

# **Employee Perception towards Signing Performance Contract in Public Universities in Kenya**

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## **Abstract**

The purpose of the study was to investigate employee perception towards signing performance contract in public universities, a case of Moi University. The objectives of the study were to; find out staff perception on the clarity of the Performance Contract(P.C) by the Government; assess staff personal views on signing of P.C and to investigate staff perception on their involvement in the setting of the performance contract. The study adopted a mixed method research design. The target population was 761 academic staff and 994 non academic staff. Purposive sampling was used to select 19 staff of high cadre. Proportionate stratified sampling was used to get a total of 170 academic staff and 118 non academic staff who participated in this study. Data was collected using structured and unstructured questionnaires and semi-structured interviews. Data was analyzed using descriptive statistics whereby frequencies and percentages were calculated on the perception of respondents on performance contract policy. Qualitative data analysis was also done. The study found out, among other findings that staffs have positive perception towards performance contract initiative since they don't mind signing performance contract as long as they are informed on what the policy is all about. It was also established staff needs to be involved in the setting of meaningful and clear targets at the beginning of the contract period. The study made the following recommendations, first there should be a discussion between the government and the university management on the goals set in a contract period before signing of performance contract, and that the government to provide funds in time for accomplishing these goals. Furthermore, the Kenyan Government through university management to design ways of training staff to acquire knowledge about performance contract initiative. Moreover, staff should be involved in setting targets at the

beginning of the contract period. It is hoped that the findings of this study will form a basis for formulation of policies and strategies on effective implementation of performance contract initiative in all public universities and other institutions who have not signed performance contract.

**Key Words:** Perception, Performance Contract, Performance Management, Clarity, Staff personal views, Staff performance review

### **Background to the Study**

In the world over, performance management is seen as a major catalyst of improving efficiency and effectiveness in organizations. Organizations are required to set targets and achieve them in a given period of time. In a competitive world today, organizations are challenged and required to improve quality of service, productivity, profitability, service delivery and customer satisfaction.

Armstrong (2000) asserts that performance management is based on the principle of management by agreement or contract rather than management by command. Further, Armstrong defines performance management as a strategic and integrated approach to delivering sustained success in organizations by improving the performance of people who work in them and developing capabilities of teams and contributors. Republic of Kenya (2001) defines performance contract as legally binding contractual obligations that tie an organization or individual to undertaking specified tasks at predetermined levels of performance within a given period of time.

Griffin & Moorhead (2000) asserts that a successful performance management system is based on a strong commitment from the entire organization especially top management to improve quality. Chhabra (2005) identified some guidelines to be followed to make management by objectives successful. Firstly, that top management support should be active in its implementation and the practice will be followed downwards. Secondly, the organizational members must be adequately educated about the philosophy and the purpose of management by objectives and also that the subordinates should be actively involved in goal setting. Finally, Chhabra (2005) is of the view that the subordinates should be given adequate authority to accomplish their goals.

Armstrong (2006) argues that, skills of managers are needed for concluding performance agreement, setting objectives, assessing performance giving feedback and coaching. However, formal training supplemented by coaching and the use of mentors will enhance this process. Chhabra (2005) is of the view that management by objectives does away with the judgment role of the supervisor. The performance of every individual is evaluated in terms of the standards or end results clearly agreed to by the superior and the subordinate.

Additionally, Chhabra(2005) argues that whenever management by objective has been introduced, it has led to greater satisfaction, more agreement, greater comfort and less tension and hostility between the superiors and subordinates. However, under management by objectives, the superior does not evaluate the individual concerned but his performance in

terms of the standards set in advance (Chhabra, 2005). Moreover, the performance review is aimed to assist the subordinate to improve his performance in future. It also helps in setting goals for the next contract period.

According to Chhabra (2005) the limitations which make the implementation of management by objectives difficult are poor planning of the programme prior to implementation and lack of training and knowledge on the part of the supervisor in implementing the programme. This is where the supervisor dictates the goals and targets to the subordinate without allowing any input from him/her and then demand that they be met in a specified time.

Chhabra (2005) asserts that in the private sectors, full workforces are involved in identifying a few goals that have top priority. However, smaller work teams are involved in translating those overall goals into specific team measures. Chhabra (2005) further argues that this enables the people directly responsible for meeting the goals to help set them. It therefore ensures that every part of an organization aims at the same goals, and that everyone understands where they fit in. Barnes (2007) argues that successful use of Performance Management Systems (PMS) is more easily facilitated in organizations which have clear, easily recognizable objectives. Many proponents of performance related system argue for recognition of achievement, fairness and harmony in awards, and the opportunity of improvement via an avenue of monitoring, assessment and self evaluation (Barnes, 2007).

From the foregoing, it is apparent that without a performance targets, managers manage blindly, employees have no guidance, policy makers have no guidance, they don't know what is working, and customers have no idea where they may be served best. Therefore, performance management is an important strategy in enhancing efficiency, effectiveness, improving service delivery and customer satisfaction in organizations.

