

**FACTORS AFFECTING IMPLEMENTATION OF  
PERFORMANCE CONTRACTING PROCESS IN  
KENYA'S CIVIL SERVICE**

**STEPHEN MACHARIA MURIU**

**DOCTOR OF PHILOSOPHY  
(Human Resource Management)**

**JOMO KENYATTA UNIVERSITY OF  
AGRICULTURE AND TECHNOLOGY**

**2014**

**Factors Affecting Implementation of Performance Contracting Process  
in Kenya's Civil Service**

**Stephen Macharia Muriu**

**A thesis submitted in partial fulfillment for the Degree of Doctor  
of Philosophy in Human Resource Management in the  
Jomo Kenyatta University of Agriculture and Technology**

**2014**

**DECLARATION**

This thesis is my original work and has not been presented for a degree in any other University.

Signed..... Date.....

**Stephen Macharia Muriu**

This thesis has been submitted with our approval as University supervisors.

Signed..... Date.....

**Prof. Roselyn W. Gakure**

**JKUAT, Kenya**

Signed..... Date.....

**Dr. George Otieno Orwa**

**JKUAT, Kenya**

## **DEDICATION**

This work is dedicated my wife Ann, daughters Ruth, Sharon and Rebecca as an inspiration.

## **ACKNOWLEDGEMENT**

I owe the successful completion of this thesis to the exceptional support of many people who played different roles. First, I would like to express my profound gratitude to my two supervisors: Professor Roselyn W. Gakure and Dr. George O. Orwa both from Jomo Kenyatta University of Agriculture and Technology for their immense contribution in guiding me from the inception of the first idea and subsequent development to a completion of the PhD research thesis.

I am particularly grateful to Professor Gakure for sharing invaluable knowledge in research writing and Dr. George Orwa for his statistical contribution during the many sessions that laid a strong academic and analytical foundation for this piece of work.

I also deeply acknowledge the unwavering love, understanding and care I got from my wife Ann and recognize the deep understanding I got from my daughters Ruth, Sharon and Rebecca during the entire period of writing this thesis.

May God bless you all.

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>DEDICATION.....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>iv</b>
<b>LIST OF TABLES.....</b>	<b>ix</b>
<b>LIST OF FIGURES.....</b>	<b>xii</b>
<b>LIST OF APPENDESES.....</b>	<b>xiii</b>
<b>ACRONYMS .....</b>	<b>xiv</b>
<b>DEFINITION OF TERMS.....</b>	<b>xvi</b>
<b>ABSTRACT.....</b>	<b>xix</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>1.0 INTRODUCTION.....</b>	<b>1</b>
1.1 Introduction of the Study.....	1
1.2 Statement of the Problem.....	9
1.3 Research Objectives .....	11
1.4 Research Questions.....	11
1.5 Significance of the Study.....	12
1.6 Scope of the Study.....	12
1.7 Limitations of the Study.....	13

<b>CHAPTER TWO .....</b>	<b>14</b>
<b>2.0 LITERATURE REVIEW.....</b>	<b>14</b>
2.1 Introduction.....	14
2.2 Theoretical Framework.....	15
2.3 Conceptual Framework .....	44
2.4 Empirical Studies Review of Related Studies.....	47
2.5 Critique of Existing Studies Relevant to this Study.....	65
2.6 Research Gap.....	67
2.7 Summary.....	68
<b>CHAPTER THREE .....</b>	<b>69</b>
<b>3.0 RESEARCH METHODOLOGY.....</b>	<b>69</b>
3.1 Introduction.....	69
3.2 Research Design.....	69
3.3 Population.....	71
3.4 Sampling Frame.....	72
3.5 Sample and Sampling Technique.....	73
3.6 Data Collection Instruments .....	76
3.7 Data Collection Procedure.....	77

3.8	Pilot Testing.....	77
3.9	Data Processing and Analysis.....	80
<b>CHAPTER FOUR .....</b>		<b>85</b>
<b>4.0</b>	<b>RESEARCH FINDINGS AND DISCUSSIONS.....</b>	<b>85</b>
4.1	Introduction.....	85
4.2	Response Rate.....	86
4.3	Research Findings.....	95
4.3.1	Employees’ Motivation.....	96
4.3.2	Organizational Effectiveness.....	114
4.3.3	Organizational Culture.....	126
4.3.4	Government Policy.....	141
4.3.5	Performance Contracting.....	146
4.3.6	Combined Factors on Implementation of PC Process.....	158
<b>CHAPTER FIVE .....</b>		<b>164</b>
<b>5.0</b>	<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>164</b>
5.1	Introduction.....	164



5.2	Summary of the Findings.....	164
5.3	Conclusions.....	168
5.4	Recommendations.....	170
5.5	Area for Further Studies.....	173
	<b>REFERENCES.....</b>	<b>174</b>
	<b>APPENDICES.....</b>	<b>199</b>

## LIST OF TABLES

<b>Table 3.1</b>	Divisional Specialization.....	74
<b>Table 3.2</b>	Sampling Table.....	75
<b>Table 4.1</b>	Response Rate.....	87
<b>Table 4.2</b>	Percentage Table: Employees' Motivation.....	107
<b>Table 4.3</b>	Factor Analysis: Employees' Motivation .....	109
<b>Table 4.4</b>	Reliability Test for Employees' Motivation.....	110
<b>Table 4.5</b>	Correlation Matrix: Employees' Motivation .....	111
<b>Table 4.6</b>	R-Square Value: Employees' Motivation.....	112
<b>Table 4.7</b>	Anova: Employees' Motivation .....	112
<b>Table 4.8</b>	Regression Model: Employees' Motivation .....	113
<b>Table 4.9</b>	Percentage Table: Organizational Effectiveness .....	119
<b>Table 4.10</b>	Factor Analysis: Organizational Effectiveness .....	121
<b>Table 4.11</b>	Reliability Test: Organizational Effectiveness.....	122
<b>Table 4.12</b>	Correlation Matrix: OE on Implementation of PC.....	123
<b>Table 4.13</b>	R-Square: OE on Implementation of PC Process.....	124

<b>Table 4.14</b>	Anova: OE on Implementation of PC Process.....	124
<b>Table 4.15</b>	Regression Model: Organizational Effectiveness on PC Process....	126
<b>Table 4.16</b>	Percentage Table: Organizational Culture.....	135
<b>Table 4.17</b>	Factor Analysis for Organizational Culture.....	136
<b>Table 4.18</b>	Reliability Test for Organizational Culture.....	137
<b>Table 4.19</b>	Correlation: Organizational Culture and Implementation of PC...	138
<b>Table 4.20</b>	R-Square: Organizational Culture on Implementation of PC.....	139
<b>Table 4.21</b>	Anova: Organizational Culture Implementation of PC Process.....	140
<b>Table 4.22</b>	Regression Model: Organizational Culture .....	141
<b>Table 4.23</b>	Correlation Matrix: Government Policy .....	143
<b>Table 4.24</b>	R-Square: Government Policy on Implementation of PC Process..	144
<b>Table 4.25</b>	Anova: Government Policy on Implementation of PC Process.....	145
<b>Table 4.26</b>	Regression Model: GP on Implementation of PC Process.....	146
<b>Table 4.27</b>	Percentage Table: Performance Contracting on Productivity.....	151
<b>Table 4.28</b>	Factor Analysis: Performance Contracting.....	152
<b>Table 4.29</b>	Reliability Test: Performance Contracting.....	152

<b>Table 4.30</b>	Correlation between PC and Performance.....	154
<b>Table 4.31</b>	R-Square: PC on Performance.....	156
<b>Table 4.32</b>	ANOVA between PC and Performance.....	156
<b>Table 4.33</b>	Regression Model Matrix for PC and Performance.....	158
<b>Table 4.34</b>	Correlation Matrix: Combined Factors on Implementation of PC... 159	
<b>Table 4.35</b>	R-Square Matrix: Combined Factors on Implementation of PC.....	160
<b>Table 4.36</b>	ANOVA: Combined Factors on Implementation of PC Process.....	161
<b>Table 4.37</b>	Regression Model Matrix: Combined Factors.....	163

## LIST OF FIGURES

<b>Figure 2.1</b>	Conceptual Framework.....	46
<b>Figure 4.1</b>	Response Distribution .....	88
<b>Figure 4.2</b>	Experience in the Civil Service .....	90
<b>Figure 4.3</b>	Experience in the Current Department .....	91
<b>Figure 4.4</b>	Gender Representation .....	92
<b>Figure 4.5</b>	Age of the Respondents.....	94
<b>Figure 4.6</b>	Experience with Performance Contracting.....	95
<b>Figure 4.7</b>	Scatter Plot: Performance Contracting on Performance.....	153
<b>Figure 4.8</b>	Scatter Plot: Performance Contracting with Regression Line.....	155

**LIST OF APPENDICES**

<b>APPENDICES A</b>	LETTER OF INTRODUCTION TO THE MINISTRY...	199
<b>APPENDICES B</b>	SURVEY QUESTIONNAIRE.....	200
<b>APPENDICES C</b>	STATE DEPARTMENT OF INFRASTRUCTURE.....	209

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CSRP</b>	Civil Service Reform Programme
<b>ES</b>	Economic Survey
<b>ERS</b>	Economic Recovery Strategy for Wealth and Empowerment Creation
<b>FoE</b>	Freezing of Employment
<b>GDP</b>	Gross Domestic Product
<b>GOK</b>	Government of Kenya
<b>GPS</b>	Global Positioning System
<b>IPMR</b>	International Public Management Review
<b>IPPD</b>	Integrated Personnel Payroll Database
<b>NPM</b>	New Public Management
<b>PA</b>	Performance Appraisal
<b>PCD</b>	Performance Contracting Department
<b>PCSC</b>	Performance Contracts Steering Committee
<b>PD</b>	Personnel Department
<b>PESTLE</b>	Political Economical Social Technological Legal and Environmental

<b>PSR</b>	Public Sector Reforms
<b>PSRP</b>	Public Service Reform Programme
<b>RBM</b>	Result Based Management
<b>RP</b>	Retrenchment Programme
<b>UNPSA</b>	United Nations Public Service Award
<b>ROM</b>	Results Oriented Management Approach
<b>OOP (SP)</b>	Objective Oriented Planning (Strategic Planning)
<b>PMS</b>	Performance Measurement Systems
<b>MDA</b>	Ministerial Department and Agencies
<b>MDG</b>	Millennium Development Goals
<b>NGDP</b>	National Gross Domestic Product
<b>ERS-WEC</b>	Economic Recovery Strategy for Wealth and Employment Creation
<b>SAP</b>	Structural Adjustment Program
<b>SDI</b>	State Department of Infrastructure
<b>VDS</b>	Vision Delivery Secretariat
<b>VER</b>	Voluntary Early Retirement



## **DEFINITION OF OPERATIONAL TERMS**

### **Customer**

The Kenya citizens who receives the service delivered by the Civil Service (Republic of Kenya, 2005a)

### **Employees**

The Civil Servants employed by the Public Service Commission to implement the Government policies who offer services to the public (Republic of Kenya, 2012).

### **Effectiveness**

Measure of the degree on how organizations attain their mission, realize goals and objectives. The effectiveness indicators used by the civil service includes served citizens, quality of service and progress, timeliness in offering the service (Ndungu, 2009).

### **Efficiency**

The ability of an organization to achieve internally and externally set goals within available means and with minimum of waste, expense and effort. It's the ability of the public service to provide high service delivery within an acceptable cost structure. The Civil Service employees must also be used by the Government to the best optimal level (Republic of Kenya, 2003b).

### **Key Result Areas**

These are determined at the strategic level of the organization and are the responsibility of senior managers. They are translated into strategic objectives and flow down into a set of actions to be undertaken. These actions will ultimately affect employees on the shop floor whose performance is related to the key result area(s). It is critical their performance is linked to the process through the development of performance criteria against which they can be measured (Armstrong & Baron, 2003)

### **Negotiators**

Representatives of the contracting parties and key stakeholder groups, who take part in the negotiation of performance contracts. These include Ad Hoc Negotiation Task Force members, institutions' officials and representatives of lead agencies on crosscutting issues (Kobia & Mohammed, 2006).

### **Performance Contract**

This is a document that clearly specifies the intentions, obligations and responsibilities of the two contracting parties through mutually agreement on results (Republic of Kenya, 2003b).

### **Performance Contracting**

This is a performance management system that clearly specifies the intentions, obligations and responsibilities of the two contracting parties through mutually agreement

on results. It is seen as a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods and at the same time imparting managerial and operational autonomy to public service managers. It is understood to be a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of the Agency (Republic of Kenya, 2003a).

