact on service delivery. It is based on the premise that what gets measured gets done, that if you cannot see and measure success, you cannot reward it. If you cannot recognize failure, you cannot correct it and if you can demonstrate results, you can win public support (Trivedi, 2000).

The main objectives of introducing Performance Contracting in the Kenyan public service included the following: to improve performance and deliver quality and timely service to citizens; improve productivity in order to maximize the share holders' wealth in the case of public traded companies; reduce or eliminate reliance on the exchequer for recurrent and development expenditures; instill a sense of accountability and transparency in the service delivery and in the utilization of the country's resources; give autonomy to government agencies without being subjected to the bureaucracies and unnecessary red tapes which hampers efficient and effective delivery of goods and services to customers; and ensuring that the government owned agencies become competitive and profitable in the current global and competitive environment.

Performance Contracting is seen as a useful tool for articulating clear definition of objectives and its devolved management style which place emphasis on outcome rather than the process. It enables managers to do the day to day management of organizations while providing for regular monitoring and evaluation by the oversight bodies. The Performance Contract is implemented through the Performance Appraisal System (PAS) which has been adopted in the Public Universities. (GoK, 2008). The Performance Appraisal System is premised on the principle of work planning, setting of agreed targets, feedback and reporting. It is linked to other Human Resource Management Systems and process including competitive recruitment and placement of staff, Training and development, reward and compensation, recognition and sanctions (Muthaura, 2008). The Performance Contract's stipulates the duties of employees and the expected results within a time frame (Gianakis, 2002). It commits the public official to perform to, or beyond the specified levels which holds them accountable for results and creates a level of transparency in the management of public resources (Muthaura, 2008). This process is cyclical, reflecting continuous improvement (Neely et al 2001). The introduction of Performance Contract in public universities has ensured the realignment of planning and training and development of manpower, research and innovation are geared towards the attainment of the larger national goals of Vision 2030 and the Millennium Development Goal's (MDG'S) (Trivedi, 2000).

While Atkinson had shown as cited in Locke & Latham (2002) that task difficulty, measured as probability of task success was related to performance in a curvilinear inverse function with the highest level of effort occurring when the task was moderately difficult and the lowest levels occurring when the task was either very easy or very difficult. He did not measure personal performance goals. Locke & Latham found a positive linear function with the highest or most difficult goals producing highest levels of effort and performance. Performance leveled off or decreased only when limits of ability were reached or when commitments to a highest difficult goal lapsed (Erez & Zidon) as cited in Locke & Latham (2002).

Goal Setting theory appears to contradict Vroom's Valence – Instrumentality- Expectancy theory which states that the force to act is a multiplicative combination of valence (anticipated satisfaction) instrumentality (the belief that performance will lead to rewards) and expectancy (the belief that effort to performance needed to attain rewards). Other factors being level, expectancy is said to be linearly and positively related to performance. However, because difficult goals are harder to attain than easy goals, expectancy of goal success would

presumably be negatively related to performance (Locke & Latham 2002). The apparent contradiction between the two theories is resolved by distinguishing expectancy within versus expectancy between conditions. (Locke, Motowidlo, & Bobko, 1986) found that when goal's level is held constant which is implicitly assumed by valence-instrumentality-expectancy theory, higher expectancies lead to higher levels of performance.

Locke & Latham ,(1990); Seijts & B. W. Latham,(2001) found that when goals are self set, people with higher self efficacy set higher goals than do people with lower self efficacy. They also are more committed to assigned goals, find and use better task strategies to attain goals and respond more positively to negative feedback than people with low self efficacy. Consequently, leaders can raise the self efficacy of their subordinates by ensuring adequate training to increase mastery that provide success experiences, role modeling or finding models with whom the person can identify with and through persuasive communication that express confidence that a person can attain the goal (White & Locke, 2000). Research in goal setting (Latham et al 2002) led to the development of high performance cycle which explains how high goals lead to high performance, which in turn leads to rewards such as recognition and promotion. Rewards result in high satisfaction as well as high self efficacy regarding perceived ability to meet future challenges through setting of even higher goals.

Performance Contract is an agreement between the Government and a Public Agency which establishes general goals for the Agency, sets targets for measuring performance and provides incentives for achieving these targets (Trivedi, 2003). Kenya is one of the few Countries to use this approach across the entire public sector. Performance Contracting was introduced in Kenya as part of the Kenyan Government's Economic Strategy for Wealth and Employment Creation 2003-2007(Gok, 2003). The use of Performance Contract has been acclaimed as an effective and promising means of improving the performance of public enterprises and government departments. It is now considered an essential tool for enhancing good governance and accountability for results in the public sector.

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 strengths, weaknesses, opportunities and threats (SWOT) analysis for the institutions to determine its performance capacity. Its main objective is to determine whether the targets being developed are realistic, achievable, measurable, growth oriented and bench marked to performance of similar organizations in a particular industry (GoK, 2010). In the second Phase of the negotiations, the issues agreed upon are factored in the Performance Contract. The draft contract is then submitted to the Performance Contracting Secretariat 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 institutions mandate and in line with the vision 2030 (GoK, 2010).