Many countries in the world are experiencing this new public management style. In Norway, the new Public management fell on fertile ground in higher education (Bleikli&Stensaher, 2001). Furthermore, efficiency measures, decentralization of authority to the institutions and performance targets have been used to enhance standards in higher education institutions. Studies show that management by objective has been implemented in Norway to redesign the relationship between the state and the universities. In both Sweden and Norway, Universities reforms have touched just the surface. Research shows that much of the behavior at the department and individual faculty went unchanged (Kogan,Bauer& Henkel, 2000).

In Australia, studies show that there have been dramatic reforms since 1990's such as the University organization Act in 1993 which delegated many responsibilities from the ministry to institutional level, in 1997 evaluation of quality assurance became compulsory. According to Rhoades &Sporn (2002), the Australian parliament passed the University Act, as a comprehensive law that redesigns most areas of higher education including studies, employment, organization and budget to make Australia's education more competitive in July, 2002. Australia University Act is built on four cornerstones; authority, performance contracts, global budgets and university boards (Rhoades &Spom, 2002). Granting autonomy to

universities makes them more independent from the state ministry and is turned into public corporations.

Rhoades & Sporn (2002) argues that the Australian ministry of education has withdrawn its supervising role and steered the universities from a distance through performance contracts. Therefore, performance contracts form a steering tool both between the ministry and the university, as well as within the university and the rector and institutes or departments. Contracts are based on performance measures such as number of graduates or research productivity. All parts of the institution are involved with quality control and will use evaluation results for promotion and resource allocation. Rhoades & Sporn (2002) further asserts that employment at the universities are based on performance, with all positions subject to evaluation. Lifelong employment (similar to tenure in the U.S system) exists only for positions where the University decides it is necessary.

UNESCO (2003) informs us that Germany's current reform efforts are being undertaken under the leitmotiv of performance and competition through elements of incentives and accountability. However this approach to reform is characterized by a shift from input oriented state steering mechanisms to more flexible output- oriented funding procedure which implies new management structures in Universities. According to UNESCO (2003), the federal government of Germany has initiated a salary structure for newly appointed professors. It implied that professors were no longer going to be granted automatic salary increases every two years but performance criteria was to be applied for salary supplements.

In Latin America, Fanelli (2009) asserts that governments in some countries like Argentina, Brazil, Chile, Mexico and Venezuela allocate a small proportion of the total budget (about 5% or less) to public universities through formula funding based on input such as the number of full time students, faculty, staff, infrastructure in undergraduate and graduate courses, and fields. Formula funding is also based on performance indicators such as faculty with post graduate degrees, student dropout and quality of postgraduate programs.

The success of performance contracts in such diverse countries like France, Pakistan, South Korea, Malaysia and India has sparked great interest in this policy around the world. A large number of governments and organizations are currently implementing policies using this method to improve performance of the public enterprises in their countries. The Times Higher Education supplement, October, 2006 of United Kingdom asserts that the global phenomenon of change within the higher education sector is moving toward improved productivity and accountability. On the other hand, there is a huge move towards performance related working environments in the higher education in the United Kingdom. This trend is shared by many other countries worldwide, South Africa being no exception. In South Africa, higher education institutions are already subjected to various levels of performance management.

In Sub —Sahara Africa (SSA), as in other regions of the world, Public service Reforms (PSR) has evolved over time. According to Kiragu (2002), there have been three waves of PSR in Sub-Saharan Africa, these include, the first wave which covered mid 80's to mid 90's. It focused on the restructuring of the public service and was described as structural reform wave. The second

wave which was dominant in the late 1990s was capacity building. The third wave started in the year 2000; with particular objective improve service delivery. This involved the introduction of the signing of performance contract in the public service to improve service delivery.

In Swaziland, the evolution of the contract plans can be traced back to the early 1990s where there was need for control and monitoring of the public enterprises (Musa, 2001). Musa further asserts that during this period (1990s) there was need to establish viable control mechanisms for Swaziland's parastatal sector since there was a national outcry that public enterprises continued to be a financial as well as an administrative burden to the government. On the other hand, the performance agreement of the early 1990s failed to achieve its stated objectives of the public enterprises since they used consultants from developed countries to develop their development plans and also determination of them which did not match to third world countries.

In Uganda, Tanzania and Zambia open and more participatory staff appraisal schemes were introduced (Kiragu, 2002). In Kenya, Uganda, Tanzania, Ghana and Zambia one of the major constraint on the implementation of Public Service Reform Programme (PSRP) was little support to the reforms and difficulty to sustain all levels due to non- commitment by political leaders, the public at large and bureaucrats (Kiragu, 2002). This was because of two major reasons; first, the reforms were still stigmatized by the pains of such first wave structural adjustment reform measures of retrenchment, employment freeze and cost-sharing. Secondly, the reforms entail change of which large constituencies perceived threats of change and resisted it.