## **ABSTRACT**

Performance contracting tool was implemented in 2004 with an aim of revolutionizing service delivery in the Kenya Civil Service. However, the implementation process has faced various challenges such that the premised change has not been fully realized. Therefore, the objective behind this study was to find out factors affecting the implementation of performance contracting process in the Civil Service in Kenya. Specifically, the study was to establish the influence of employees' motivation, organization culture; organizational effectiveness and government policies in the implementation of performance contracting process. Literature was reviewed based on the variables' empirical and related theories and were summarized diagrammatically using a conceptual framework. The study applied qualitative research design that revealed understanding of the study variables while quantitative design established relationships. Population composed of 1098 employees at the Department of Infrastructure Headquarters distributed in five divisions based on their area of specializations. Stratified Random Sampling was employed in constituting the sample since it enabled inclusion of all divisions in the sample. Questionnaires were the major data collection instrument. They were self-administered and were first pilot tested for validity and reliability. Statistical Package for Social Sciences (SPSS) Version 17.0 was used for data analysis and generation of tables, figures and relationships. Findings revealed that all the four factors; government policy, employee motivation, organizational culture and organizational effectiveness explained the implementation process and were significant to a moderate and high extent. However, employees' motivation and government policy

were found to be having higher influence in the implementation process than organizational culture and organization effectiveness. A unit increase in each of the two resulted to an increase of 1.195 and 1.158 units of the implementation process respectively. All variables explained the implementation process significantly. The findings played a key role in bridging the gap in the existing literature. To further improve on the implementation process, the study recommended inclusion of employees at all stages of the implementation process and training on strategic planning to improve employees understanding and internalization of the vision, mission and goals which will lead to a better organizational culture and effectiveness. A culture paradigm shift need to be initiated and the government to closely monitor the implementation of policies in the civil service. Further studies on different populations or other variables affecting the implementation of performance contracting process are also recommended.

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Introduction**

This study was an investigation of the factors affecting the implementation of performance contracting (PC) process in the Kenya's Civil Service. This chapter provides background information of performance contracting and explored its historical and current perspectives, global, African and Kenyan views and context. The research problem, objectives, questions, justification, scope and limitations of the study are presented therein.

Service delivery in the Kenya public sector has been a challenge since the country attained her independence in 1963 thus hindering realization of sustainable economic growth and development (Mbithi, 1996). Among the noted factors that contributed to poor performance include poor implementation of government policies and programmes that are introduced from time to time geared towards reversing the trend (Republic of Kenya, 2003a, 2005b). The traditional reporting on financial performance measurement in organizations has been documented to be inadequate for the kind of innovation demanded by the modern organizations due to ignorance and inadequacy in measuring the human capital element of the organization (Keenoy, 1997).

In the era of New Public Management (NPM), performance contracting emerged as a management tool for the public organizations. Shirley (1998) in a study “*Public Policy for Private Sector*” noted Performance Contract as an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets (Ilgen, Mitchell & Fredrickson, 1981).

Gathai, Ngugi, Waithaka & Kamingi (2012) observed that performance contracting is one element of broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs. They noted that performance contract constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is also noted to be a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods and at the same time imparting managerial and operational autonomy to public service managers.

Performance Contract therefore is a management tool for ensuring accountability for results by public officials, because it measures the extent to which targeted results are achieved (Greer, Youngblood & Gray, 1999) and include a variety of incentive-based mechanisms for controlling public agencies’ outcome rather than the process. The success

of Performance Contracts in such diverse countries as France, Pakistan, South Korea, Malaysia and India, has sparked a great deal of interest in this policy around the world (Shirley & Colin Xu, 1997). Scholl (1981) observed that governments are increasingly faced with the challenge to do things differently but using fewer resources. Shirley (1998) further reckons that performance contracting provides a framework for generating desired behavior in the contest of devolved management structures. Employers view performance contracting as a useful vehicle for articulating clearer definitions of objectives and supporting new management monitoring and control methods, while at the same time leaving day-to-day management to the managers themselves.

In an attempt to address the dismal service delivery situation, the Government through the Economic Recovery Strategy (ERS) (2003-2007) introduced performance contracting paradigm in the public service in 2005 (Akaranga, 2008; Muthaura, 2007; Kobia & Mohammed, 2006). This was after a pilot project was carried out in sixteen (16) State Corporations in 2004 which proved that the tool was capable of turning round public organizations (Kobia & Mohammed, 2006). Therefore, Performance Contracting in this study was interpreted to be a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results.



### **1.1.1 Global Perspective**

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

In Latin America, they have been used at different times in Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Uruguay and Venezuela. Others countries include Malaysia, United Kingdom, U.S.A, and Canada. In Belgium, performance contracting in the public sector dates back to the breaking of the traditional monolithic government in the 1830s and stipulated the compulsory public utility service being provided by the agency and the government's conditions (Bouckaert, Verhoest & Cortek, 1999).

Although the paradigm and practice of performance contracting in Belgium dates back in the 1800s, its science originated from France in the 1960s according to research done by Bouckaert *et al.* (1999) and subsequently embraced by Pakistan and Korea and India. In United Kingdom (UK), performance contracting in public sector was introduced in 1998

as Public Service Agreement (PSA) system and outlined a set of performance targets which all government agencies were to report on (Metawie & Gilman 2005). Grapiret (1990) noted that in Finland, major public service reforms were introduced during 1987-1997 according to study on Public Sector Performance Contracting with an aim making public agencies more responsible and accountable. In Denmark performance contract played a major role in improving efficiency and increasing policy control (May, 2005) while in United State of America (USA) according to Government Performance and Results Act of 1993, performance contract aimed at making federal departments more productive and therefore boosts citizens' confidence in their government.

### **1.1.2 African Perspective**

In the 1980s decade, African countries experience of poor performance public agencies called for new and major comprehensive public sector reforms strategy to address service delivery problems (Kobia & Mohammed, 2006). As a result, the first generation reforms in Africa were implemented in 1980s and early 1990s as part of economic reforms across the continent. The second generation reforms (performance contracting) focused on improving quality of public sector through installing measures to improve management and accountability. Opiyo (2006) further noted in the *Civil Service Reform Policy for 2005*) that performance contracting aimed at providing employees with incentives, skills, and innovation that improved the probability for performance. In Africa, management through performance contracting have been practiced in selected enterprises in Benin,

Burundi, Cameroon, Cape Verde, Congo, Cote d'Ivoire, Gabon, the Gambia, Ghana, Guinea, Madagascar, Mali, Mauritania, Morocco, Niger, Senegal, Togo, Tunisia and Zaire (Gakere *et al.*, 2013).

Ndung'u (2009) noted that the East African Community (EAC) performance contract 2008/2009 stipulated expectations of member States (Kenya, Uganda, and Tanzania) commitment for common achievement including implementation of Strategic Plan (2007-2012) which was to ensure that appropriate work plans are developed on the basis comprehensive performance targets across the region.

### **1.1.3 Kenyan Perspective**

In Kenya, Performance Contracting concept can be traced back in 1990 through Cabinet Memorandum No. CAB (90) 35 when performance contracting paradigm was conceived and designed. The aim was to have a real impact in changing the way things were being done, creating new behavior patterns and adoption of positive attitudes of work ethics in the entire public service delivery (Kobia & Mohammed 2006). The system was expected to return faith to the citizens and other international stakeholders on government services (Muthaura, 2007). The paradigm was later outlined in the Economic Recovery Strategy for Wealth and Employment Creation (ERS) 2003-2007. This was done after observing that the public service was characterized by excessive controls; conflicting objectives;

political interference; poor performance direction; mismanagement and negative attitude in (and towards) the public sector (Obong'o, 2009). Ndung'u (2009) observed that the policy was first piloted in 1989 in two selected State Corporations but failed due to lack of policy and political goodwill among others factors.

When a new government was elected in 2003, performance contracting tool was reintroduced again and piloted in sixteen State Corporations in October 2004 where the objectives were to align strategic plans, departmental and individual annual work plans and budgets of public agencies. According to Fifth United Nations Public Service Reward of June, 2007, Kenya was among the winners and performance was reported to have increased by 120%-260% (Ndung'u, 2009). Performance contracting approach to management appreciated and echoed argument by (Drucker, 2009) who reckons that:

“What isn't measured doesn't get managed' and what gets measured gets done. If you cannot see and measure success, you cannot reward it and if you cannot recognize failure, you cannot correct it” (pp.56).

Performance contracting objectives aimed at improving transparency and accountability while focusing resources on the attainment of national policy priorities. Kobia & Mohammed (2006) noted that the objectives includes; improving public service delivery by ensuring top-managers are accountable for results, revising the declining public service efficiency and institutionalizing performance oriented culture through instilling accountability and transparency.

Obong'o (2009) further reckons that the Ministry of State for Public Service understood clearly the need to support innovations due to its ability to reduce cost of service and increase speed of service delivery. Change in policy, technology, customers' needs and work environment created the necessity for performance contracting (Prajapati, 2009; Waweru, 1984). By measuring and evaluating performance, performance contracts tool was thought to be capable of producing a performance oriented culture in the public service (Shirley *et al.*, 1997). This resulted from the fact that the tool introduced objective performance appraisal system and link reward/reprimand to measured performance (Ndung'u, 2009).

Graham & Bennett (1998) asserts that strategic plans are the cornerstone for the implementation of the performance contracts and all public institutions are required to prepare performance contracts based on their strategic plans. Through performance contracting, tasks are organized and defined so that employee can perform them systematically, purposefully and with greater probability of accomplishment (Government of Kenya, 2005). Delaney & Huselid (1996) observed that performance is not only what is achieved but also how it is achieved, by how much and involves direction, measurement and control. Armstrong & Baron (2002) asserts that:

“If you can't measure performance, you cannot manage it” and that measurement creates a culture in which organizations and individuals takes learning and development as a continuous process” (pp.178).

Communication through continuous dialogue are initiated which finally breeds into satisfying needs and expectations of different stakeholders. In a speech delivered on 19<sup>th</sup> April 2003, His Excellency the President of Kenya asserted that governments are judged on the basis of the service delivery and successful implementation of projects designed to improve the living standards of the citizens. Kobia *et al* (2006) noted that performance in the public service is pivotal institution in the society and facilitator of all national activities and provides leadership benchmark for the rest of the economy. Obong'o (2009) observed that generally, when public service performs optimally, all other sectors in the economy performs as well. An efficient and performing public service is a major factor in enhancing economic growth and prosperity (Muthaura, 2007).

## **1.2 Statement of the Problem**

A paradigm shift in service delivery in the Public Service can only be achieved based on government's ability to implement reforms that are introduced from time to time targeting the shift and the general working environment that is conducive. Concerns have been raised over the implementation of these reforms and the reality behind them (Shirley, 1998; Shirley *et al.*, 1997, Beardwell & Holden, 1997). For example, when two parastatals (Kenya Railways Corporation and the National Cereals and Produce Board) were put on Performance Contracting in 1989 to pilot the reforms, they failed to meet the expectations (Kobia *et al.*, 2006).

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

However, these studies failed to bring out clearly the correlations between organizational culture, employees' motivation, organizational effectiveness, government policy and performance contracting thus hindering the government from benefiting fully from the paradigm. This was particularly noted in the State Department of Infrastructure which was observed to perform well in expansion of roads network in the country but performed dismally during PC evaluations especially in the 2010-2011 financial year when the department was ranked position 45 out of 46. Further, the above past studies failed to determine how the above factors affect the implementation process in the Civil Service which forms the foundation in performance. This research therefore sought to investigate these factors and to establish their significance in the implementation of performance contracts process.

### **1.3 Research Objective**

The objective of this study was to investigate factors affecting implementation of performance contracting process in the Civil Service in Kenya.

Specific Objectives of the study were:

1. To establish the influence of employees' motivation in the implementation of performance contracting process in the Civil Service in Kenya.
2. To find out the effects of organizational effectiveness during implementation of performance contracting process in the Civil Service in Kenya.
3. To establish the significance of organizational culture in the implementation of performance contracting process in the Civil Service in Kenya.
4. To investigate the extent to which Government policies on performance contracting influence implementation of performance contracting process in the Civil Service in Kenya.

### **1.4 Research Questions**

1. How does employees' motivation influence implementation of performance contracting process in the Civil Service in Kenya?
2. What are the effects of organizational effectiveness in the implementation of performance contracting process in the Civil Service in Kenya?
3. What is the level of significance of organizational culture in the implementation of performance contracting process in the Civil Service in Kenya?



4. How does Government policy on performance contracting influence its implementation process in the Civil Service in Kenya?

### **1.5 Significance of the Study**

The results from this research study were meant to benefit a cross-section of stakeholders and practitioners such as the government, policy makers, departmental heads, the public service employees, the general public and researchers. The study established that all the factors influenced the implementation of performance contracting process significantly. To practitioners, the results bring in the understanding of the contributions of employees' motivation, organizational culture and organizational effectiveness in the implementation process while government policies highlight and clarify the impact to the government. The results have also narrowed the gap by contributing to the existing body of knowledge thus acting as a springboard for developing future studies by researchers through the gaps exposed.