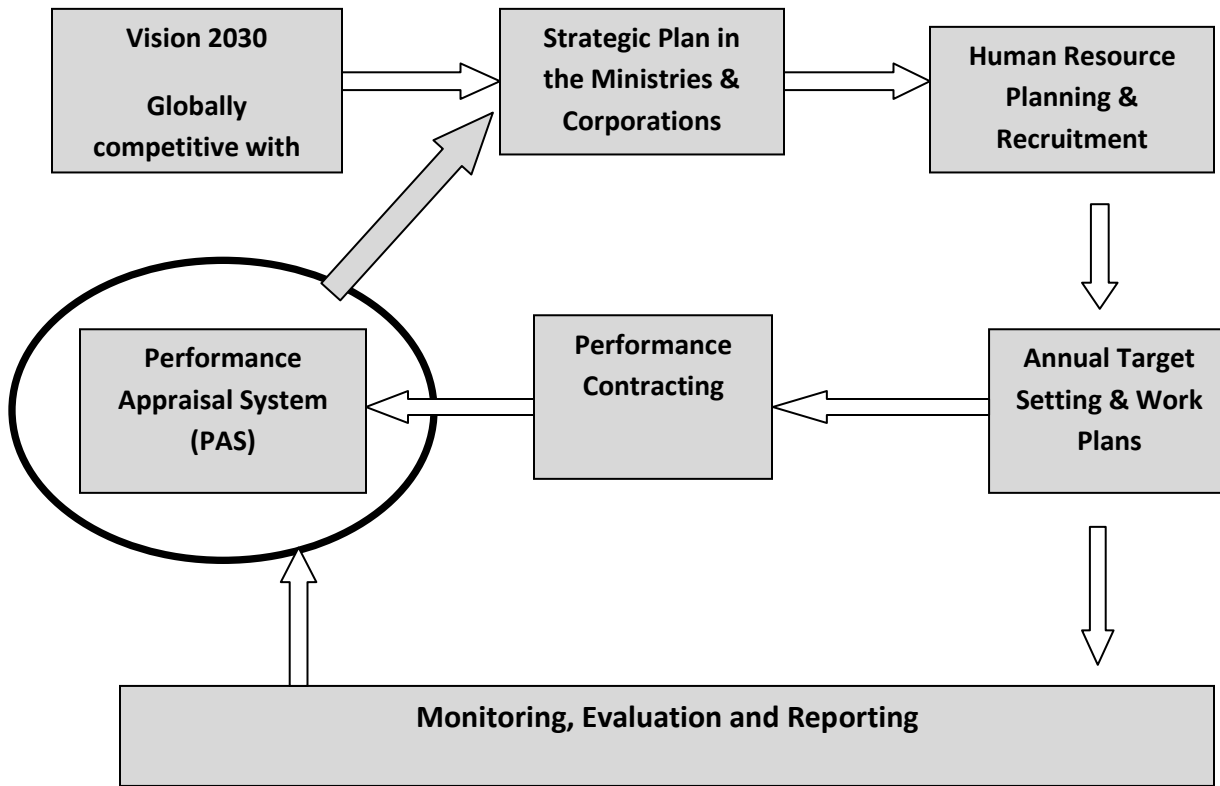


Figure 2 Performance Management Cycle

Source: Kobia (2006)

The signing of the Performance Contract is done at two levels. The first level is between the Government and the University Council. The Permanent Secretary representing the Ministry of Higher Education, Science and Technology signs with Council on behalf of the Government, while the Council Chairman and one independent member signs on behalf of the Council (Trivedi, 2000).

Therefore, the key objectives for introducing Performance Contracting in the public service are: To promote responsiveness; improve efficiency by focusing resources on the attainment of key National Policy priorities of government; institutionalization of performance oriented culture in the public service; to measure and evaluate performance; linking rewards to measurable performance; competency development; to oversee the governance systems in public organizations; to allow for benchmarking with the best practices; learning and innovation; stakeholder involvement and promote accountability (Obongo, 2000). The above objectives ensure that government organizations are working in harmony with regard to key policy areas like planning, budgeting, evaluation and measurement, reporting and management of public resources with a view to improving results. The Performance Contracting policy requires that each public entity must design and publish a citizen service charter, also known as the Service Delivery Charter. The organization is then held accountable to implementing the contents of the charter and adhering to the commitments made to the public. This improves the

responsiveness of public organizations to their customers' needs. Performance Contracting requires that an organization's targets and goals are derived from its Mission, Vision and Strategic Objectives as outlined in the Strategic Plans which are aligned to the sectoral and nationwide government goals. This inter-linkage enables all the players and stakeholders to understand how individual and organizational objectives contribute to the achievement of national goals (GoK, 2010).

Statement of the Problem

The continuous need to improve both efficiency and effectiveness in the public sector in light of the scarce resources and the high public expectations, all Public Universities were put on Performance Contracts by the Government. It was believed that the Performance Contracts would create a management system that focuses on the attainment of desired results and instilling a framework of accountability. To achieve these objectives there is need for proper appraisal systems that involve work planning, setting of targets, feedback, reporting and acceptable human resource practices. Performance contracting as a new approach to organizational achievement faces a number of challenges that include setting of standards, evaluation and control. Target setting and evaluation in public universities are done by the respective institutions and only moderated by the Ad hoc Negotiation and Evaluation Task forces which are far removed from the ground. This complicates the objectivity of evaluation given that it's new in the eyes of the evaluators. This study was designed to establish the effectiveness of performance contracting as practiced by public universities in Kenya.