In Kenya a number of reform innovations have been introduced to improve performance through the adoption of Results Oriented Management (Republic of Kenya, 2001). This action shapes organizations and work activities to the achievement of outputs or results and re-orientates goals and objectives towards cost effectiveness and responsive to customer demands.

The government of Kenya has a number of management techniques to provide the tools to implement a Result Oriented Management (ROM) approach in the public service (Republic of Kenya, 2001). Further, Results Oriented Management (ROM) is a generic term for an approach that shapes organizations and work activities for the achievement of predetermined outputs or results and re-orientates the goals and objectives of the workforce towards cost effectiveness and responsiveness to customer demands. Performance contract (PC) according to Republic of Kenya (2001) is one of the steps taken to establish result oriented management. The twin challenges of endangering sustained economic growth and reducing poverty demand the transformation of the public service to one that is more focused, efficient and increasingly responsive to the needs of those it serves (Republic of Kenya, 2001).

The government of Kenya adopted the application of performance contracts in the management of the public service as a policy pronouncement which was contained in the Economic Recovery Strategy for Wealth and Employment Creation (2003 — 2007). However, the process of performance contracting commenced with the establishment of a performance

contracts steering committee in August 2003. Through the committee it led to the issuing of performance contract policy in Legal Notice No. 93 known as "The state corporations (Performance contracting) Regulations, 2004", in August, 2004 (Republic of Kenya, 2004). Under the above framework, the initial performance contracts were introduced in 16 pilot state corporations, which signed performance contracts on 1st October 2004 and 16th December 2004 respectively. However, the civil service together with all the state corporations was scheduled to sign performance contracts by 30th June 2005. According to Republic of Kenya (2006) performance contracts are legally binding contractual obligations that require an organization or individual to undertake specified tasks within a given period of time at predetermined levels of performance. Republic of Kenya (2006) argues that performance contract clearly specify mutual performance obligations and responsibilities.

Moreover, improvement of service delivery is an important factor in implementation of performance contract. Republic of Kenya (2006) argues that P.C aimed at improving service delivery to the public. However, senior officers in the service were required to sign the contracts to hold them accountable for results (Republic of Kenya, 2006). Republic of Kenya (2006) envisaged that eventually, the signing of performance contracts will be cascaded to lower levels of officers in the service. This implies that performance contracting aimed at improving service delivery and it was meant to be cascaded to all staff of various cadres.

Moreover, (Republic of Kenya, 2006) argues that performance contract aims at enhancing the efforts made towards transforming the Public Service from a process-oriented to a results-oriented Service. The Kenyan Government introduced Results-Based Management in September, 2004 with an aim of establishing public service values, ethics, management accountability framework, managerial and core competencies (Republic of Kenya, 2006).

Republic of Kenya (2006) argues that the approach was spearheaded by the Public Sector Reforms and Development Secretariat and in each Ministry by the Ministerial Management Steering Committee (MMSC) whose chair is the Permanent Secretary/Accounting Officer. According to Republic of Kenya (2006) Results Based Management (RBM) also provides mechanisms that support efforts towards achieving the aims of the Economic Recovery Strategy (ERS) for Wealth and Employment Creation and the attainment of the Millennium Development Goals (MDGs).

Performance contracting was introduced in Kenya in the public service as a management tool to ensure accountability for results and transparency in the management of public resources. Republic of Kenya (2001a) identified two major challenges for improving the performance and productivity to the civil service as those of refining organizational mandates and structures and strengthening of management. Further, the vision must be transformed from a passive, inward looking bureaucratic style of management to one that is proactive, outward looking and result oriented approach that seeks customer satisfaction.

The then Permanent Secretary Ministry of State for Public Service, who made a presentation on "Reform initiatives in the human resource function in the civil service", in 2008, highlighted the successes observed due to the signing of performance contract. The successes included:

marked improvement in performance in the public sector measured by levels of achievements of contractual obligations and high sense to excel in service delivery and achievement of targets set in the performance contracts. Republic of Kenya (2010a) argues that the process of performance contracting had not only resulted in improved economic performance, but had also won the country admiration at the international level. For example, in 2007 and on the strength of the civil service reforms, Kenya scooped the prestigious United Nations Public Service Award in the first category of transparency, accountability and responsiveness in public service delivery.

The government of Kenya released the results of the evaluation of the performance of public institutions which were based on the performance contract for the year 2007/2008 on Tuesday, March 3, 2009 (Daily Nation, Monday March, 2, 2009). The evaluation of the performance of public institutions began in 2005 with the evaluation of commercial corporations which piloted the process of performance contracting in 2004. Since 2005, the public sector has recorded remarkable strides in efficiency improvement and service delivery. Among the public corporations were Kenyatta University which led, followed by Nairobi University. However, Moi University does not appear among the top.