### **1.6 Scope of the Study**

Performance contracting tool has been implemented by nearly all Ministries, State Departments and Government Agencies (MDA). The entire public service is involved and factors that affect implementation of performance contracting are diverse. This study therefore investigated the effects of employees' motivation, organizational effectiveness,

organizational culture and government policy in the implementation of performance contracting process in the State Department of Infrastructure in the Ministry of Transport and Infrastructure (MOTI). Employees at the headquarters in the five major divisions formed the population from which the sample was drawn.

### **1.7 Limitations of the Study**

The study was constrained by several factors such as funds and time. Timely response from respondents who understand performance contracting tool was a challenge, though by the end of the exercise, response was excellent. The management of the public service has evolved and undergone various changes through a number of reforms since the country attained independence (1963) to date (2014). Factors that affect implementation of government policies are diverse.

Past studies such as (Gakere *et al.*, 2013; Gathai *et al.*, 2012; Akaranga, 2008) revealed factors such as; political influence, size of the Civil Service, scarcity of resources especially finance, timing, employees' knowledge skills and attitudes, technological changes, demography, management approaches and organization structure among many factors that have influenced the implementation of performance contracting process. The study limited itself to the literature, empirical and experimental data available on the construed variables guiding the study and the stated study population.

## **CHAPTER 2**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

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

Kothari (2003, 2004 and 2008) asserts that every study is conceptualized in theory and where possible presented in a sketch demonstrating how different working variables relate. Theoretical background explores the foundation on which performance contracting models are summarized in a conceptual framework followed by empirical literature of the study variables. A critique of existing relevant studies and research gap closes the chapter.

## 2.2 Theoretical Framework

Mugenda (2008) asserts that social research examines human conditions and is based on logic through observation and involves interaction between ideas and evidence. The ideas helps in making sense of the evidence and use such evidence to test, extend or revise existing knowledge or facts. Theory comprises laws and relationships among concepts (Sekaran & Rogers, 2009). They observed that while laws are universal generalization about facts, facts on the other hand are observed reality that have been seen, felt, heard or experienced.

Theoretical framework is a collection of interrelated concepts, definitions, and propositions that present a systematic view of phenomena by specifying relations among variables with the purpose of explaining or predicting the phenomena (Borg, Gall, Meredit, & Joyce, 2008). Zikmund *et al.* (2010) assert that theoretical framework guides the research, determining the variables the research will measure and what statistical relationships exists. According to Kothari (2008), theoretical framework is a collection of interrelated concepts while Cooper & Rogers (2011) argue that theoretical framework guides the research in determining what to be measured and what statistical relationship the study looked for.

Coolican (1996) reckons that theoretical framework help the study in making logical sense of the relationship and factors that have been deemed relevant or important to the problem and provides definitions of relationship between variables. Rogers & Wright (1998) argue that successful implementation of government policies and programmes are dependent on many variables. In the implementation of Free Primary Education policy, a study by Mbua & Ole Sarisar (2013) observed that factors such teacher shortage, managerial skills, delay in funds and embezzlement of funds as some of the factors that affected the implementation process. In the implementation of e-government project, Mungai (2012) and Waweru (1984) identified policy related barriers as the challenges affecting the implementation process.

In 2007, the government came up with a Free Day Secondary school Policy and it was noted that implementation of the policy faced challenges such as inadequate physical facilities, adequacy and timeliness of government subsidies and teacher-pupil ratio. As from 2003, the government has been managing the Ministries, Departments and its Agencies (MDA) through performance contracting tool. Past studies such as (Kobia *et al.*, 2006; Prajapati, 2009; Gakere *et al.*, 2013; Akaranga, 2008) on performance contracting generally concentrated on the impact, resources such as finances, and acceptance by employees. This study diverted and investigated some other factors that were construed to have affected the implementation of performance contracting process

which include; employees' motivation, organizational effectiveness, organizational culture and government policy.

### **2.2.1. Employees' Motivation Theories**

Human motivation studies aims at discovering what it is that triggers and sustain human behavior. According to Cole (1997, 2004), motivation is the term used to describe those processes, both instinctive and rational, by which people seek to satisfy the basic drives, perceived needs and personal goals, which trigger human behavior. Kotter (1992) noted that one early view of motivation derives from the concept of Hedonism is the idea that people seek pleasure and comfort and try to avoid pain and discomfort. This philosophy argues that pleasure is the 'ultimate importance and is the most important pursuit of humanity.

This theory dominated and shaped early thinking of human motivation. However this philosophy notwithstanding, Ravasi & Schultz (2006) argue that even if this theory seems reasonable as far as it applies to the current society, there are still many kinds of behavior that it cannot explain. For instance, Deal & Kennedy (1982, 2000) poses the question; "why do recreational athletes train themselves very hard willingly and regularly while hedonism suggests that people are always seeking to relax? And why do volunteers spend their time working untiringly to collect money for charity events?" Experts eventually

realized that the concept of hedonism is very limited and does not adequately explain the view of human behavior, other perspectives of motivation stood out especially in modern organizations.

Similarly, Black (2003) noted that human relations approach suggested that employees are more motivated by a variety of social factors other than money. In other words, employees respond to their social environment at work. This theory argues that job satisfaction is assumed to be the crucial motive in improving employees' performance. On the other hand, Robbins & Judge (2013) noted that need theories in motivation represent the 'starting point' for most contemporary thought on motivation theories which argue that humans are motivated by 'deficiencies' in one or more important needs or needs categories. They further argue that human beings then try harder to satisfy those needs and thus become motivated. The two best-known need theories are Maslow's hierarchy of needs and Alderfer's ERG theory.

Guest & Conway (1997) reckon that the hierarchy of needs, developed by Abraham Maslow in the 1940s, was arguably the most famous need theory probably because it was so straightforward and 'intuitively appealing' to those interested in work behavior. Kamoche (2002) further observed that Maslow, who labeled human beings as 'wanting' animals, asserted that people have an 'innate' desire to satisfy a predictable five-step

hierarchy of needs. These needs have been categorized in an order of importance, with the most basic needs at the foundation of the hierarchy. The three sets of needs at the bottom of the hierarchy can be grouped as ‘deficiency needs’, which must be satisfied in order for a person to be comfortable, while the top two sets can be named ‘growth needs’, which focus on the growth and development of an individual (Ilgen,*et al.*, 1981).

Further, Guest (2001) observed that another very important theory of motivation is the ERG Theory, which was developed by Yale psychologist Clayton Alderfer. The ERG Theory – E stands for Existence Needs, R for Relatedness Needs and G for Growth needs – has many aspects that are very similar to those of Maslow’s hierarchy of needs, although there are still a number of very important differences between the two. For Alderfer’s ERG Theory as noted by Carter & McMahon (2005) the Existence category is similar to Maslow’s Physiological and Safety needs, while Maslow’s Love and Self Esteem needs are placed in the Relatedness needs category. Further, the theory reckon that the Growth category is similar to the self-actualization and self-esteem needs of Maslow’s theory.

Cascio (1998) argue that the ERG Theory, in contrast to the Hierarchy needs theory, emphasizes that more than one kind of need may motivate a person at the same time. Also, an even more important difference between the two theories is that the ERG includes two main components: The Satisfaction-Progression Component and the Frustration-Regression Component. The satisfaction-progression component explains



that after an individual has satisfied one category of needs, he then moves on to the next level. Cappelli (1999) argues that this concept agrees with that of hierarchy of needs' theory. The Frustration-Regression Component, on the other hand, argues that if an employee is not able to satisfy a higher level of needs, he becomes 'frustrated' and eventually 'regresses' to the previously satisfied level.

Consequently, according to ERG theory, one might grows frustrated, and such frustration eventually causes his previous level of needs – his relatedness needs – to dominate his thoughts (Purcell, 1991). Another motivational theory is the need for Achievement Theory. This need is the individual desire of accomplishing goals or tasks more effectively than in the past. People who have a high need for achievement are likely to set challenging goals and take risks with decision making (Cole, 2004). For example, Delaney *et al.* (1996) observed that an employee can set a goal to increase production of the business from 1% to 50%.

The first goal is certainly too easy while the last is impossible to achieve. However, a target somewhere in the middle would be an ideal one. Trying to quantify, they agreed that 15% or 20% might represent reasonable and reachable target. This goal is what is called the need for high achievement. This forms a very key concept in performance contracting. Pfeffer (1998) on the other hand argue that individuals experience the need for affiliation, which refers to the need for 'human companionship'.

People with high need for affiliation most likely want to be approved by others and are usually concerned about others' feelings. They tend to act and think as what they believe to be expected by others, specifically to those whom they long for friendship. Researchers recognize that people with high need for affiliation are most attached to jobs as sales and teaching positions where there is a lot of interpersonal contact.

Also noted is the need for power 'the desire to control one's environment, including financial, material, informational, and human resources' (Delaney *et al.*, 1996). Not everyone experiences this kind of need. Some people can spend a lot of time searching for power while some will try to avoid it if possible. If three conditions can be met, people with high need for power can be very successful in management jobs. First, Edvinson, Norman, Ednar & Pasher (2004) argue that they must try to avoid seeking personal interests for power and think for the goods of the whole organization. Second, they must have a fairly low need for affiliation (Cole, 2004).

Guest (2001, 1987) argues that this is because a desire to obtain power may force an individual to 'alienate' other people. Finally, they have to be able to control the limits of their desire for power if it has a negative impact on organizational or interpersonal relationships. In the late 1950s and early 1960s, Frederick Herzberg developed what would be a very famous theory known as the Dual-Structure Theory. Mowday, Porter &

Steers (1982) observed that originally called the 'Two-Factor' Theory, went on to play a very important role in influencing managers' decisions on employee motivation.

Further, Freedmantle (2004) reckon that the theorist insisted that 'the opposite of job satisfaction is not job dissatisfaction but, rather no job satisfaction; and similarly, the opposite of job dissatisfaction is not job satisfaction, but no dissatisfaction.' These two different dimensions led to him naming his theory the 'Dual-Structure' theory. In addition, Mowday *et al.* (1982) noted that Herzberg claimed that the primary factors that cause satisfaction and motivation are called Motivation factors, such as achievement and recognition. Elmore & Beggs (1975) argued that the presence of these factors results in job satisfaction and motivation, while their absence leads to feelings of 'no satisfaction' rather than dissatisfaction.

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

that ‘the same people are motivated by different things at different times and that different people are motivated by different things at the same time’.

Lumley (2005) on the other hand observed that the Expectancy Theory first proposed by Victor H. Vrooms in the 1960s, somehow focuses more on highly personalized rational choices that an individual makes when dealing with the prospect of having to work hard to achieve rewards. ‘Expectancy’ refers to the ‘subjective probability’ that one thing will result in another. Individual perception is therefore an essential part of Expectancy theory. Sett (2004) noted that according to the expectancy model, people's motivation strength increases as their perceived effort-performance and performance-reward probabilities increase. Although the two terms may sound very complicated, they can easily be understood through simple examples (Robbins *et al.*, 2013). For instance, Locke & Lutham (1988) pose a question; how strong can you be motivated to study if you expect to score poorly on your tests no matter how hard you study (low effort-performance probability) and when you know that the tests will not be graded (low performance-reward probability)?.

In contrast, they argue that motivation to study will increase if one know that one can score well on the tests with just a little hard work (high effort-performance probability) and that your grades will be significantly improved (high performance-reward

probability). Employees are no different to students - they are motivated to work harder when they believe their hard work will lead them to achieve personally valued rewards. On the other hand, McCourt (2001) noted that if employee contributions are based on their expectations, managers can take steps to try to cultivate favorable expectations among their employees (Porter, 1980). When people can expect personally valued rewards, they will undoubtedly work harder to try to accomplish their tasks.

Pinnington & Edwards (2000) argue that a good manager will listen to his/her employees, learn from his experience and try to discover what rewards certain employees' value. By so doing, the manager can potentially enhance their employees' willingness to put more efforts into their work. Yousef (1998) observed that Adams' Equity Theory is regarded as one of the 'justice' theories, Equity theory was first developed in 1962 by John Stacey Adams.

Further, Paul & Anatharaman (2003) attempt to explain the satisfaction that derives from the fairness and equality that a manager brings to his/her employees. Equity theory places value on fair treatment, which is believed to be the major motivational factor among employees. An individual will consider that he is treated fairly when he feels that the 'ratio of his inputs to his outcomes' is the same to other people around him (Ravasi *et al.*, 2006).

In this case, Taormina (1999) noted that it would be acceptable for an employee who has much more work experience and who is a more senior colleague to receive higher compensation/salary for his/her job. On the other hand, Tannenbaum, Mathieu, Salas & Cannon-Bowers (1991) reckon that if an employee feels that another individual who has the same qualifications and provides the same amount of efforts is earning more recognition or compensation, he will feel he's treated unfairly and thus perform at a lower level on his tasks. Samuel & Chipunza (2009) observed that an employee who feels that is over-compensated may increase his effort.