Objectives of the study

In carrying out the investigation, the researcher was guided by the following objectives:

- i. To establish the indicators of Performance Contract Evaluation in public universities in Kenya.
- ii. To determine the Performance Contract indicators measured in public universities in Kenya.
- iii. To determine the Performance Contract results in public universities in Kenya.
- iv. To find the challenges facing the implementation of Performance Contracting in public universities in Kenya.

Theoretical Framework

Performance Contracting is best explained by the Goal Theory which states that employees are motivated by clear goals and appropriate feedback (Locke, 1968). That working towards a goal provides a major source of motivation. Challenging and specific goals accompanied by feedback lead to higher levels of individual and group performance. The prime axiom of this theory is that specific difficult goals lead to higher performance than when people strive to simply do their best (Latham, 1990). Such goals positively affect performance of an individual and direct people's efforts and energies in a particular direction. That there was a relationship

between how difficult and specific a goal was and peoples performance of a task. Difficult and specific goals lead to better task performance than vague and easy goals. In his research, Locke, (1968) found out that for goals to be motivational, they should have the following characteristics: They must be specific in terms of level and time frame. General goals which lack specificity tend not to be motivational; that goals must be challenging to be motivational. They should not be easy that they require little effort to achieve and they should not be so difficult that they are impossible to achieve; that goals must be accompanied by feedback so that it is possible to know how well one is doing and how close is to the goal accomplishment; and that people must accept the goals and be committed to them.

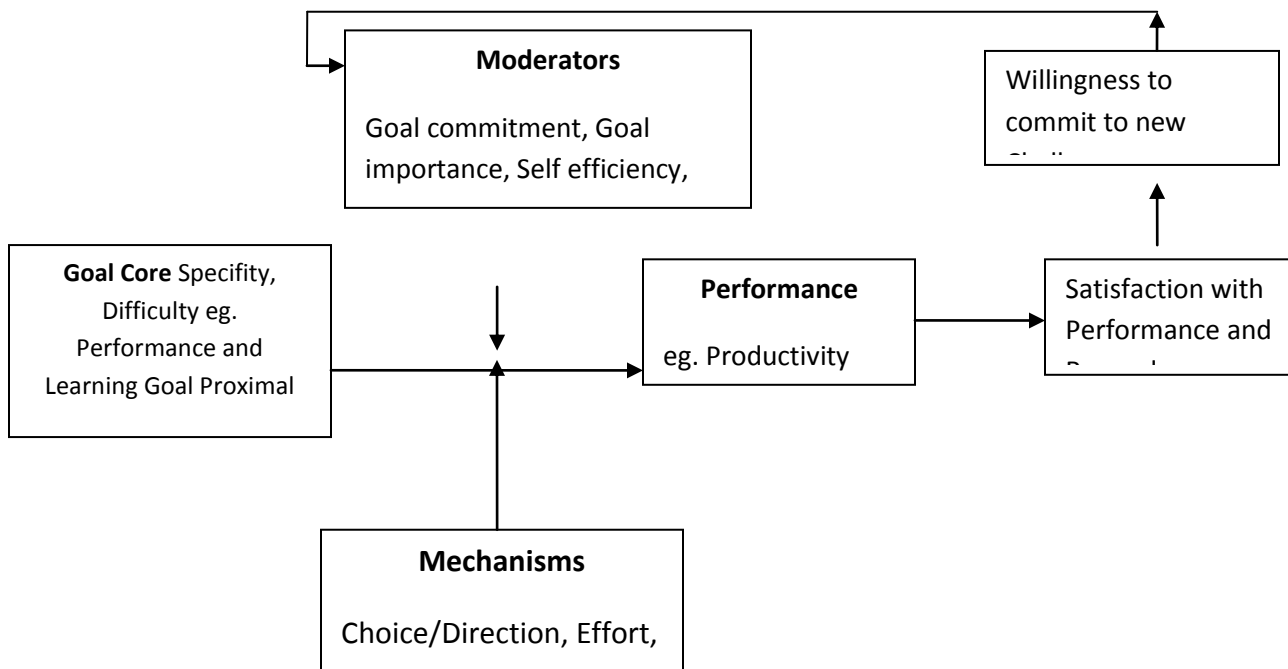


Figure 1: Goal Setting Theory and High Performance Cycle

Source: Locke & Latham, 2002

Performance Contracting is premised on the tenets of goal theory in that the targets are specific based on the organizations strategic plans. They are also Measurable, Attainable, Realistic and Time bound (SMART) in nature thus offering clarity to the employees. The targets are challenging in that they are incremental in nature hence difficulty and complexity of achieving them is raised every cycle of the Performance Contract leading to increased performance and productivity from the employees. The employees are regularly provided with feedback on their performance through the quarterly performance evaluation reports and the comprehensive evaluation done at the end of the contract period. The feedback enables the employees to assess themselves and adjust their strategies and efforts to meet the targets. The employees are involved in the target setting and negotiations of the Performance Contract with their supervisors on the performance and achievement of the goals. This leads to acceptance

and ownership of the process which in turn enhances employees' commitment and persistence towards the achievement of the targets.