In the last three decades in Kenya, student enrolment increased from 3,400 in 1979 to about 73,000 in 2000 in public and private universities (Mwiria, Ngete, Ngoma, Ouma-Odera, Wawire & Wesonga, 2007). However, over the same period, public universities increased to twenty-three (23). Mwiria et al (2007) argues that in spite of this phenomenal growth and expansion of university education, the national demand still surpasses the available bed spaces. Furthermore, only about 33% of those who qualify for direct admission from secondary schools secure places in public universities. Mwiria et al (2007) asserts that in order to survive the rapid enrolments since the mid 1980s in the wake of declining government support, the public universities have had to face the urgent need for change. The changes include the expansion of cost-sharing activities which will be facilitated by efforts of parent ministries to strengthen the legislation that allows their resources mobilization (Development Plan 2002-2008).

The commission of inquiry into the education system of Kenya in its recommendation number 7.35 stated that monitoring and evaluation mechanisms be implemented to ensure that educational institutions set objectives that are being achieved in a more sustained manner (Koech, 1999). This resulted in the government introducing performance contract in order to obtain results.

Sessional Paper No.1 of 2005 highlights the crucial role played by university education in national development. The paper is of the view that universities need to diversify their financial base and provide maximum degree of managerial independence. Sessional Paper No. 1 of 2005, further observes that university education and training need to be demand — driven of high quality, gender sensitive, technologically informed, research supported, democratically managed and globally marketable. It is in this view that Moi University moved towards decentralization and greater autonomy in management of finances and therefore the need for performance based funding mechanisms. The government demands for greater accountability and transparency in its management. It is for this reason that results based management was

implemented in Moi University Workshop on Results Based Management in 2006(Moi University, RBM,2006).

According to the background information given in the workshop, RBM was introduced at Moi University in November 2000 (Moi University, RBM, 2006).However, in August 2003, RBM was recommended and a structure for its implementation was put in place. It is in line with the above that Moi University put up nine strategic issues in the Moi University 2005-2015 strategic plan. One of the issues is assessing of performance of human resource and quality management in order to improve performance (Moi University, RBM, 2006). In the strategic plan schools/ divisions were expected to establish quality assurance system in all operations, follow guidelines on performance appraisal and sensitize staff on performance contracts. Sessional paper No.1 of 2005 highlights the need for universities to develop appointments and promotion and also the need for quality assurance mechanisms.

According to Moi University Strategic plan (2009-2015) one of the strategies is to enhance performance contracting system by firstly, developing guidelines on Performance Contract (P.C), secondly, cascading signing PC to all levels and thirdly institutionalizing feedback mechanism to improve performance. Moi University Strategic plan further points out that the expected results include improved performance and cascaded performance contract. Additionally, the objective according to the strategic plan, is signed performance contract, improved performance ranking and improved performance evaluation results.

From the foregoing, it is apparent that performance contract has been acclaimed as an effective method of improving the performance of public enterprises. The success of performance contracts (PC) in such diverse countries like United Kingdom, Australia, Germany, India, Malaysia, Pakistan, and South Korea sparked great interest in this policy around the world. A large number of governments and organizations are currently implementing policies using this method to improve the performance of public enterprises in their countries. Performance contract is an essential tool for enhancing good governance and accountability for results in the public sector. Many countries have had success in improving the performance of their public sector by carefully designing contracts adapting to their particular needs and using lessons of the vast international enterprises regarding performance contract. Some public enterprises have resisted the signing of performance contract citing fear of losing their jobs others are citing poor implementation of the policy. It is imperative that higher education institutions in the world over have to embrace the signing of the performance contracts in order to improve service delivery and customer satisfaction at their institutions. The signing of performance contracts raises the quality of controls and increases the employee satisfaction and greater comfort is achieved.

The government of Kenya required that all staff in public institutions were to sign performance contract by July, 2005. Republic of Kenya (2010a) argues that the introduction of performance contracting has met some resistance within certain Government institutions. Republic of Kenya (2010a) further asserts that the lack of universal acceptability was one of the reasons various institutions began participation in the system at different times. The bulk of the institutions however registered their first participation in 2005/06.By June, 2010, at Moi University not all



academic and non academic staff of higher cadre had signed the performance contract. The study sought to establish the perception of academic and non academic staff towards the signing of the performance contract at Moi University.

### **Purpose of the Study**

The purpose of the study was to establish the perception of staff towards the signing of performance contract at Moi University.

### **Objectives of the Study**

The objectives of the study were:

To find out staff perception on the clarity of the P.C by the Government

To investigate staff personal views on signing of P.C.

To investigate staff perception on their involvement in the setting of the performance contract

### **Significance of the Study**

This study aimed at finding out the perception of staff towards performance contract initiative at Moi University. It forms a basis for policy formulation and master plans on how the signing of performance contract can be fully implemented among all staff of all cadres in different institutions.

The knowledge gained from this study will also stimulate interest among education planners, education researchers, administrators and students on the need for further research on implementation of performance contract initiative in higher education in developed and developing countries like Kenya.