However, Pinnington *et al.* (2000) argue that such an employee may also change the perceptions of his inputs and feel a sense of superiority, which may lead to him decreasing his efforts instead. However, Scholl (1981) argue that just like other motivation theories, Equity theory has its own criticisms. Critiques such as Schein (1988) and Pfeffer & Veiga (1999) argue that a number of 'demographic and psychological variables' affect people's perceptions of equality. In other words, what a manager feel is equal may be considered unfair by his employees. Secondly, Pauwe & Bosilie (2005) reckon that because much of the research supporting the propositions of this Equity theory has been conducted in laboratory settings, some people may believe that it does not apply to the practical situations (Deal & Kennedy, 1982, 2000).

Finally, skeptics have also argued that employees might perceive equity/inequity not only in terms of their relationships with their colleagues, but also with the overall system. This means that, for instance, an employee may view his inputs and outputs are relatively similar compared to his colleagues, yet may feel that the system as a whole is unfair. Nevertheless, Adam's Equity theory reminds us that people are hugely concerned of the way they are treated in their surrounding environment, team and system. For this reason, they must be managed, controlled, and treated fairly.

### **2.2.2 Organizational Effectiveness Theory**

Cole (2004) and Delery & Doty (1996) define organizational theory as the study of the structures of organizations. They argue that over time, the emphasis in organizational theory has shifted from stiff, hierarchical structures rampant in the industrial age to broader, more flexible structures more prevalent in the technological, modern age. Effectiveness is defined by Kerlinger (1986) as doing the right thing where the right thing is the organization goal or objective. According to Quality Management guru Edward Deming, it's the responsibility of the management to come up with the right systems that enable organization to achieve the set goal and objective (Crosby, 1996).

Wood (1999) asserts that effectiveness is to management while efficiency belongs to the other workers. Martinez & Kennerley (2006, 2011) argue that natural measure of the

effectiveness of an organization is how well it achieves its goals, indicated by measuring performance. They observed that organizational researchers such as (Carter *et al.* 2005) used the concept of organizational ecology to argue that organizational effectiveness depends on the environment in which the organization operates. O'Driscoll & Randall (1999) argue that an organization that delivers adequate performance in a challenging environment may be more effective than an organization that performs well without encountering problems. They further observed that physical plant and equipment may be inadequate or an organization may face competition or regulatory action. However, most effective organizations deliver the required performance, despite such constraints on their freedom to act in the most efficient manner possible.

Further, Pfeffer (1994) asserts that one of the ways effective organizations deal with constraints that prevents organizations from reaching their goals is to adapt to their ecology. Further, he argues that if you don't have the money for the best and most efficient solution, you find a less expensive way to achieve the results you need. If you don't have the people with the expertise you need, you can train the people you have to carry out the necessary work. Effective organizations find ways to perform adequately by adapting to their environment and using the resources they have. The theory identifies "organizational inertia" as the obstacle preventing organizations from adapting. Such inertia can consist of physical plant that is hard to change, employees who are specialized in a particular field, the lack of knowledge or capability at the management level and the history of the



company that resulted in a particular culture and attitude. To operate with high effectiveness, you have to recognize these limitations and consciously work to minimize their effect. Such a strategy leaves your company free to adapt to changing conditions and performance challenges.

Accordingly, Paul *et al.* (2003) note that the most effective organizations are those that can adapt to constraints by performing well under challenging conditions. Because all organizations eventually experience challenges, those that can successfully adapt are the ones that survive. To ensure that a company survives this process of selection, one has to promote organizational characteristics that leave your company free to adapt to changes and difficult conditions.

On the other hand, Robbins *et al.* (2013) looks at strategic planning as an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. Further, he argue that in order to determine the future direction of the organization, it is necessary to understand its current position and the possible avenues through which it can pursue particular courses of action. Generally, strategic planning deals with at least one of three key questions: "What do we do?" "For whom do we do it?" "How do we excel?" As Porter (1980) observed, many organizations

view strategic planning as a process for determining where an organization is going over long period of time.

The key components of strategic planning include an understanding of an entity's vision, mission, values and strategies. One of the core goals when drafting a strategic plan is to develop it in a way that is easily translatable into action plans. Karimi & Mukulu (2008) observed that most strategic plans address high level initiatives and overarching goals, but don't get articulated (translated) into day-to-day projects and tasks that will be required to achieve the plan. Strategic plan is a document used to communicate with the organization the organizations goals, the actions needed to achieve those goals and all of the other critical elements developed during the planning exercise (Huselid, 1995).

On the other hand, Rogers *et al.* (1998) coined the term Individual Plan Planning (IPP) and reckon that IPP supports the organization by providing a framework to encourage the highest levels of performance from all employees by supporting performance achievement and driving productivity. Purcell (1991) tried to link targets set for individuals to corporate objectives and service plans minimize potential for subjectivity by providing a common framework for setting clear and measurable performance targets. IPP supports individuals by providing an opportunity for two-way dialogue to support one by way of feedback in the role supporting both employees and manager with a

structure to ensure effective job performance IPP ensuring one is clear about the role and responsibilities ensuring knowledge, skills and behaviors are developed and encourage staff to be aware of, commit and contribute to the overall aims and objectives of the organization and encourages recognition for achievement and performance.

Theorists such as Robbins *et al.* (2013), Purcell (1991) and Porter (1980) argue that core values are traits or qualities that are considered not just worthwhile. They represent an individuals or organization's highest priorities, deeply held beliefs, and core, fundamental driving forces. Core values define what your organization believes and how you want your organization resonating with and appealing to employees and the external world. Kevin (1985) argues that core values are also called guiding principles because they form a solid core of who you are, what you believe, and who you are and want to be going forward.

Schein (1988) reckon that values form the foundation for everything that happens in the workplace. Further, Samuel *et al.* (2009) and Legge (1995a, 1995b) agree that core values of the employees in workplace, along with their experiences, upbringing, and so on, meld together to form your corporate culture. The core values of the founder of an organization permeate the workplace. His or her core values are powerful shapers of the organization's culture. This implies that the culture that has been passed from generations to generations in the Civil Service is crucial in the performance (Lumley, 2005).

The core values of senior leaders are important in the development of effective organizations. Executive leaders have a great deal of power in your organization to set the direction and define daily actions and the officers who report to them set the tone in establishing the quality of the work environment for people. This work environment reflects the core values of all employees, but the core values of executive leaders who walk their talk, are overreaching (Mayo, 1933). Additionally, Shaver (2006) noted leaders and managers have to selected employees who they believe have congruent core values and fit your workplace culture.

Schein (1988) observed that when one identify the core values of the organization as to identify the key core values, not a laundry list of cookie cutter values that you copied off of another organization's list of core values. However, Suliman & Ile (2000) argues that core values are made accessible by translating them into value statements. He further notes that value statements are grounded in values and define how people want to behave with each other in the organization. They are statements about how the organization will value customers, suppliers, and the internal community. Value statements describe actions that are the living enactment of the fundamental core values held by most individuals within the organization. The core values of an organization are those values that are held and form the foundation on which we perform work and conduct ourselves.

### 2.2.3 Organizational Culture

Organizational Culture Theory "has become a major theoretical rallying point" (Webster & Woods (2005) were instrumental in directing researchers' attention toward an expansive understanding of organizations. Further, Terman & Merrill (1998) noted that the theoretical principles of the theory emphasize that organizational life is complex and that researchers must take into consideration not only the members of the organization but their behaviors, activities, and stories. Tessema & Soeters (2006) argue that the appeal of Organizational Culture Theory has been far and wide, resulting in a heuristic theory. For instance, it has framed research examining Muslim employees (Walton (1985)), law enforcement officers (Tessema *et al.*, 1998), and pregnant employees (Suliman *et al.*, 2000). Even more relevant to us in higher education, the theory has been used to study the stories of undergraduate students and their perceptions of "fitting in" at a college or university (Swanepoel, 1999).

The approach is also useful because much of the information from the theory such as symbols, stories, rituals has direct relevance to many different types of organizations and their employees. Because the theorists' work is based on real organizations with real employees, the researchers have made the theory more useful and practical. The appeal of the theory is tempered by its criticisms. First, Carter *et al.* (2005) observed that

organizational culture theory relies heavily on the shared meaning among organizational members. They comment that:

"Most cultures show considerably more alignment in practice than they do in the attitudes, opinions, or beliefs of individual members" (p. 152).

Second, Organizational Culture Theory suffers from expansive boundaries. For instance, cultural performances constitute a critical part of an organization's culture, and when you consider that performances may address almost any topic, the vastness (and potential vagueness) of the theory becomes apparent.

Finally, Organizational Culture Theory may view organizational life as too unique. Pacanowsky and O'Donnell-Trujillo argue that organizational cultures differ because the interactions within those cultures differ, so generalizing about life in organizations is nearly impossible. These researchers using a symbolic-interpretive perspective in studying the organizational culture of Grace's Jewelers were also interested in studying the corporate culture of Jewelry Plus. Findings shown that each organization is unique with its unique organizational environments. This is because ethnography requires thick description of each, which may be difficult if not impossible to point out the similarities for generalization purposes. As Borg *et al.* (2008) argues, the theory presupposes that organizations must be studied independently, and in doing so, generalizing across organizations is difficult. Bouckaert *et al.* (1999) responds to his critics by noting that the

theory is more concerned with the unique values of an organization and not the "reproducibility of representation".

In fact, early writings by Pacanowsky and O'Donnell-Trujillo were clear in noting that although there may be shortcomings in the perspective, the authors believe that the time is ripe to forge a new path in asking questions about organizations. They recognize that critics may be quick to judge the feasibility and effectiveness of their approach; yet the theory's value outweighs the criticisms. Organizational Culture Theory, articulated by Pacanowsky and O'Donnell-Trujillo, will continue to elicit opinion in the communication discipline. It is a way of "rethinking communication" (David, Patrick Phillip & Kent, 2010), and its value will continue to be realized by scholars of all methodological stripes. Perhaps looking at organizational culture in this way will enable researchers to appreciate the importance of connecting with the people and their performances in an organization.

Kotter (1992) based the argument on the theory that organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions. Crosby (1996) further reckon that culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture

affects the way people and groups interact with each other, with clients, and with stakeholders.

Ravasi *et al.* (2006) reckon that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. At the same time although an organization may have their "own unique culture", in larger organizations, there is a diverse and sometimes conflicting cultures that co-exist due to different characteristics of the management team. Schein (1988), Deal & Kennedy (2000), Kotter (1992) and many others state that organizations often have very differing cultures as well as subcultures. According to Muturi (2007, 2010), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national cultures and so on.

Corporate culture on the other hand refers to those cultures deliberately created by management to achieve specific strategic ends (Kotter, 1992). Organization culture theory defined by Cole (2004) looks at culture as a consistent way of doing things in an organization that appear to have been entrenched across the whole organization. Edgar Schein (1988) described culture as a pattern of shared basic assumptions, invented,



discovered, or developed by a given group as it learn to cope with its problems of external adaptation, and internal integration, that has worked well enough to be considered valid.

Luthans (2008) asserts the organizational culture theories agree that culture takes time to be entrenched and practiced by all employees. According to Schein (1988), organization culture is a pattern of basic assumption invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. While Housden (2003) argue that there are national and regional cultural groupings that affect behavior of organization, Deal & Kennedy (1982) argue that culture is the most important factor accounting for success or failure of organization whether public or private.

Cole (2004) argues that every organization has a unique culture which develops and evolves with time while Luthans (2008) noted that Edgar Schein argues that organization performance highly depends on the culture and that it's the management's responsibility to shape the right culture. This theorist define organizational culture as "a pattern of basic assumption, invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration" that has worked well enough to be considered valuable and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. Ravasi *et al.* (2006) take a view

of organizational culture as a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. Mullins (2002) noted that;

“Management and organizations development interventions make no direct physical impact on organizations as such: they create no product; yet they change things. What they change is managers’ and employees’ thinking” p 244)

The culture in the civil service has evolved over time based on various policies, government goodwill, politics, nature and character of employees, and leaders’ commitment. Performance contracting introduced in the entire public service in 2004 aimed at changing the way the public servants served the citizens. On the positive side, the PC system aimed at transforming the management of public affairs in a significant way. A culture of professionalism, competitiveness, innovation and target setting was to be inculcated into the public sector.

Organizational culture refers to the leadership style of managers – how they spend their time, what they focus attention on, what questions they ask of employees, how they make decisions; also the organizational culture (the dominant values and beliefs, the norms, the conscious and unconscious symbolic acts taken by leaders (job titles, dress codes, executive dining rooms, corporate jets, informal meetings with employees). In Collaborative Model of strategy implementation, organizations have both a strong culture and deep-rooted traditions. Challenges facing successful implementation of government policies results from lack of cultivation of strong cultural values to meet the changing

organizational needs. The distinction between “thinkers” and “doers” begins to blur but does not totally disappear.