Research Methodology

The study adopted a descriptive cross-sectional research design, where a survey method of research was used. A survey is used to collect data from an identified group of people with the objective of determining current status of that group of people with respect to one or more variables (Mugenda and Mugenda, 1999). The target population comprised all the 800 staff amongst who are from the teaching and non teaching categories, senior management, middle level management and the junior staff in Masinde Muliro University of Science and Technology (MMUST). The researcher used stratified random sampling given that the University population is not a homogeneous group. The staff were stratified into various categories (strata) and selected through simple random sampling to attain the required sample size. The sample size was 80 accounting for 10% of employees at MMUST. Given that the population from which the sample was drawn is not homogeneous, stratified sampling technique was applied in order to obtain a representative sample. Questionnaires were used to collect data. The data was analyzed by use of both quantitative and qualitative methods of data analysis. The quantitative measures were used to generate descriptive statistics to analyze for frequencies, means and percentages while the qualitative methods were used in sorting out data from questionnaires. The data was analyzed with the aid of Statistical Package for Social Sciences which generated various descriptive statistics based on a two tailed z-test at 95% level of significance. The findings were used to make inferences.

Findings of the Study

Performance Contracting Awareness

The study sought to know from the respondents whether they were aware of the process of Performance Contracting as practiced in the University all the respondents submitted that they were aware of Performance Contracting in the University.

Table 1: Participation in Performance Contracting

Parameter	Response	Frequency	Percentage
Participated in PC process	Yes	38	48.71
	No	40	51.29
Signed PC	Yes	20	74.36
	No	58	25.64
Benefits of PC	Yes	75	96.16
	No	3	3.84

According to table 1, participation of staff in performance contracting at departmental level was assessed and only 48.71% of the respondents had participated in performance contracting. This calls for the university management to involve more staff in the Performance Contracting process. Only a quarter of the respondents, 25.64% had signed a Performance Contract with their respective supervisors. This implies that the Performance Contracting process has not been cascaded to the lower levels of staff. Opinion of the respondents on who should participate in Performance Contracting was obtained during the study and a majority, 71.8% that all staff should participate in Performance Contracting. The knowledge of respondents on the benefits of signing Performance Contracts was also assessed during the study. Majority of the respondents 95.89% were aware of the benefits, while the remaining 4.11% were not.

Reasons for Adoption of Performance Contract

The main reasons for adoption and implementation of Performance Measurements were also assessed during the study and the level of agreement of respondents on the same measured. The reasons for Performance Measuring assessed were to: reduce consumer complaints; enable rational and optimal utilization of resources; increase revenue collection; reduce operating costs through efficiency in work processes; improve governance by making University managers accountable for results; reduce bureaucracy; improve service delivery to customers; and create Global Competitiveness. The level of agreement on these reasons by respondents is explained in table 2.

Table 2: Reasons for adoption of Performance Contract

Reasons for adoption		Level of agreement	Frequency	Percentage
Of performance measure				
Reduced complaints	Customers	Strongly agree	35	44.87
		Agree	25	32.05
		Neutral	10	12.82
		Disagree	5	6.41
		Strongly Disagree	3	3.85
Rational/Optimal Utilization of resources		Strongly agree	40	51.31
		Agree.	28	35.89
		Neutral	10	12.81
Increase in Collection	Revenue	Strongly agree	17	21.79
		Agree.	32	41.02
		Neutral	14	17.94
		Disagree.	10	12.82
		Strongly Disagree	5	6.41
Reduced Costs		Strongly agree	42	53.84
		Agree.	25	32.05
		Neutral	6	7.69
		Disagree.	4	5.12
		Strongly Disagree	1	1.3

Table 2 shows that majority of the respondents, 44.87% were in agreement that the introduction of Performance measurement would reduce customer complaints, while 32.05% strongly agreed. This is because of the belief that Performance Contracting would make the officers more responsible to the needs of the customers. Majority of the respondents were of the view that performance measurement would increase rational and optimal utilization of resources. 51.32% strongly agreed, 35.53% agreed while 1.32% disagreed. Most of the respondents submitted that performance measurement would increase revenue collection. 40% agreed while 21% strongly agreed. This is due to the fact that Performance Contracting

would require more accountability for the staff. Majority at 54.05% strongly felt that Performance Contracting would reduce operating costs. This is due to the envisaged efficiency that would result from the planning and target setting.