### **Materials and Methods**

The study was carried out at Moi University. Moi University was established in 1984 as the second public university in Kenya with a bias towards science and technology. The Main Campus site is located 38 kilometres to the South of Eldoret Town and 312 kilometers (North West of Nairobi).It occupies an area of 1200 hectares. It is approximately 14 kilometers from Cheptiret junction on the Eldoret - Nairobi road and 5 kilometers from Kesses Township. Chepkoilel campus is situated at some 10 kilometers to the North of Eldoret town. It has a total area of 423 hectares. The Eldoret town campus has four satellite campuses including the School of Medicine, Town Annex, Eldoret West Campus and Nairobi Campus. It is an ISO9000 certified institution.

A mixed methods research design was adopted for this study. It utilized both quantitative and qualitative methodologies in order to gain an in-depth and breath understanding of employee perception on performance contract initiative. Creswell & Plano Clark (2007) argues that the use of quantitative and qualitative approaches, in combination, provides a better understanding of research problems than either approach alone. Creswell (2008) adds that more insight is gained from the combination of both qualitative and quantitative research than either form by itself. In this study the researcher aimed at understanding the research problem and to gain more insight into it by using mixed methods design. The target population was 761

academic staff, 994 non academic staff. The academic and non-academic staffs of higher cadre were studied because they are required by the government to sign performance contract. The rationale for selection of Moi University is because very few top cadre non academic and academic staff have signed the performance.

The researcher used purposive sampling to select all 19 staff of higher cadre. Convenience sampling was then used on purposively selected senior management staff. Therefore, a total of 19 senior staffs were interviewed from the purposively selected staff. Furthermore, in order to get a sample size from academic and non academic staff, a representative sample size was determined using a formula by Fisher (1999) for sample size determination of a population that is less than 10,000. The sample size obtained was 315 respondents. Proportionate stratified sampling was used to select non academic staff from different departments such as heads of salaries, accounting, finance and performance contract to get 118 non academic staff. Proportionate stratified sampling was then used to select academic staff in relation to gender from selected departments. This led to a sample size of 170 academic staff.

The major data collection instrument developed for this study was a questionnaire. A questionnaire was administered to 170 academic staff and 118 non academic staff. According to Kombo and Tromp (2006), questionnaires can be used to cover a wide area and there is no bias on the side of the researcher and respondent. Face to face interview was administered on senior staff. This was drawn up in order to obtain richer data and to examine in-depth issues concerning performance contract. Some of their views were used to triangulate on the findings from questionnaires. Through interview, the inquired and the inquired into are interlocked in an interactive process where each influences the other (Mertens, 1998).

Content validity was also determined by giving the questionnaire and interview schedules to the supervisor, experts in the field of research and researcher's colleagues. In order to ensure the reliability of the instruments test-retest was carried out when piloting the instrument. Ten academic and ten non-academic staff were selected to participate in the pilot study. The questionnaires schedules was piloted and tested for reliability. Pearson product moment correlation coefficient was calculated to determine this. A coefficient of 0.50 is the minimum reliability coefficient value required to judge an instrument reliable (Koul, 1984). Therefore the instrument was accepted as reliable for the study since a coefficient of 0.75 was realized.

In order to examine the information collected from the field with a view to making deductions and inferences, data collected was classified, categorized and analyzed in accordance with the objectives of the study. With the aid of Statistical Package for the Social Sciences (SPSS) descriptive and inferential statistical methods were used to analyze and present the results. Descriptive data analysis was employed whereby frequencies and percentages were calculated on the perception of respondents on signing the performance contract. Qualitative data analysis was conducted. The opinion of the administrators which was collected through in-depth interview was organized and content analysis was done. Predominant themes arising from each item was grouped to come up with different themes. The respondents were assured of privacy and confidentiality of the information obtained from them. No information revealing the identity of any individual was included in the final report or in any other communication

prepared in the course of the study. Data, results, methods and procedures were honestly reported. There were no fabrications, falsifications or misrepresentation of data.

### Research Findings and Discussions

The presented and interpreted data on respondents' views in this section attempts to answer the major research question; what is the perception of staff towards the signing of performance contract?

#### Staff Perception on the Clarity of the P.C by the Government

This analysis was set to establish the perception of staff towards the signing of performance contract in relation to what the respondents perceive as the role of the government on signing of performance contract. The first objective sought to find out staff perception on the clarity of the P.C by the Government. This is shown on table 1.1.