In organizations adopting the cultural model that emphasizes a lower level employee participation in both strategy formulation and implementation there is separation of “thinkers” and “doers”. It seeks to implement strategy through the infusion of corporate culture throughout the firm. The cultural model contradicts and challenges the basic objectives from the economic perspective of a firm (Mulinge, 2000, 2001).

Oglivie (1987) argues that a “clan-like” organization is expected to prevail, where a powerful culture results in employees aligning their individual goals and behaviors with those of the firm. However, a high level of organizational slack is needed to instill and maintain a cultural model. This model has several limitations: it assumes well-informed and intelligent participants; firms with this model tend to drift and lose focus; cost of change in culture often comes at a high price; increased homogeneity can lead to a loss of diversity, and creativity consequently (Pfeffer *et al.* 1999).

Clearly defined standards regarding the quality, quantity and timeliness provide objective data in evaluating contract performance (Directorate of Personnel Management, 2010, 2005, 2001). For all service contracts, Ndung’u (2009) contend that contract managers can use performance contracting to improve program performance, identify programs that work and those that do not, direct resources to those models or contractors that produce

the desired results, improve service quality by sharing best practices throughout the system and support contract management decisions. According to Musa (2001), effective implementation of performance contracting requires us to focus on the following questions: what is the outcome or change that we are looking for as a result of this contract? How will we measure and evaluate if the result has been achieved? How will contractor performance affect our management decisions? (Prajapati, 2009).

However, PC has faced some challenges during implementation. First, effectiveness measures, which examine whether the outcomes achieved were worthwhile and contained any long-term benefit, may be difficult to measure objectively (Ellis, Cutura, Dione, Grllson, Manuel & Thongori, 2007). In other words, effectiveness measures look at the extent to which the program yielded the desired outcomes. This is a great challenge to multinational banks in those monitoring costs for their subsidiaries.

Another challenge in the implementation of PC as observed by Gakere *et al.* (2013) is the failure to articulate precisely how the specific performance measure will be defined, calculated and reported during the contract duration (Grapiret, 1990). For example, Wood (1999) noted that if the output requires a number, the measure field should specify duplicated or unduplicated count and any other information necessary to ensure that all contracts are reporting the information in the same manner.

If the outcome requires the reporting of a percentage, the measure field should define both the numerator and denominator of the calculation. Departments are required to establish performance goals for the duration of the contract or may identify goals on an annual basis (either by year of the contract or by fiscal year) and amend the contract based on experience, available funding, changes in target population or other variables (Republic of Kenya, 2005a). Kelman (1958) and Kevin (1985) argued that organizations have three options to consider when identifying goals: actual performance data, contract specific goals for groups of contracts or for each individual contract to account for unique client needs, geographic consideration, funding levels or other variables that impact on performance and organization wide goals for all employees. In some cases, it may be difficult to identify concrete outcomes or results for a service.

For example, Korir (2010) argue that training and education services might be provided with the goal of disseminating information and modifying people's behavior, however, it may be difficult or impossible to track participants and determine whether the training helped people to think and act differently. In these cases, the development of or output measures such as the number of people served or the number of training sessions or outcome measures to evaluate the impact of the training effort such as pre/post test scores should be developed.

However, Kobia *et al.* (2006) noted that if a department is unable to identify performance outcomes for a specific service type, a meeting with head of the section and other

departments may be useful to stimulate new ideas and share best practices. Castillo (2009) reckons that in order for performance measures to be useful, it must be clear to everyone precisely. What is being measured and how the measures are calculated. Achieving this degree of clarity between both the contract and the contractor is one of the most difficult and challenging aspects of performance contracting.

Any ambiguities about what and how performance is being measured should be eliminated before the contract is executed. This will ensure that a contractor understands the responsibility and the data collected will be reliable (Musa, 2001; Armstrong, 2003).

#### **2.2.4 Government Policy**

Chava & Nachmias (2003) noted that most of the government policies are implemented using the Thomas Smith' model that assumes that once a policy has been decided upon, implementation follows naturally and automatically. As Kamoche (2000) argues, government policies serve as a tension-generating force to the implementers. Policy implementation is the process of turning policy into practice. However, Kaplan & Norton (1996) noted that it is common to observe a 'gap' between what was planned and what actually occurred as a result of a policy and observes that there are two major theoretical models of policy implementation.

Top-down approach sees policy formation and policy execution as distinct activities. Policies are set at higher levels in a political process and are then communicated to subordinate levels which are then charged with the technical, managerial, and administrative tasks of putting policy into practice. Political scientists such as Kalleberg & Mastekaasaz (1994) have theorized that the top-down approach requires that certain conditions be in place for policy implementation to be effective including; clear and logically consistent objectives. Adequate causal theory, committed, skillful implementing officials, support from interest groups and legislature, adequate time and sufficient resources available and good coordination and communication. They noted that challenges associated with this method agree that;

“it is unlikely that all pre-conditions would be present at the same time, only adopts perspective of those in higher levels of government and neglects the role of other actors, and therefore, it risks over-estimating the impact of government action (neglects other factors), difficult to apply where no single, dominant policy or agency is involved and changes in policies as they are being implemented” (pp. 234)

In the Principal-Agent Theory, there is a relationship between principals (those who define policy) and agents (those who implement policy), which may include contracts or agreements that enable the principal to specify what is provided and check that this has been accomplished. As Jones (1992) noted, the amount of discretion given to the agents and the complexity of the principal-agent relationship are affected by factors such as; the nature of the policy scale of change required, size of affected group, simple or complex

intervention, ill-defined or clearly defined policy, many cause many or single cause, degree of political sensitivity and the length of time before changes become apparent.

The theory argues that the context or circumstances surrounding the problem such as political and economic climate, technological change matters a lot (Armstrong, 2003). Interpretation of policy directives requires the translation of knowledge on interventions into the particular local context. According to Morgan (2000) factors to take into account when interpreting policy include; local resources such as human resources and infrastructure, specific characteristics of the population and the latency period before an effect of the intervention.

However, McNabb (2007) identified common barriers to effective policy implementation such as; circumstances external to the implementing agency impose crippling constraints, lack of adequate time and sufficient resources. The required combination of resources might not available, the policy being not based on a valid theory of cause and effect, poor understanding of, and disagreement on, objectives and tasks not fully specified in correct sequence, imperfect communication and coordination. One of the major challenges in the implementation of government programs appear to be more cultural and behavioral in nature, including the impact of poor integration of activities and diminished feelings of ownership and commitment (Metawie *et al.*, 2006). Meanwhile, Martinez *et al.* (2006) identify the deadly sins of strategy implementation which involve: a lack of understanding of how the policy should be implemented; customers and staff not fully



appreciating the strategy; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives.

On the other hand, May (2005) contend that strategy implementation evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

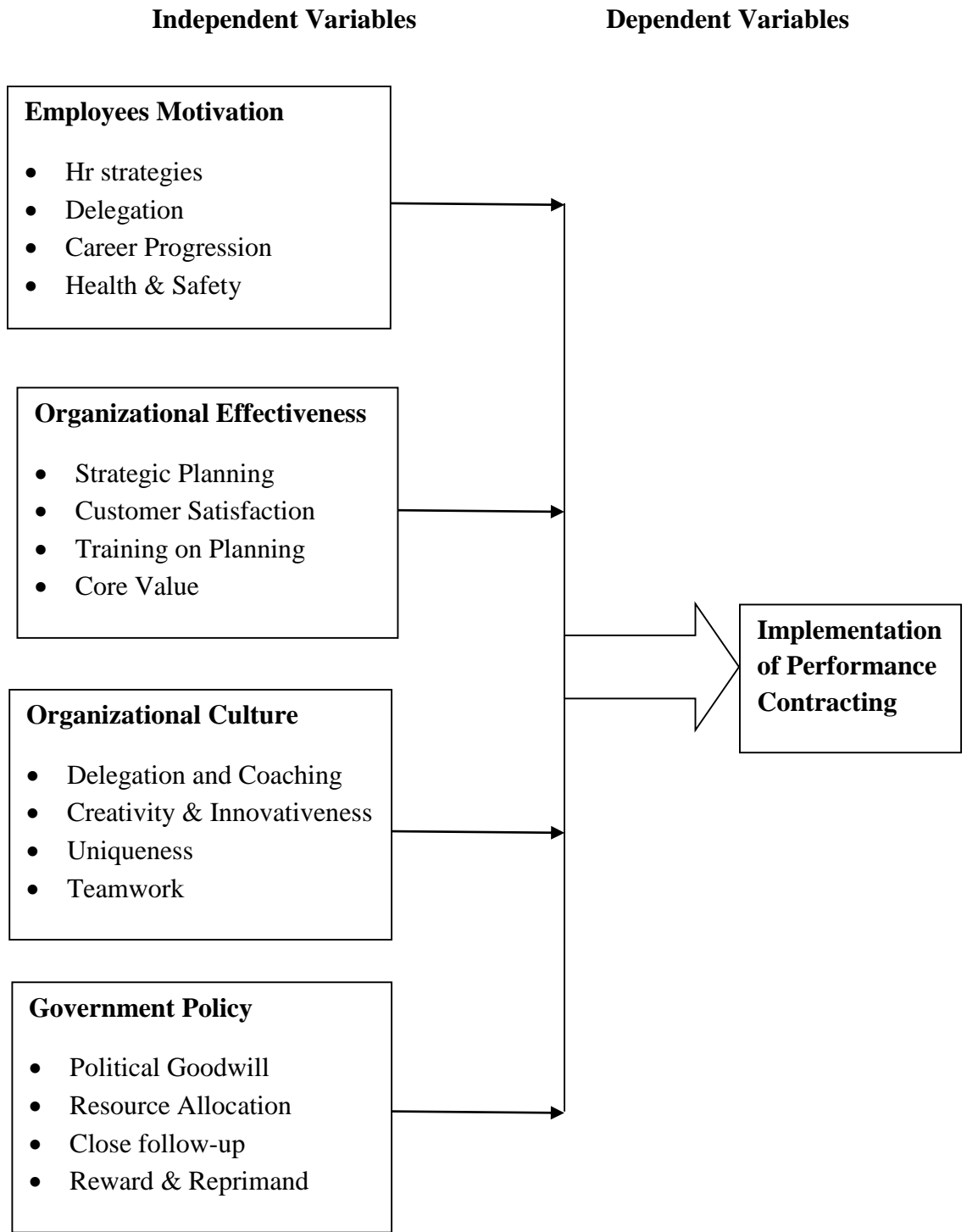
### **2.3 Conceptual Framework**

Conceptual framework is an intermediate theory in a diagram form that attempt to connect variables under study. It's a map that gives coherence to empirical enquiry (Mugenda & Mugenda, 1999). It's a representation of the relationships of the various factors (independent variables) affecting implementation of performance contracting process (dependent variable) in the civil service in Kenya. Figure 4.1 below portrays the conceptualized framework that operationalized the study.

The Conceptual Framework of this study was based on employees' motivation, organizational effectiveness, organizational culture and government policy. This was the researcher's interpretation of how the variables relate. The figure implies that there exist an influence and relationship between the independent variables and the dependent

variable. Previous studies by Kobia *et al.* (2006), Ndung'u (2009) & Mowday (1982) assumed a relationship between employees' motivation and implementation of government reforms.

## Conceptual Framework



**Figure 2.1 Conceptual Framework**

## **2.4 Empirical Review of Related Studies**

This is a review of past studies work by means of direct observation or experiment to answer a question or a hypothesis (Sekaran, 2003). Mugenda (2008) argue that empirical review enable studies to put forward different perspectives and views of constructionist and positivist for comparison and or argument. Sufficient background information should be presented for readers to understand and evaluate the results of the present study prudently.

### **2.4.1 Employees' Motivation**

Since the implementation of Performance Contracting in the Kenya public service in 2004, a number of studies have been carried out to review its impact in improving service delivery. Obong'o (2009) in the study "*Implementation of Performance Contracting in Kenya*" noted that due to employees being involved in the process of target setting and measurements, their motivation have increased. The observation was that in pursuit of the goal of performance improvement within the public sector, New Public Management (NPM) that emphasize on the adoption of private sector practices in public institutions were adopted as performance contracting.

The study noted that performance measurement and target setting is often taken to be fundamental to delivery of improved services as part of NPM. Emphasis on performance management for delivery of results is undoubtedly influenced by the basic assumption of performance management which lies in its professed ability to unite the attention of institution members on a common objective and galvanize them towards the attainment of this objective (Ellis *et al.*, 2007, Grapiret, 1990).

It is this supposition of harmony of vision that underpins the New Public Management faith in leadership, employee motivation and its favorable inclination towards managerial empowerment, as seen in performance management principles. Lienert (1997) use of performance data to inform management concept was noted to be a boost in decision making. Lumley (2005) noted that the belief that concrete data on organizational performance, or performance metrics, should guide managers' decision making has framed most discussions of management in public and this strategy was noted that once implemented it led to: creating a competitive market conditions for private sector led growth; directing resources towards wealth and employment creation; and supporting both effective and efficient public sector performance and service delivery (Republic of Kenya, 2004).