Table 3: Reasons for adoption of performance contract

Reasons for adoption	Level of agreement	Frequency	Percentage
Improved Governance.	Strongly agree	55	70.5
	Agree.	19	24.4
	Neutral	1	1.3
	Disagree.	2	2.6
	Strongly Disagree	1	1.3
Reduced Bureaucracy	Strongly agree	26	33.33
	Agree.	17	21.79
	Neutral	18	23.07
	Disagree.	8	10.28
	Strongly Disagree	9	11.53
Improved Service Delivery	Strongly agree	51	65.4
	Agree.	22	28.2
	Neutral	2	2.6
	Disagree.	2	2.6
	Strongly Disagree	1	1.3
Global Competitiveness	Strongly agree	39	50
	Agree.	23	29.5
	Neutral	9	11.5
	Disagree.	4	5.1
	Strongly Disagree	3	3.9

The respondents were almost unanimous that Performance Contracting would improve governance. Only a small fraction of 1.28% felt that there would be no improvement in governance. This indicates the level of goodwill the employees have in the process. Majority at 33.77% strongly believed that Bureaucracy would reduce. This is may be due to the perceived compliance with the Citizens Service Charter. The majority at 65.38% submitted that they strongly believed Performance Contracting would improve service delivery. This can as well be due to the belief that the Citizen Service Delivery Charter would be complied with. Majority of the respondents at 50.65% strongly agree and 29.87% were of the opinion that Performance Contracting would enhance global competitiveness this, could be mainly from the perceived increase in efficiency and responsiveness to the needs of the clients. This is shown in table 3.

Levels of Realization of Performance Contract Objectives

The extent to which public universities have realized the objectives of performance contracting was covered during the study and the opinion of respondents on the same obtained. The parameters assessed were: Reduced Customer Complaints; Optimal Utilization of Resources; Increase in Revenue Collection; Cost containment; Reduced Bureaucracy; Improved Governance; Improved Service Delivery and Reduced Dependence on the Exchequer. The results indicate that most of the respondents were of the view that public universities had only achieved these objectives to a moderate extent as indicated in the findings in table 4.1.4.below. This implies that there is need for more efforts to be made in order to realize the full potential and impact of the Performance Contracting process. The university management should consider more innovative ways of increasing revenue generation through strengthening of the income generating units. This will see a reduction in the dependency on the ex-chequer grants. Strict observance of the contents of the university's Service Charter would enhance service delivery while Cost containment can be achieved through the implementation the financial regulations.

Table 4: Realization of PC Objectives

Objective	Response	Frequency	Percent
Reduced Customers complains	Very Great Extent	12	15.4
	Great Extent	19	24.4
	Moderate Extent	32	41.0
	Less Extent	12	15.4
	Not at all	3	3.9

Optimal Utilization of Resources	Very Great Extent	17	21.8
	Great Extent	14	17.9
	Moderate Extent	36	46.2
	Less Extent	9	11.6
	Not at all	2	2.6
Increase in revenue Collection	Very Great Extent	6	7.7
	Great Extent	22	28.2
	Moderate Extent	31	39.7
	Less Extent	14	18.0
	Not at all	5	6.4
Cost Containment	Very Great Extent	10	12.8
	Great Extent	17	21.8
	Moderate Extent	33	42.3
	Less Extent	15	19.2
	Not at all	3	3.9
Reduced Bureaucracy	Very Great Extent	6	7.7
	Great Extent	12	15.4
	Moderate Extent	28	35.9
	Less Extent	17	21.8
	Not at all	15	19.2

Improved Governance	Very Great Extent	16	20.5
	Great Extent	23	29.5
	Moderate Extent	30	38.5
	Less Extent	6	7.7
	Not at all	3	3.8
Service delivery	Very Great Extent	17	21.8
	Great Extent	19	24.4
	Moderate Extent	28	35.9
	Less Extent	9	11.6
	Not at all	5	6.4
Dependency on the exchequer	Very Great Extent	6	7.7
	Great Extent	11	14.1
	Moderate Extent	24	30.8
	Less Extent	21	26.9
	Not at all	16	20.5

Stakeholder Involvement in Performance Contraction

The study assessed the extent of stakeholder involvement in Performance Contracting in the University. The stakeholders were: Students, Suppliers, The Ministry of Higher Education, Science and Technology, Local Community, Parents/Guardians and University Employees. The responses obtained are explained in table 5.

Table 5: Stakeholder Involvement in PC

Stakeholder	Response	Frequency	Percent
Students	Very Great Extent	9	11.5
	Great Extent	8	10.3
	Moderate Extent	16	20.5
	Less Extent	21	26.9

	Not at all	24	30.8
Supplier	Very Great Extent	5	6.4
	Great Extent	12	15.4
	Moderate Extent	21	26.9
	Less Extent	21	26.9
	Not at all	19	24.4
Ministry of Higher Education Science and technology	Very Great Extent	29	37.17
	Great Extent	27	34.61
	Moderate Extent	15	19.23
	Less Extent	6	7.69
	Not at all	1	1.3
Local Community	Very Great Extent	4	5.1
	Great Extent	5	6.4
	Moderate Extent	19	24.4
	Less Extent	24	30.8
	Not at all	26	33.3
Parents and Guardians	Very Great Extent	8	10.25
	Great Extent	9	11.53
	Moderate Extent	14	17.94
	Less Extent	17	21.79
	Not at all	30	38.46
Employees	Very Great Extent	20	25.6
	Great Extent	25	32.1

Moderate Extent	22	28.2
Less Extent	6	7.7
Not at all	5	6.4

Majority of the respondents 30.8% were of the view that students were not involved at all in the process of Performance Contracting. There is need to develop mechanisms of bringing on Board this important group through the students' leadership.

Suppliers' Involvement

In this category, the respondents were split in the middle with 26.9% stating that they were involved to a less extent while another 26.9% were of the view that they were involved to a moderate extent. 24.4% of the respondents felt that they were not involved at all. This implies that the suppliers may not be aware of the commitments the University may have promised to do, for instance, the credit period for supply of goods.