**Table 1.1: Role of the Government on Signing Performance Contract**

Items	Weight (w)				
	Undecided 1	Strongly Disagree 2	Disagree 3	Agree 4	Strongly Agree 5
	Frequency/Percentage				
The signing of the performance contract is a Government's directive. There is nothing I can do about it	13(4.5)	33(11.5)	65(22.7)	93(32.5)	82(28.7)
The government tries to meddle too much on the employees by imposing on the signing of the performance contract yearly (n: 285)	19(6.7)	55(19.3)	86(30.2)	77(27.0)	48(16.8)
The government exaggerates their expectations from employees at the beginning of every year in the contract period (n:283).	32(11.3)	19(6.7)	84(29.7)	89(31.4)	59(20.8)
The government through the Commission of Higher Education (CHE), the university	9(3.2)	4(1.4)	11(3.9)	104(36.7)	155(54.8)

**management should continually discuss performance contract and appraisal reports with university staff (n: 283)**

<b>I feel that the government has not defined the goals of the performance contract</b>	<b>29(10.1)</b>	<b>8(2.8)</b>	<b>56(19.4)</b>	<b>127(44.1)</b>	<b>68(23.6)</b>
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However, the study findings from table 1.1 revealed that most 93(32.3%) of the respondents agreed and 82(28.5%) of the respondents strongly agreed that signing of performance contract is a government directive and the employees have nothing to do with it, while 65(22.6%) disagreed, 33(11.5%) strongly disagreed on this issues and those who did not have a stand point on this issues where 13(4.5%) respondents. Pearls (2009) points out that a performance contract is a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of the agency. A performance contract constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. Armstrong (2000) is of the view that performance management strategy has to focus on developing a continuous and flexible process that involves managers and those whom they manage acting as partners within the framework. Performance contracting is an agreement between the government and Moi University. The government establishes general goals for the agency and sets targets for measuring performance. These general goals could be exaggerated. This confirms goal setting theory that there should be clarity of goals which can regulate behavior. This implies that the government and university management should discuss the goals at the beginning of the contract period and should not impose it on the university. This implies that P.C should clearly specify the intentions, obligations and responsibilities of the two contracting parties.

Furthermore, from table 1.1, the study revealed that most 141(49%) respondents disagreed that the government does not try to meddle too much on the employees by imposing on them the signing of the performance contract yearly, while 125(43.8%) agreed on this issue. However, Chhabra (2005) argues that the limitations which make the implementation of management by objectives difficult are poor planning of the programme prior to implementation and lack of training and knowledge on the part of the supervisor in implementing the programme. This implies that the supervisor dictates the goals and targets to the subordinate without allowing any input from him/her and then demand that they be met in a specified time. Taylor (1999) agrees that performance indicators are viewed to bring about desirable effects but also warn that their imposition, particularly by the government on universities, may lead to unintended and undesirable effects such as goal displacement and strategic manipulation. It is important for the government to know that if they impose the signing of P.C on staff it may lead to more resistance and therefore it will be difficult to cascade the signing of PC to all staff.

However, from table 1.1 it is clear that most 148(52.2%) respondents agreed that the government exaggerates their expectations from employees at the beginning of every year in the contract period, 108(36.4%) respondents disagreed that this does not take place while 32(11.3%) respondents were not sure of this issue. One of senior management respondents interviewed revealed that;

The government exaggerates its expectations especially in relation to funding projects within a contract period. Government funds are not released on time and that students pay fees when they are about to do exams. This delays the achievement of set targets in the contract period.

In giving their general views on P.C staff agree that signing of the performance contract should be done in conjunction with provision of all the resources; financial, facilities and staff motivation. Professor Guest of United Kingdom College concurs with the above that good performance management involves ensuring that people have the resources for accomplishing set goals in the contract period. Republic of Kenya (2010a) asserts that Government officers are being publicly challenged to account for public resources entrusted to them on a day-to-day basis as the bar of achievement is raised each year. This implies that the government dictates the goals in the contract period, also raises the bar of achievement every year and does not give university management a chance to discuss the goals nor does it provide funding on time.

Similarly, from table 1.1, the study indicated that majority 159(91.5%) of the respondents agreed that the government through the Commission of Higher Education (CHE), the university management should continually discuss performance contract and appraisal reports with university staff, while only 15(5.3%) disagreed on this issue and the rest 9(3.2%) were uncertain of this issues. In giving their general views on P.C, one respondent argued that employees should be involved in the formulation of the performance contract so that it can meet the needs of the employees and the employer. Armstrong (2000), is of the view that performance management strategy has to focus on developing a continuous and flexible process that involves managers and those whom they manage acting as partners within the framework. Washitemi (2007) agrees that the success of any organization largely depends on effective management procedures and sound leadership. He further argues that leadership has to do with implementation of policies and decisions which help direct the activities of any organization towards achieving its mission. This implies that there is need for regular and frequent dialogues between the government and university management and also between university management and schools or departments about performance and development needs. It is clear that the government should continually discuss performance contracts and appraisal reports with university management at the beginning of the contract period.

Furthermore, as shown on table 1.1, the findings of the study revealed that most 195(67.7%) of the respondents agreed that they feel that the government has not defined the goals of the performance contract, 64(22.2%) disagreed on this question while 29(10.1%) of the respondents were not sure of this issues. This implies that goals are set without clarification to University Management by the government.