The main distinguishing factor noted by Ndung'u (2009) between the implementation of first and the second generation reforms lies in the shift in gears in the urgency in delivery of results. As government moved away from '*a concern to do*' towards '*a concern to ensure that things are done*', the managerial focus has equally increasingly been inclined away from formal process and towards speedy results (Republic of Kenya, 2005c).

Although this striking managerial shift was strongest in developed and newly industrialized countries, it has also been slowly taking root in the rest of developing countries as seen in the Kenyan reform model (Republic of Kenya, 2012). One would not therefore be far off the mark to posit that it is indeed a global trend and Kenya is just picking the queue. The shift to results orientation and employees' motivation entailed a transformation of current procedures and practices focused on processes to those focused on achieving results.

The key elements of Results Based Management (RBM) picked up were; performance target setting: the process of setting performance targets for ministries/ departments, groups or individual in carrying out specific work assignments which create commitment; performance Planning: the process of establishing a shared understanding of what is to be achieved, and how it is to be achieved and managing resources to ensure successful implementation. Performance Monitoring and Reporting which is the process of

evaluating organization, group or individual performance against predetermined targets. The performance contracts were introduced as a management tool for measuring performance. Obong'o (2009) argues that all governments would like to be more efficient, more cost effective, more accountable and more responsive.

The study further noted that whereas the general public and even some high ranking public servants may very much welcome the idea of performance contracting and measuring performance, it might not be readily accepted by everybody especially those who might feel exposed negatively in terms of poor performance by the outcomes (Kobia & Mohammed, 2006). Muthaura (2007) argues that other cases of resistance may come in the grading structure, those who feel that no grading system can even out the effects of lumping big and small ministries together.

Guest (2001) in the study of employees' performance noted the effective measurement starts by setting the right targets. The study associated employees' performance and motivation to attainment of standards. In the evaluation of the performance of the Public Agencies for the years 2006-2007 and 2008-2009 it was noted that performance ranking and public recognition were instrumental in motivating public agencies to pursue achievement of the agreed targets competitively and with commitment. This has resulted in remarkable improvement in performance, and positive impact on economic growth.

Republic of Kenya (1986) stated that the government intends to develop a scheme for high achievers to attract, retain and motivate employees, who are proactive, self-driven and result oriented.

Performance contracting has been associated with motivation of employees because they are involved in making decisions affecting their work and targets. Kobia & Mohammed (2006) noted that performance contracting has played a major role in motivating the employees when they achieve the set target. It also brought the employees on board in making decisions that affect them in the place of work (Republic of Kenya, 1986). Involvement of employees in decision making process motivates human being due to recognition of their initiatives (Luthans, 2008).

When employees set reasonably high target and then achieve them, it acts as a motivator. This was especially noted in the Ministry of Agriculture, when the results for year 2009-2010 were announced and they emerged the best ministry and celebrations were noted across the country. Republic of Kenya (2005a, 2005b) argue that the challenge in the civil service is not on skills but on attitude and noted that performance contracting is capable of radically transforming working if well implemented through proper value based leadership. The government is also developing a scheme of service for high achievers to



attract, retain and motivate employees who are proactive, self-driven and result oriented (Republic of Kenya, 2005a).

#### **2.4.2 Organizational Effectiveness**

In the study “*Performance Contracts in Kenya: Instruments for Operationalizing Good Governance*” based on the results for year 2005-2006, Akaranga (2008) observed that Performance Contract (PC) is an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets. Another study by Gakere *et al.* (2013) revealed that any effort to measure performance results to positive results because employees’ efforts are focused to organization’s objectives thus improving performance. They include a variety of incentive-based mechanisms for controlling public agencies; controlling the outcome rather than the process. The study examined the experience of implementing this policy instrument in Kenya and found many unique and distinguishing features compared to previous attempts in developed and developing countries.

Prajapati (2009) observed that Kenya is one of the few countries to use this approach across the entire public sector and performance evaluation methodology embedded in this approach is an example of best practice and early results from impact studies are

encouraging. After comparing and contrasting with international experience, the study noted areas for culture improvement and summarizes lessons from Kenyan experience. To understand the successes and challenges of implementing performance contracting in Kenya, Kobia *et al.* (2006) carried out a survey among the civil servants. They developed a questionnaire from performance contracting literature and administered it to a sample of 280 senior public service course participants at the Kenya Institute of Administration.

Data was collected from the course participants who were central in the implementation of performance contract in the government ministries and agencies. To investigate if the participants knew the goal of performance contracting, they asked them to state the goal of performance contracting in their ministries. Majority of the respondents (205 or 72.2 percent) summed the goal as the improvement of performance/enhance efficiency and effectiveness in service delivery through a transparent and accountable system. Further 206 or 73.6 percent acknowledged that their ministries had signed the second (2006/7) performance contract with the Government. The responses indicate that majority of the participants were conversant with performance contracting.

While performance contracts were introduced in the US government as part of the Government Performance and Results Act (GPRA) of 1993, the results of Performance Agreements (the name for Performance Contracting in America) were never announced by President Clinton. According to Ndung'u (2009) this was due to warning by President

Clinton's political advisors about the negative fallout from announcing the results publicly. The brief experiment with Performance Contracting in the Canadian government seems to have met with a similar fate. This is quite opposite in Kenya where the results are announced by the President and the function is given a national outlook (ROK, 2005a).

Due to the government recognition of the usefulness of Performance Contracting as a tool for improving service delivery, a Panel of Experts to review Performance Contracting since implementation in 2004 was commissioned in 2009. The panel studied the PCs and shed light on the following areas: the framework and design of the performance contracting system applied since 2004; the implementation of performance contracting process; the performance contracting evaluation system and process.

The findings came up with the critical learning points from the performance evaluation results reported over the past three financial years, and citizen participation, expectations and perceptions. The information presented was derived from four main sources. First were written submissions received from a total of one hundred and thirty nine (139) Ministries, Departments and Agencies highlighting their experiences when implementing performance contracting tool. Second was from interviews held with thirty four (34) Permanent Secretaries/ Accounting Officers and their senior management staff as well as

focus group discussions with field officers in the Provinces including Provincial and District officers, Stakeholders from the Private Sector, Officers of line Ministries in the Provinces and District including representatives from State Corporations and Tertiary Institutions and Local Authorities.

Thirdly, was from a review of a number of background studies, including prior evaluations of performance contracting implementation in Kenya, case studies of international best practice in implementation of performance management and national policy documents such as the Kenya Vision 2030 and its Mid Term Plan and fourthly, citizen expectations and perceptions of performance contracting and evaluation ranking and results. The data collected was analyzed using both qualitative and quantitative approaches across the following seven thematic areas that lead to organizational effectiveness: The Framework and Design of the Performance Contracting System; Management of the Performance Contracting Process; the Performance Contracting Process; the Performance Evaluation System and Process. The Performance Evaluation Results; Citizen Participation, Expectations and Perceptions have positive impacts of the new constitutional dispensation on performance contracting.

Further, studies by (Kobia *et al.*, 2006; Prajapati, 2009; Gakere *et al.*, 2013) noted that in Kenya, performance contracting is a hybrid system that has borrowed heavily from

international best practices and the Balanced Score Card. The Performance Contracting and evaluation system best practices were drawn from: South Korea, India, China, USA, United Kingdom, China, Malaysia and Morocco but domesticated to suit the local context.

The study findings established that there is a disparity between performance contracting and other performance management tools and instruments in initiating a culture shift for any organizations. Additionally, there is an adequate linkage between performance contracting and expected behavior from employees in line with national priorities in the following areas; development and adoption of a comprehensive performance management system for Government which will integrate the various performance management tools; Strengthen linkages and alignment of the Performance Contracts to the National Blue Print, Vision 2030/MTP through greater involvement of Ministry of Planning including the Vision Delivery Secretariat (VDS), the Sector Steering Groups and other key actors in Pre-negotiation of MDA Performance Contract targets specifically on Vision 2030.

In the Performance Evaluation System, it was noted that a number of MDAs indicated that the formula used for Performance Evaluation was complex and not well understood. It was also noted that the evaluation system measures the rate of change where high

performance is determined by the degree to which an MDA achieves and exceeds its performance targets. Additionally there were concerns raised as to adequacy of the current ranking model which is not only characterized by random fluctuations but also compares MDAs with unlike mandates (Obong'o, 2009). The study recommended Performance Contracting Department to improve transparency and openness by adopting a robust communication mechanism of the moderated evaluation results and rationale for any changes to the primary evaluation results prior to the release of the results to the public. The study also noted that Performance Contracting Department to develop a ranking model that avoids ranking in numerical order.

The proposed model suggested should rank institutions in specific performance levels; Excellent, Very Good, Good and Fair and Secondary ranking to be through recognition of exemplary performance in specific Performance Criteria such as “Best” in service delivery, innovation or financial management and may involve the attainment of full employment. However, there are many opinions as to what constitutes a “job.” It is the responsibility of the department to define that term in a way that addresses some of those unique characteristics of a job, such as any requirements concerning the number of hours worked each week, qualifying wage, benefit requirements and job retention requirements that, without being defined, might lead to disagreement between the contractors and the department.

If a performance measure requires delivery within a specific timeframe, it would be important to define “working” days or “calendar” days to avoid any confusion. It is also important to define how performance will be calculated if the measure includes percentages. For example, there must be common agreement on how the numerator and denominator will be calculated. If measuring an actual number, it is important to address an issue such as duplicated or unduplicated count.

Muthaura (2007); Kobia & Mohammed (2006) articulated that performance contracting is a government project that requires a lot of support and political goodwill. In the studies it was noted that performance contracting paradigm was conceived in the early nineties but did not succeed due to lack of political goodwill, political interference in the management of public affairs and lack of managerial responsibility (Republic of Kenya, 2004). The current performance contracting process succeeded due to support from several stakeholders, most critical the leader in the coalition government, the President and Right Honorable the Prime Minister.

### **2.4.3 Organizational Culture**

The review “*Public Sector Reforms and Performance Contracting*” by RoK (2005b) observed that in the 1990s, Kenya’s Public Service was among the countries which had suffered “damaged image” both locally and internationally. The study revealed that

performance contracting has instilled discipline to the public institutions by ensuring adherence to work-plans, strategic plans, sector plans and Vision 2030 has its foundation laid on performance contracting. The paradigm has also enabled recognition of performers from non-performers thus leading to a competitive public service.

The study had a very rich theoretical background tracing organization performance to Quality Management gurus such as Edward Deming, Philip Crosby and scientific management theories by F.W. Taylor and Henry Fayol. However the study was based on the secondary data based on the Performance Contract results for the year 2005-2006. The population was theoretical, while sample and sampling methods were ignored, hence the study lack scientific credibility and objectivity a preliquisite for empirical studies.

Muthaura (2007) noted in a study *“Performance Contracting in Kenya: Restoring and Building Trust in Government through Innovation to Promote Quality of Public Service”* that the government introduced performance contracting as a tool to create accountability to the public through targeted results. The study observed that management of public entities through performance contracting has demystified government and governance processes thus ensuring inclusion of grass roots level communities in ensuring achievement of Vision 2030. Citizen who are the recipient of the services are brought on board in decision making concerning level of service delivery. The was a review of past



studies by Kobia & Mohammed (2006), performance contracting for the Republic of Kenya results for years 2005-2006, 2007-2008.

It was noted by Kamoche (2002) that with information and modern ways of communication, the consumers of services has changed resulting to enhanced organization culture. Republic of Kenya (2005a) commented that for too long, the provider had dominated and now it is the turn of the user and hence the development of the Citizens' Charter. The Service Charter is expected to raise quality, secure better value and extend accountability, provide inter-face between service provider and user, promote public trust in Government services and promote recognition of the citizen as a customer to public services (Kobia & Mohammed, 2006).

Empirical studies by Kobia & Mohammed (2006), Obong'o (2009), Muthaura (2007) concentrated on the general impact of performance contracting but no study was interested with the organizational culture. Through performance contracting approach of management, the government argued that government officers were 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. The Kenyan public sector was for the first time being challenged to compare with the best of the world while various governments within and outside Africa were expressing interest on how the PC system could be adopted and customized to suit their individual cases.

On the negative side, Ndung'u (2009) reckon that the culture of non-performance and lack of accountability has been fighting back to resist this envisioned change. Several questions are being raised as to 'whether the system is good enough for us' as any loophole within the system are being investigated with a view of discrediting it. Performance contracting is a tool that aims at coordinating and controlling the behavior of employees to achieve the desired goals and objectives. Every public entity has developed service charter which is a brief public document that provides essential information that citizen and stakeholders need to know about the services offered by a public agency and the manner in which they can access the services (Republic of Kenya 2003a). The charter is designed to assist in forming the right culture towards service delivery.