Ministry of Higher Education, Science and Technology Involvement

A majority, 37.18% felt that the Ministry of Higher Education, Science and Technology was involved to a very great extent. This is because of the Ministry's active involvement in the negotiations and signing of the Performance Contracting.

Local Community's Involvement

A majority of the respondents at 33.8% were in agreement that the local community was not involved at all. There is need for a deliberate action to involve the local community in the planning of the University as their support is necessary for a harmonious co-existence.

Parents/Guardians' Involvement

The majority, 38.16% felt that parents and guardians were not involved in Performance Contracting process at all. It is important to bring on board this important constituent.

Employees' Involvement

Respondents were asked the extent to which employees are involved in Performance Contracting process. A majority, 32.1% were of the view that employees are actively involved. This is because of the fact that the Performance Contracting has to be implemented by the employees.

Effectiveness of Performance Contracting in MMUST

Table 6: PC Evaluation period

Aspect	Response	Frequency	Percent
Period of PC Evaluation.	Quarterly	43	55.12
	Semi Annually	30	38.46
	Annually	5	6.42
Adequacy of evaluation period	Yes	48	61.54
	No	30	38.46

Period within which Performance is Evaluated

Majority of the respondents, 55.12% submitted that Performance Contract was evaluated annually while 38.46% stated that Performance Contract was evaluated quarterly. The mixed responses are likely due to the fact that while the final evaluation of Performance Contract is done annually, there are Quarterly Performance Reports which are compiled and sent to the Performance Contracting Secretariat.

Adequacy of Performance Evaluation Period

The findings showed that majority of the respondents, 61.54% were in agreement that the period within which Performance Contract is evaluated is adequate while 38.46% opined that it was not adequate. This could be mainly because of the nature of practices like research which take a longer time to establish their impact.

Critical Performance Contract Indicators

The study sought to know from the respondents, the regularity of the use of the critical Performance Contract indicators in their Departments and Faculties Majority were in agreement that they are regularly used with 38.46% citing Financial Indicators, 78.21% for Service Delivery Indicators, 60.26% for Operations Indicators and 46.15% for the Dynamic/Qualitative Indicators. This implies that the staff is aware of what indicators they will be evaluated against.

The ratings of the usage of the different Critical Performance Contract Indicators (in terms of regularity) are presented in Table 7.

Table 7: Critical PC Indicators.

Indicators	Response	Frequency	Percent
Financial	Regularly	38	48.72
	Not regularly	23	29.49
	Not sure	17	21.79
Service Delivery	Regularly	61	78.21
	Not regularly	11	14.10
	Not sure	6	7.69
Non Financial	Regularly	30	38.46
	Not regularly	23	29.49
	Not sure	25	32.05
Operations	Regularly	47	60.26
	Not regularly	16	20.51
	Not sure	15	19.23
Dynamic/Qualitative	Regularly	36	46.15
	Not regularly	24	30.77
	Not sure	18	23.08

Effectiveness of Performance Evaluation Methods and Systems

The performance evaluation methods used in performance contracts and their level of effectiveness were assessed during the study. The methods whose level of effectiveness were assessed were: Customer Satisfaction Survey, Employee Satisfaction Survey, Employee Performance Appraisal, Compliance with the Strategic Plan, Compliance with the Citizen Service Charter, Corruption Eradication, Resolution of Public Complaints and Repair and Maintenance of Facilities. The findings are presented in table 8.

Table 8: Effectiveness of PC evaluation methods

Method

	Response	Frequency	Percent
Customer satisfaction	Very High	22	28.2
	High	18	23.1
	Satisfactory	28	35.9
	Poor	8	10.3
	Not Sure	2	2.6
Employees Satisfaction	Very High	15	19.2
	High	19	24.4
	Satisfactory	27	34.6
	Poor	13	16.7
	Not Sure	4	5.1
Employee performance appraisal	Very High	14	17.9
	High	15	19.2
	Satisfactory	28	35.9
	Poor	15	19.2
	Not Sure	6	7.7
Strategic Plan	Very High	12	15.4
	High	16	20.5
	Satisfactory	32	41.0
	Poor	14	17.9
	Not Sure	4	5.1
Repair and maintenance	Very High	5	6.4
	High	8	10.3
	Satisfactory		57.7
	Poor		19.2

	Not Sure		6.4
Citizen service charter	Very High	8	10.3
	High	10	12.8
	Satisfactory	35	44.9
	Poor	19	24.4
	Not Sure	6	7.7
Corruption Eradication	Very High	6	7.7
	High	16	20.5
	Satisfactory	29	37.2
	Poor	18	23.1
	Not Sure	9	11.6
Resolution of public complains.	Very High	6	7.7
	High	14	17.9
	Satisfactory	29	37.2
	Poor	17	21.8
	Not Sure	12	15.4

Customer Satisfaction Survey

Majority 35.9% were in agreement that customer satisfaction was satisfactory as opposed to 28.2% who felt that it was largely successful. This may be due to the perception that since evaluation is done by the actual consumer of the service, it is bound to be more

Employee Satisfaction Survey

Form the results of table 8, its shown that a majority of the respondents were of the opinion that employee satisfaction survey was an effective method of Performance Contract measurement. This could be for the reason that employees are central players in the process and therefore can give an honest and informed opinion on the process.