**Staff Personal Views on the Signing of P.C.**

Additionally, in seeking to establish their perception towards P.C, the second objective sought to investigate staff personal views on signing of P.C. The results are indicated by table 1.2

**Table 1.2: Personal view on Performance Contract**

Items	Weight (w)				
	Undecided 1	Strongly Disagree 2	Disagree 3	Agree 4	Strongly Agree 5
	Frequency/Percentage				
<b>I don't mind signing performance contract (n: 283)</b>	17(6.0)	22(7.8)	42(14.8)	138(48.8)	64(22.6)
<b>I sign performance contract because it is a government directive (n: 286)</b>	21(7.3)	37(12.9)	93(32.5)	88(30.8)	47(16.4)
<b>I enjoy my job when I have targets set each year without necessarily signing performance contract (n: 288)</b>	10(3.5)	8(2.8)	18(6.3)	115(39.9)	137(47.6)
<b>Signing of the performance contract is like a witch hunt to staff (n: 283)</b>	30(10.6)	66(23.3)	109(38.5)	33(11.7)	45(15.9)
<b>I have the necessary information regarding (n: 282)</b>	34(12.1)	47(16.7)	75(26.6)	99(35.1)	27(9.6)

When respondents were asked if they don't mind signing the performance contract, results from table 1.2 indicates that majority 202(71.4%) of them agreed that they don't mind signing the performance contract, 64(22.6%) disagreed that they don't mind and the rest 17(6.0%) were undecided. When asked whether staff will sign P.C, one UASU official interviewed was of the view that;

They will resist signing of P.C by academic staff unless university management introduces the signing of P.C by organizing thorough training for staff on P.C the way they did for senior management. The official further asserted that signing P.C is good but it should be implemented gradually through dialogue with senior management and training.

Therefore university management should look for ways of introducing the signing of P.C since staff doesn't mind signing P.C. From the study 135(47.2%) respondents were for the opinion that they sign the performance contract because it is a government directive while almost the same percentage 130(45.4%) said that they don't sign the contract because it is a government directive and 21(7.3%) were undecided on this question. This implies that their perception on the government directive is not the same since majority have not signed P.C and are not sure of what it is all about.

Furthermore, table 1.2 reveals that majority 242(87.4%) of the respondents agreed that they enjoy their job when they have targets set each year without necessarily signing the performance contract, only 26(9.1%) disagreed and 10(3.4%) were undecided on this issue. This implies that staff enjoy their job without necessarily signing P.C.

From the same survey as shown on table 1.2 most 175(61.8%) respondents did not view signing of performance contract as a witch hunt to staff, while 78(27.6%) did. Those who were undecided were 30(10.6). This implies that staffs don't mind signing P.C since they don't view it as a witch hunt to them.

Furthermore, when respondents were asked if they have necessary information regarding signing of performance contract as shown on table 1.2, 126(44.6%) respondents agreed, 122(43.3%) disagreed that they do not have this kind of information and 34(12.1%) were undecided. This is in line with Bones (1996) argument that setting up appraisal systems in a vacuum adds no value and that the right context for the conversation is an essential part of successful performance management. Armstrong (2000) agrees that performance management (contract) is concerned with inputs such as the knowledge, skills and competencies required to produce the expected results. Chhabra (2005) concurs that the limitations which make the implementation of management by objectives difficult are poor planning of the programme prior to implementation and lack of training and knowledge on the part of the supervisor in implementing the programme. Opondo (2004) agrees with the above that an institution with employees who are specialized will achieve targets more than those with little training. This implies that staff do not have the necessary knowledge regarding P.C and therefore there're is need for training so that they get the necessary knowledge and skills on P.C.

### **Staff Involvement in the Setting of the Performance Contract**

However, the third objective sought to investigate respondents views on their involvement in the setting of the performance contract. The results are indicated by table 1.3.

**Table 1.3: Staff Involvement in the Setting of the Performance Contract**

Items	Weight (w)				
	Undecided 1	Strongly Disagree 2	Disagree 3	Agree 4	Strongly Agree 5
	Frequency/Percentage				
I am allowed to strongly participate and contribute in setting my realistic and achievable targets in the contract period (n: 285)	21(7.4)	70(24.6)	99(34.7)	63(22.1)	32(11.2)
I feel the quality of work produced is better if am involved in the setting of targets every year (n: 287)	10(3.5)	4(1.4)	15(5.2)	115(40.1)	143(49.)
I am continuously involved in the assessment of the targets within the contract period (n: 284)	16(5.6)	68(23.9)	125(44.0)	51(18.0)	24(8.5)
The signing of performance contract has led to greater job satisfaction (n: 284)	53(18.7)	53(18.7)	78(27.5)	71(25.0)	29(10.1)
Customer satisfaction has improved greatly through the signing of the performance contract (n:288)	58(20.1)	48(16.7)	55(19.1)	89(30.9)	38(13.2)
There is increased output at the end of the contract period due to the signing of the performance contract (n: 288)	41(14.2)	48(16.7)	61(21.2)	99(34.4)	39(13.5)

Additionally, on the issue of respondents strongly being allowed to participate and contribute in setting their realistic and achievable targets in the contract period as shown in table 1.3, more than half 169(59.3%) of the respondents disagreed that they are not allowed, 95(33.3%) agreed that they are allowed, while 21(7.4%) were undecided. Some senior academic staff interviewed



revealed that dates are set in the academic year without consulting staff which sometimes makes it difficult to beat deadlines since no much consultations are done. Moreover, they were of the view that requesting for a book in an academic year takes long therefore makes staff not to get support for achieving targets in an academic year.