The underlying principle as noted in research by (Obong'o, 2009 and Mugambi & Gakure, 2010) indicates that when people are empowered with information, they are able to hold the state, its agencies and the civil service accountable, thus triggering a change in behavior. A service charter is an indication of commitment by public entities of what the organization promises to do to satisfy their customers (Republic of Kenya, 2005b). In the review on performance contracting by Republic of Kenya (2012) for the financial year 2010/2011, the Government argues that the civil service are edging closer to a culture of individual accountability with introduction of performance contracting since all are under the programme. Creating a culture of results-oriented management in public service will

ensure that accountability pervades all levels of government employees. Through the review, the Government reckons that if strong work ethics and performance culture are inculcated during the formative years of our youth as they enter working life, it would establish formidable grounding for the country to find a place in the league of developed nations and fast track the envisioned country by The Kenya Vision 2030.

Republic of Kenya (2012) observed that Performance Contracts represent a state-of-the-art tool for improving public sector performance. They are now considered an essential tool for enhancing good governance and accountability for results in the public sector. It is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, performance, behavior and contributions. It is about sharing expectations. Managers can clarify what they expect individual and teams to do; likewise, individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance contracting is about interrelationships and about improving the quality of relationships and results - between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process, which all organization should embrace (Directorate of Personnel Management, 2010).

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

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

#### **2.4.4 Government Policy**

Kobia & Mohammed (2006) noted in a study “*Kenya Experience with Performance Contracting*” that Performance contracting ensures that employees are guided and

facilitated by work-plans when they are made responsible for the results. The system enables measuring the extent to which the set targets has been achieved. Akaranga (2008) argue that the tool enables coordination of the individual, department, institution and ministries to derive their plans from the country's Vision 2030, which attempts to align human resource function with the strategic goal of the organization.

Gakere *et al.* (2013) observed that strategic plans are developed at very high level and results to some employees were missing the content. Exclusion of some key stakeholders during development results to resentment during implementation. Indicators are different for different departments which results to lack of consistency during evaluation and ranking. Responsiveness, transparency, accountability increased and emphasis shifted from the traditional public administration to public management and entrepreneurship pushing the state towards "managerialism". This resulted to more market orientation in the public sector and lead to greater cost-efficiency for governments which led to economic development.

Performance contracting policy has brought a major paradigm shift in the service delivery in the public service. Noted areas are drawing of individual employees work plans based on the organization strategic plans. Transparency; accountability and results ownership were noted. The study is noted to be the first to analyze the performance contracting.

The study therefore premises that government policy on performance contracting is an active variable through which the independent variable which is the implementation of performance contracting process is connected to the dependent variables; employees' productivity and motivation and organization culture and effectiveness. Political goodwill manipulates the performance contracting tool in the management of public service.

## **2.5 Critique of Existing Studies Relevant to the Study**

According to Donarld & Schindler (2003), researchers critique literature on thematic or chronological bases. Theories were useful as they enabled conceptualization of models which enables relating employees' motivation, organizational effectiveness, organizational culture and government policy. This study based its critique on chronological development in the performance contracting subject. Various studies have been carried out to investigate performance contracting tool since its implementation in 2004.

From the review, it emerged that as the time evolved; scholars were interested in different perspectives or themes of performance contracting. Considering the existing literature chronologically, it came out clearly that studies on performance contracting could be divided into three generations since its implementation in the entire civil service: 2004-2006, 2007-2011, and 2012 to date. The first generation of scholars (2004-2006)

concentrated on the impact of performance contracting tool in the civil service. Scholar and government review were based on the role that performance contracting was playing in bringing soberness in the public service. Transparency and accountability emerged as the major concern and achievement.

In the second generation (2007-2011) studies by Kobia & Mohammed (2006); Obong'o (2009); Muthaura (2007); Prajapati (2009) and Gakere *et al.*, (2013) concentrated on the impact challenges faced during the implementation period. During the same time, the government was interested in understanding the difficulties the public entities were undergoing during implementation. Financial resources and timely release were cited as the main challenge.

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

## **2.6 Summary**

The chapter presents the theories on which the variables are based and past studies that have been carried out in the relevant areas. Particularly motivational, organizational culture and effectiveness and government policy theories presented. These theories informed the study and formed the foundation on which the study variables were based. Past studies presented were based on the study variables which include; employees' motivation, organizational effectiveness, organizational culture and government policy. The interactions construed between the variables were displayed in a conceptual framework. Findings have confirmed the above theories that for any government programme to succeed during the implementation, variety of hard and soft resources are preliquisites.

## **2.7 Research Gap**

Related theories on; employees' motivation, organizational effectiveness, organizational culture and government policy presented in the conceptualized variables formed the foundation on which implementation of performance contracting process rests. A review of the existing empirical studies noted a gap since studies such as (Shirley, 1998; Shirley *et al.*, 1997, Beardwell & Holden, 1997; Kobia & Mohammed, 2006; Obong'o, 2009; Muthaura, 2007; Prajapati, 2009 and Gakere *et al.*, 2013 concentrated on the general impact of performance contracting since implementation in the Civil Service.



These studies failed to trace the factors affecting implementation of performance contracting based on the presented theory. Evaluation reviews carried out by the Government for years 2005-2006, 2007-2008 and 2009-2010 also failed in addressing the gap. This study sought to narrow the gap noted in the literature by studying the implementation of performance contracting process from the organizational point of view. The above studies such as (Akaranga, 2008, Kobia *et al.*, 2006; May, 2005; Mbua & Ole Sarisar, 2013) recommended more studies from this perspective. This research therefore looked at factors such as employee motivation, organizational effectiveness, organizational culture, and government policy and the revealed findings have proved worth. This has played a great role in the bridging the gap noted in the existing body of knowledge.

## **CHAPTER 3**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research procedures that enabled the achievement of the stated objectives. The research design, the study population and the sampling design are described. Pilot study and data instruments are followed by data collection procedures processing and analysis closes chapter.

#### **3.2 Research Design**

Research design refers to how data collection and analysis are structured to meet the research objectives through empirical evidence systematically and economically (Chandran, 2004). According to Sekaran & Roger (2011), research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. It's concerned with issues relating to decision regarding the purpose of the study, its location and the time horizons. Cooper and Schindler (2006) looks at research design as the blue print for the collection, measurement and analysis of the data to achieve fore stated objectives. It is a plan and structure of investigating so conceived as to obtain answers to research questions and for testing hypothesis (Kothari, 2004).

The research applied quantitative design heavily which according to Patton (2002) assumes that science seeks to establish facts with little regard for subjective status of individual. On the other hand, Coolican (1996) further noted that the key ideas in quantitative design include; the observer being independent from what is being observed and the choice of what to study is determined by objective criteria rather than human beliefs and uses numerals in its measurement. Quantitative design broadly means a research that produces discrete, numerical or quantifiable data (Simon, 2007). Concepts are operationalized in a way that enables quantitative measurement of facts and selection of samples to enable generalizations to be made hence the design was applicable for this study. This design enabled quantification of results.

Cooper & Schindler (2006) argue that qualitative design treats people as active participants rather than objects. This is based on phenomenology philosophy which refers to the way in which people make sense of the world around them (Valle, 1989). This technique account for the respondents' feelings, opinions, emphasizes on meaning and statements suggestions. Housden (2003) define qualitative research as a body of research technique which seeks insights through loosely structure mainly verbal data rather than measurement. Analysis is interpretive, subjective impressionistic and diagnostic.

Qualitative designs addressed this need since it produces data which is rich in insight, understanding, explanation and depth of information which is hard to justify statistically. This study also applied this design and data was collected once over a period of one month

hence that study was cross-sectional in nature. According to Zikmund *et al.* (2010), exploratory design is undertaken when the characteristic or the phenomenon to be tapped in a situation is known to exist but little literature and empirical data exist to offer support. Sekaran *et al.* (2011) reckon that exploratory research is conducted to clarify ambiguous situation or discover potential opportunities.

The study was an exploratory because scanty information exists on the study factors affecting implementation of performance contracting process in the Civil Service in Kenya. Analysis of data applied descriptive and inferential designs. This is because they enabled in obtaining information concerning current phenomenon and where possible to draw valid general conclusion from facts discussed (Orodho, 2003).

### **3.3 Population**

Cooper & Schindler, (2006) define population as the total enumeration elements that form the main focus of a scientific query. Kothari (2011) refers to population as a group of people, events or things of interest having a common observable characteristic, while Mugenda & Mugenda (1999) and Hyndman (2008) defined population as an aggregate of all that conforms to a given specification. The target population was the entire Civil Service. However to enable deeper understanding of the variables, the study population was made up of all the employees in the State Department of Infrastructure in the Ministry

of Transport and Infrastructure. The department forms part of the wide Civil Service with all population characteristic.

Every employee in the State Department of Infrastructure is under performance contract whether direct or indirect irrespective of the level or Job Group and hence has the characteristic of interest for this study. Study population composed of 1098 employees distributed across the five major divisions' based on area of specialization. The Divisions included: Kenya Institute of Highways and Building Technology (KIHBT) 255, Materials Testing and Research 234, Chief Mechanical and Transport Engineer 181, Roads 103, and the Headquarters 325.

### **3.4 Sampling Frame**

Kothari (2011) argues that sampling frame is a physical representation of all the elements in the population from which the sample is drawn while Cooper & Schindler (2006) and Mugenda & Mugenda (1999) defined sampling frame as the list of elements from which the sample is actually drawn. It's a published list or set for identifying a population (Gall, Gall & Borg, 2007). The number of employees for all the divisions was obtained from the payroll department through the Integrated Personnel Payroll Data (IPPD). A sample was drawn from this sampling frame which was composed of employees at supervisory and management level.

### **3.5 Sample and Sampling Technique**

Sampling involves any procedure that draws conclusion based on measurement of a portion of the population (Kothari, 2004). It is the selection of a subset of individuals from within a population, especially for the purpose of making predictions based on statistical inference (Saunders, Lewis & Thornhill, 2003). When the population is heterogeneous as noted in the department, Sekaran (1992) and Kothari (2011) recommends stratified random sampling. This is because the method increases sample statistical representation, efficiencies, provides adequate data for analyzing the various sub populations. It also enables different methods to be used depending on the characteristic of the stratum.

The sample was developed using sampling proportionate to size strategy where the size of each stratum was proportionate to the population size of the stratum. According to Emore (2007) and Cooper & Emory (1995), proportionate stratification provides equal or better precision than a simple random sample of the same size. In this study, a stratum was made up of a division and each division specializes in a particular technical field hence stratified random sampling was the best applicable. Table 4.1 below shows divisions and their area of specialization.

**Table 4.1 Division Specialization**

<b>Stratum /Division</b>	<b>Area Of Specialization</b>
Kenya Institute of Highways and Building Technology (KIHBT)	Training and Capacity Building
Roads	Roads Construction Supervision
Materials Testing & Research	Construction Materials Testing
Mechanical Transport & Equipments	Machines & Equipments
Headquarter	Administrative Issues

Kerlinger (1986) and Hyndman (2008) define a sample as a subset of a large population and argued that a good sample should have the characteristic of the population. On the other hand, Zikmund *et al.* (2010) and Emore & Beggs (1975) attests that a sample may be more accurate than a census since census increase volume of work that result to introduction of tabulation errors. Further, Sekaran (2003) argue that the size of a sample is a function of the variation in the population. This is guided by principles such as; dispersion, desired precision, error range and number of subgroups.

Officers who were in the supervisory and management level form the sampling frame and proportion for each stratum was 30%. This was because of cost and time and also it is in line with Cooper & Schindler (2006), who suggested a range of 10%-30% to be representative in social science studies. A sample of 108 was therefore used for the study. Table 4.2 shows the sampling table.

**Table 4.2 Sampling Table**

<b>Department</b>	<b>Target Population</b>	<b>Sampling Frame</b>	<b>Proportionate Sampling (30%)</b>
KIHBT	255	83	25
Materials and Testing	234	77	23
CMTE	181	60	18
Roads	103	33	10
Headquarter	325	107	32
<b>Total</b>	<b>1098</b>	<b>360</b>	<b>108</b>

According to Webster (1995), the following formula could also have been used to estimate the sample size;

$$N = z^2 p (1-p) / (error)^2$$



Where:  $p$  represent 10% proportion of the population or 30% of the sampling frame as the percentage of picking choice.  $Z$  represents the  $z$  value at the 95% desired level of confidence and “ $e$ ” is the margin error of 5%, the sample size “ $N$ ” calculated is as follows;

$$N = (1.96)^2 (0.1) (0.9) / (0.05)^2$$
$$= 108 \text{ Employees.}$$

### **3.6 Data Collection Instruments**

This study required the collection of primary data, and utilized both qualitative and quantitative data. Survey questionnaire were the data collection instruments. The tool was chosen because of the nature of the respondents and size of the sample (Cooper & Roger, 2011). Questionnaire was deemed more efficient since the tool enabled collection of both qualitative and quantitative data.