Employee Performance Appraisal

Most of the respondents submitted that performance appraisal was effective with 35.9% stating that it was satisfactory 19.2% high and 17.9% ranking it very high. The current

Performance Appraisal System provides for an objective way of assessment where both supervisor and the appraisee discuss and agree on the ratings.

Compliance with the Strategic Plan

This method of Performance Contract Evaluation was also ranked as effective with 41% saying it was satisfactory while 20.5% agreed that it was highly effective. This could be due to the fact that the university has a Strategic Plan which is easily accessible for verification.

Compliance with Citizen Service Charter

Although a majority of 44.9% felt that it was fairly effective, 24.4% were of contrary opinion. This may be due to the fact that the concept is still new in the public service and many of them were yet to get accustomed to it.

Corruption Eradication

From the findings, a majority 37.2% rated the effectiveness of corruption eradication as being satisfactory. This may be due to the high level of accountability required of staff under the Performance Contracting process.

Resolution of Public Complaints

The majority of 37.2% rated it as satisfactory while 21.8% of the respondents rated it as poor. This may be due to inadequate mechanisms of feedback and documentation or resolved complaints.

Repair and Maintenance

A majority 57.7% rated repair and maintenance as satisfactory. This implies that the state of repair of plants and equipment is not up to date. There is need to strictly comply with the maintenance manuals.

Challenges affecting the Implementation of Performance Contracting in public universities

There are a number of challenges that affect the implementation of Performance Contracting. During this study, a number of challenges and the extent to which they have affected the implementation of Performance Contracting were examined. The challenges looked into during the study were: Legal obstacles, Fears by Staff and Top Management to sign Performance Contracts, Not clear incentives/sanctions on performance, Poor grasp of Strategic Management Process, Lack of support from Management, Poor coordinating of the Performance Contracting process (planning, budgeting and target setting), Non – involvement of Stakeholders in Target setting, Lack of ownership of the process, Dishonesty in reporting performance, High staff turnover and Lack of Standard/Sector benchmarks. Results of each of the above parameters are explained below:

Table 9: Challenges affecting PC Implementation

Challenge	Response	Frequency	Percent
Legal	Very Great Extent	2	2.56
	Great Extent	16	20.51
	Moderate Extent	24	30.77
	Not at all	17	21.79
	Not sure	19	24.36
Fears by Staff and Management	Very Great Extent	7	8.77
	Great Extent	23	29.49
	Moderate Extent	27	34.62
	Not at all	14	17.95
	Not sure	7	8.97
No clear Incentives and Sanctions	Very Great Extent	16	20.51
	Great Extent	17	21.79
	Moderate Extent	33	42.30
	Not at all	6	7.70
	Not sure	6	7.70
Poor grasp of strategic management	Very Great Extent	14	17.94
	Great Extent	24	30.76
	Moderate Extent	27	34.61
	Not at all	12	15.38
	Not sure	1	1.31
Lack of support from management	Very Great Extent	5	6.41
	Great Extent	15	9.2
	Moderate Extent	30	38.46

	Not at all	25	32.05
	Not sure	3	3.84
Poor coordination	Very Great Extent	9	11.53
	Great Extent	19	24.35
	Moderate Extent	29	37.17
	Not at all	17	21.79
	Not sure	4	5.16

Legal Obstacles

Majority of the respondents felt that legal obstacles affected the implementation of Performance Contract at the University, 30.77% felt it affected to a moderate extent while 20.51% were of the opinion that it affected to a great extent. This calls for harmonization of the laws and regulations affecting Performance Contracting for smooth implementation.

Fear of Staff and Top Management

From the findings in the chart below, a majority of the respondents were of the view that fear of both staff and management to sign Performance Contracts negatively affected its implementation. 34.62% rated the effect as being moderate while 29.49% felt that it affected Performance Contract to a great extent. This may be the reason why the cascading of Performance Contract is quite low in MMUST.

No Clear Incentives/Sanctions

Most of the respondents felt that the lack of clear incentives and sanctions for the performers and non-performers affected the adoption of Performance Contracting. The majority 41.56% submitted that it affected to a great extent while 20.78% thought the effect was to a very great extent. The expectation of reward and the fear of punishment are what drive performance in most cases. Therefore in their absence Performance Contract is bound to be affected.

Poor Grasp of the Strategic Management Process

The researcher asked the respondents whether the Performance Contracting process was being affected by the poor knowledge of staff in the strategic management. A majority 34.21% concurred with the opinion that it affected to a moderate extent while 30.26% felt that it affected to a great extent. This may be due to the diverse nature of university staff who may be trained in other fields other than management. This calls for the need to build capacity through workshops and seminars on Performance Contracting.

Lack of Support from Management

A majority of the respondents 38.16% were of the view that lack of management support affected the implementation of Performance Contracting to a moderate extent. This may be due to the fact that because of budgetary constraints, staff may not be facilitated as and when need arises.