However, Professor Guest of United Kingdom College agrees that good performance management involves helping individuals to set priorities, goals and expectations, providing feedback on performance and progress. Armstrong (2000) further supports these views that performance management strategy aims to provide the means through which better results can be obtained from the organization teams and individuals, by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. He further argues that there should be shared understanding about what is to be achieved in the short and long term. Chhabra (2005) also agrees that subordinates should be actively involved in goal setting and they should be given adequate authority to accomplish their goals. From the foregoing it is apparent that staff have not been involved in the setting of targets in the contract period while in management, there should be an agreed framework and shared understanding about what is to be achieved in a contract period.

Moreover, as indicated on table 1.3, most 258(89.9%) respondents involved in the study agreed that they feel the quality of work produced is better if they are involved in the setting of targets every year, those who disagreed were only 19(6.6%) and those who were undecided were only 10(3.5%) respondents. This is in agreement with staff views that signing P.C is a step in the right direction towards improving performance and productivity of the employees. When asked whether they are continuously involved in the assessment of the targets within the contract period, majority 193(67.9%) of the respondents indicated that they are not continuously involved in the assessment of the targets within the contract period, and those who consented that they are involved were 75(26.5%) and the rest 16(5.6%) did not take sides on this concept.

Furthermore, Luthans (2005) agrees that specific goals have been found to be more effective than vague or general goals such as "do your best" as well as no goals at all. However, specific goals that are clearly stated and challenging rather than easy or routine goals can lead to better performance. Additionally, Luthans (2005) argues that goals should be reachable and not difficult that it becomes frustrating in pursuing them. This implies that staff should be involved in setting specific, meaningful and challenging targets in the contract period so as to improve performance.

Moreover, as indicated in table 1.3, the percentage of respondents who agree that signing of performance contract led to greater job satisfaction were 131(46.2%), those who disagreed that it doesn't were 100(3.2%) and a significant number 53(18.7%) were also undecided. Chhabra (2005) argues that whenever management by objective has been introduced, it has led to greater satisfaction, more agreement, greater comfort and less tension and hostility between the superiors and subordinates. It is apparent that most staff have not signed performance contract therefore are not aware of the benefits of signing performance contract.

Furthermore, this study revealed that most 127(44.1%) respondents agreed that customer satisfaction has greatly improved through signing of the performance contract, 103(35.8%) were for the contrary opinion and the rest 58(20.1%) were not decided on this issue. In a study carried out by the government, (Republic of Kenya, 2010a) it was found out that the public seems to approve of the Government's performance in service delivery with over 47% of the respondents indicating that service delivery in public sector has improved compared to six years ago. Moreover, the study revealed that the outcomes of its introduction includes, improved service delivery, improved efficiency in resources utilization, institutionalization of a performance-oriented culture in the public service, measurement and evaluation of performance, reduction or elimination of reliance of public agencies on exchequer funding and enhancing overall performance. This suggests that when customer satisfaction is realized service delivery is improved. It is also clear that signing P.C has improved performance in organizations which have implemented it.

### **Conclusions**

Staff have positive perception towards performance contract policy since they don't mind signing P.C as long as they are involved in setting meaningful and challenging goals in the contract period. Furthermore, university staff have positive perception towards performance contract policy. This implies that they don't mind signing performance contract as long as they are involved in setting meaningful and challenging goals at the beginning of the contract period. However, staff did not view signing of performance contract as a witch hunt to them. This implies that there are no consequences already seen among those who have signed P.C. It can also be concluded that majority of the employees do not have the necessary information regarding signing of performance contract.

Additionally, it was concluded that some employees were not allowed to participate and contribute in setting their realistic and achievable targets, nor was there assessment of the targets in the contract period and that the quality of work produced is better if they are involved in the setting of targets every year. This implied that the supervisor dictates the goals and targets to the subordinate without allowing any input from him/her and then demand that they be met in a specified time.

### **Recommendations**

1. There should be a discussion between the government and the university management, also between management and staff on the goals/targets set for every contract period before signing P.C. Furthermore, the government should provide funds in time for starting and accomplishing the projects meant for the contract period so that goals are achieved.
2. There is need for the government and university management to design ways of training staff to enable them have knowledge, skills and competencies required to produce the expected results in the contract period and to know about P.C.
3. Signing P.C should not be forced on staff but there should be dialogue before it is introduced. Staff should be ready to sign P.C willingly.

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