Poor Coordination

A majority of the respondents 36.36% were of the view that poor coordination of the Performance Contracting process has affected its effectiveness. This may be due to lack of capacity at the Performance Monitoring Unit which is mandated to oversee the implementation of Performance Contract in the University

Table 10: Challenges affecting PC Implementation (continued)

Challenge	Response	Frequency	Percent
Stake Holders	Very Great Extent	12	15.3
	Great Extent	18	23.07
	Moderate Extent	21	26.92
	Not at all	17	21.79
	Not sure	10	12.92
Lack of ownership	Very Great Extent	14	17.94
	Great Extent	22	28.2
	Moderate Extent	22	28.2
	Not at all	17	21.79
	Not sure	3	3.87
Dishonesty reporting	Very Great Extent	7	8.98
	Great Extent	18	23.07
	Moderate Extent	23	29.48
	Not at all	23	29.48
	Not sure	7	8.98
High Staff turnover	Very Great Extent	10	14.12

	Great Extent	19	24.35
	Moderate Extent	21	26.92
	Not at all	18	23.07
	Not sure	9	10.84
Lac of standards/ Sector benchmarks	Very Great Extent	14	17.94
	Great Extent	15	19.23
	Moderate Extent	25	32.05
	Not at all	18	23.07
	Not sure	6	7.71

Non-Involvement of Stakeholders in the Performance Contracting Process

Majority of the respondents opined that lack of involvement by stakeholders had an impact on the Performance Contracting process, 27.27% believed it had affected to a moderate extent while 23.38% submitted that it affected to a great extent. However, 11.69% of the respondents were not sure while 22.08% thought that the non-involvement of the stakeholders did not have any effect.

Lack of Ownership of the Process

Most of the respondents thought that because of the non-participation of many stakeholders in the process, they did not own it. 27.63% believed that it greatly affected while 17.11% felt that the effect was to a very great extent. The import of this finding is that there is need for wider consultations and participation of all the stakeholders.

Dishonesty in Reporting

From the findings, it was generally believed by the respondents that there were some elements of dishonesty and cheating in the reporting of Performance Contracts. 29.89% were of the opinion that this was only to a moderate extent while 22.08% thought that the prevalence was to a great extent. This may be for fear of being exposed as non-performers when results are made public.

High Staff Turnover

The study was interested in finding out whether staff turnover had any effect on the implementation of Performance Contracting. A majority (27.27%) felt that staff turnover affected the process of Performance Contracting to a moderate extent as opposed to 24.68% who believed that it affected to a great extent. The staff turnover may be because staff are

looking for better terms of employment. It is important for the university management to improve its terms in order to retain competent staff.

Lack of Standards/ Sector Bench-marks

It was found out that lack of sector bench-marks had affected the Performance Contracting process as there was no standard to use as the best practice in the sector 31.58% submitted that lack of sector benchmarks affected the Performance Contracting process to a moderate extent while 18.42% felt that the effect was to a great extent. 17.11% felt that it affected the process to a very great extent. This calls for bench marking the university operations with other world class institutions of higher learning.

Recommendations on How to Improve Performance Contracting

The respondents were asked to suggest ways in which they thought the Performance Contracting process could be improved and made sustainable. A majority recommended the need to reward good performers to make the process more competitive. Others suggested that all Heads of Departments be included in the drafting of Performance Contracts. They further suggested that adequate sensitization be conducted on Performance Contract before implementation. A majority also suggested that the targets set should always be measurable, realistic and achievable. That this would obviate the need for dishonesty and cheating in Performance Contract reporting. The issue of follow ups and co-ordination were also cited as well as the need for increased commitment from management.

Conclusion

From the findings, the following conclusions can be made:

- i. As a result of the introduction of Performance Contracting in the University, there has been significant improvement in the service delivery even though the impact was yet to be fully felt.
- ii. Despite the Performance Contracting being in its 5th cycle, the process was yet to be cascaded down to the departments and individual staff, only a quarter of the respondents had signed a Performance Contract with their respective supervisors.
- iii. The stakeholders are not fully involved in the Performance Contracting process and this has affected the absorption and ownership of the process.
- iv. Most of the respondents were aware of the reasons leading to the implementation of Performance Contracting and the benefits that accrue from its practice.
- v. That the Performance Contracting process was not being effectively coordinated due to lack of capacity in the Performance Monitoring and Evaluation Unit.

Recommendations

Based on the findings of the study, the following recommendations are suggested.

- i. That the University should institutionalize easily accessible and user friendly customer complaints handling mechanisms that are consistent with the contents of its Citizen Service

- Charter. A transparent complaints handling mechanism is an important aspect of quality service delivery.
- ii. That the Performance Contracts be cascaded down to departments and individual staff for it to be more effective.
 - iii. The Performance Contracting and Monitoring Unit should be strengthened to be more effective in carrying out its mandate and also consider appointing of departmental Performance Contract coordinators to enhance monitoring and coordination.
 - iv. University Management to develop and implement a communication strategy that will inform stakeholders of the progress being made and the challenges the University is facing in the implementation of Performance Contracting.
 - v. That an award, scheme for the best performers, most improved departments and staff should be introduced and maintained in order to motivate growth and improvement. In the same vein, visible sanctions should be instituted for those departments and staff who consistently perform poorly.
 - vi. Involve the public in the performance contract process as it enhances feedback which may be used to make improvements.

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