The questionnaire was divided into six sections: Part A consisted of the Bio Data of the officers and general information concerning performance contracting paradigm and their experience in the implementation of performance contracting. The dichotomous and categorical scale was used in this part. Part B consisted of employees’ motivation variable while Part C dealt with the organizational culture. Part D focused on the

organization effectiveness while Part E concentrated on government policy. Part F dealt with implementation of government. Likert scale of 1-5 scale of itemized rating scale was used in part B to G where “1”= Very Low, “2”= Low, “3”=Moderate, “4”=High and “5”=Very High. The constructed questionnaires are represented by Appendix D.

### **3.7 Data Collection Procedure**

Survey questionnaires was administered to the respondents through the drop and pick method. The method was convenient for the research and the response rate was high (Chandran, 2004). The purpose and importance of the study was briefly explained to the respondents. A letter of introduction explaining that the data collected was purely for academic purposes accompanied the questionnaire. The respondents were assured that their identity was to be kept confidential. Drop and pick approach proved to have advantages over mail or electronic questionnaires that have been found to have very low return rates (Mugenda & Mugenda, 1999).

### **3.8 Pilot Study**

According to Saunders (2003) and Emore (2007) pilot testing is a trial run of procedures and instruments that one plans to use in carrying out a research study with main aim of catching potential problems. Pilot study was carried out to assess the feasibility,

appropriateness and practicability of the research design and to ensure that the investigation as laid out in the protocol was realistic (Kothari, 2008; Zikmund *et al.*, 2010). It also detected weakness in design and instrumentation. Twenty questionnaires equivalent to 10% of the stratum size were randomly used for this purpose in one of the divisions (KIHBT). Patton (2002) argues that a pilot study needs not be statistically selected.

### **3.8.1 Validity**

Theoretical, empirical and experience guided the instrument construction for improving internal validity. Supervisors assisted in ascertaining the content validity. Sampling validity which deals with population representation in the sample was assured through stratified random sampling. The sample constituted 10% of the population and according to Cooper & Schindler (2006) the proportionate was sufficient for a qualitative study. To ensure isomorphism or construct validity between the concept and what is being measured, Kombo & Tromp (2011) argue that the questions should be developed in levels from 1-5 with “1”= Strongly Disagree, “2”= Disagree, “3”=Not Decided, “4”=Agree and “5”=Strongly Agree. This enables the respondents to express their view proportionately. Kothari (2008) argue that a 5-point scale is just as good as any other, and that an increase from 5 to 7 or 9 points on the rating scale does not improve the empirical validity of the rating. Goodness of fit was used for testing validity.

### **3.8.2 Reliability**

Reliability refers to the extent to which a measuring instrument contains variable errors, that is errors that appear inconsistent from observation during any one measurement attempt. This was done for testing both consistency and stability. Mugenda (2008) asserts that the positivists' paradigm insists on strict criteria for judging the quality or trustworthiness of the research findings objectivity and that one must show evidence that the findings are consistent with occurrences in the real world. According to Cronbach (1951), DeVellis (1991); Donarld & Schindler (2003), reliability is the proportion of variance attributable to the true measurement of a variable and consistency of such measurement over time. It is concerned with the internal properties of a measure and the random error in the data and ranges from nil (0) to perfection (1).

Cooper & Schindler (2006); Cronbach (1984) noted that a Cronbach Alpha Coefficient of 0.7 and above to be acceptable because random error will always exist regardless of the procedure used in the study. Further, Kothari (2008) define reliability as the measure of degree to which a research instrument yields consistent results or data after repeated trials. On the other hand, Kirk & Miller (1986); Terman & Merrill (1998) argues that reliability usually refers to the degree to which the findings of a study are independent of accidental circumstances of their production, and deals with replicability.

The measurement scale for reliability was tested using Cronbach Alpha Coefficient for every independent variable and for an alpha of 0.7 and above; the instrument was interpreted as reliable (Cronbach, 1951). Cooper & Schindler (2006) accept an alpha of 0.8 while Mugenda & Mugenda (1999) noted that an alpha of 0.6 to be poor. The study accepted Cronbach alpha of 0.7 and above presented in chapter four.

### **3.9 Data Processing and Analysis**

Data from the questionnaires was edited and coded and then keyed into Statistical Package for Social Sciences (SPSS) Version 17.0. Response on each item for the open ended questions was put into specific main theme for ease of analysis. Data was summarized and then analyzed by use of descriptive statistics using frequencies, means, standard deviation and percentages. Inferential statistics was utilized to generate meaning and relationships. Multi-regression analysis was used to establish the degree of mathematical relations between the study variables on how they affect the implementation of performance contracting process in the Civil Service.

#### **3.9.1 Factor Analysis**

Before data was analyzed in inferential basis to extract relationships and correlations, factor analysis was done to allow retention or dropping of some items. Factor analysis is a statistical method used to describe variability among observed, correlated variables in

terms of a potentially lower number of unobserved variables called factors (Sekaran & Rogers, 2009; Zikmund *et al.*, 2010). It searches for such joint variations in response to unobserved latent variables and is useful in the reduction of number of variables. It is a method of data reduction by seeking underlying unobservable (latent) variables that are reflected in the observed variables.

Sekaran & Rogers (2009) recommends Principal Component Analysis (PCA) to be conducted for factor extraction to ascertain the suitability of all the variables. This was done and then varimax rotations were then used after initial extraction of factors to impose restriction that the factors were not correlated. Exploratory Factor Analysis (EFA) followed to identify complex interrelationships among items and group items that are part of unified concepts. No prior assumptions were made about relationships among factors decision were made based on the generated matrix. Confirmatory Factor Analysis (CFA) was used to test the conceptual model and relationship among the independent and dependent variables. This was to design to indicate that data collected fit the theory. Karimi (2012) applied the same tests in the study on *Human Intellectual Capital in Pharmaceutical Firms*.

### **3.9.2 Correlation Analysis**

The correlation analysis matrixes were obtained for all the variables where factors were checked for chances of multicollinearity (Sekaran, 2003). Factors that had correlations of less than the acceptable rule of thumb factor loading of 0.40 or above were dropped (David *et al.* 2010). Rotation and ranking were done on the component matrix. Cooper & Roger (2011) reckon that various research objectives are served with correlation analysis so that the strength, direction, shape and other features of relationship may be discovered. Hyndman (2008) noted that tactical and strategic questions may be answered by predicting the values of one variable from the other.

### **3.9.3 Regression Model**

According to Zikmund *et al.* (2010), a regression model helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. The model in the study defined a relationship of variables in form of a mathematical equation. This was developed from the conceptual framework and from the theories relating to the implementation of performance contracting process. Homoscedacity was used in the determination of the precision in determining dependent variables for the model.

A precision of 0.05 was used. A set of regression equations were used in estimating the effects between variables and knowledge from theory and empirical literature formed the basis for establish relationship and patterns. Confirmatory Factor Analysis was used to verify the factors structure. The following equation shows the conceived model and was confirmed by analyzed data;

$$Y = b_0 + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + e$$

Where;

Y= Implementation of Performance Contracting Process

B<sub>0</sub> = is the y-intercept

B<sub>i</sub> = Coefficient for each study variables (X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, and X<sub>4</sub>)

X<sub>1</sub> = Employees' Motivation

X<sub>2</sub> = Organizational Culture

X<sub>3</sub> = Organizational Effectiveness

X<sub>4</sub> = Government policy

e = is the error term.

Inferential statistics were used in making deductions from the collected and analyzed data. The study assumed a 95% confidence while generating regression model. Data was



presented using statistical techniques, graphs and tables, while t-test and Analysis of Variance (ANOVA) through F-test was used to study the amount of variations within sample before conducting multiple regression analysis. Multi-collinearity was used to test inter-correlation between the independent variables (Zikmund *et al.*, 2010; Patton, 2002; Kothari, 2008)

## **CHAPTER FOUR**

### **4.0 RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the research findings and results of the application of the variables using techniques described in chapter three. The aim of the study was to investigate the factors affecting implementation of performance contracting in the Civil Service Kenya in the State Department of Infrastructure. Data analysis was based on specific objectives where patterns were investigated, interpreted and implications drawn on them.

Specific objectives of the study were; to establish the extent to which employee motivation affects implementation of performance contracting process in the Civil Service in Kenya, to determine the extent to which organizational effectiveness affect implementation of performance contracting process in the Civil Service in Kenya, to establish the extent to which organizational culture affect implementation of performance contracting process in the Civil Service in Kenya. The study also was to investigate the extent to which existing Government policies on performance contracting affect implementation of performance contracting process in the Civil Service in Kenya. Analysis of characteristics of the sample and preliminaries introduces the chapter followed by descriptive and inferential analysis per objective.

## 4.2 Response Rate

Emore (2007) defines the response rate as the extent to which the final data set includes all sample members, a ratio of actual respondents to expected number or the percentage of people who respond to the survey. High survey response rate ensures that the survey results are representative of the survey population. Questionnaires were self-distributed and corrected as agreed per the respective division. The data analyzed was obtained from 102 respondents out of a target of 108 which translated to ninety-four percent (94%). Table 4.1 presents the percentage of the respondents. All the 25 questionnaires distributed to training division were filled and collected which translated to a hundred percent (100%) response. The 100% response was achieved due to constant reminder and close follows up.

Out of the thirty two (32) questionnaires distributed to Administration Division, thirty one (31) were filled and collected translating to ninety-six percent (96%) response rate. The worst department was Mechanical where sixteen (16) out of the eighteen (18) questionnaire distributed were filled and returned translating to eighty-eight percent (88%). This is a high response rate compared to similar previous studies by Kobia & Mohammed (2006) that attained eighty-seven percent (87%), and Paul *et al.* (2003) achieved seventy-six percent (75%). The reason behind the high response rate was because survey topic was capturing, the survey design was appropriate, proper timing and delivery method used. The use of the drop and pick method improved the response rate.

Zikmund *et al* (2010) observed that in descriptive research, a response rate of above fifty percent (50%) is adequate for analysis, sixty percent (60%) good and seventy percent (70%) and above to be very good while according to Mugenda (2008), a response rate of 50% or more is adequate. High response rate increases validity and usefulness of the results. Therefore the overall response rate in this study of 94% is considered good and adequate for subsequent analysis.

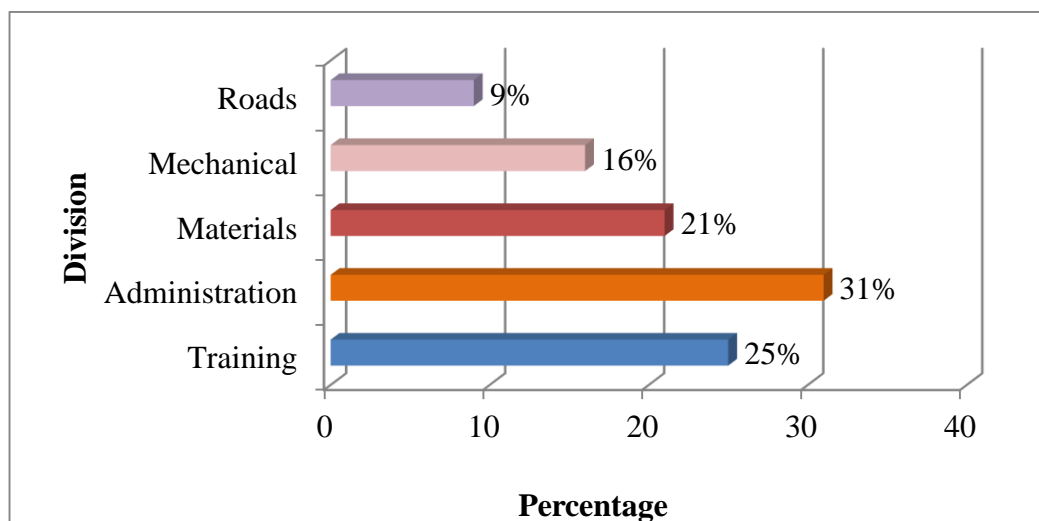
**Table 4.1 Respondents Rate**

<b>Division (Stratum)</b>	<b>Targeted Sample Size</b>	<b>Respondents</b>	
		<b>Frequency</b>	<b>Percent</b>
Training	25	25	100
Administration	32	31	96
Materials	23	21	91
Mechanical	18	16	88
Roads	10	9	90
<b>Total Response</b>	<b>108</b>	<b>102</b>	<b>94</b>

#### 4.2.1 Sample Distribution

Under the scientific paradigm, information from a sample is used to draw conclusions about the target population through the process of descriptive and inference analysis (Mugenda, 2008). The survey was conducted at the five Division's headquarters office in Upperhill and Industrial Area in Nairobi and all strata were well represented based on the size of each.

Figure 4.1 below present the distribution of the respondents per department in percentages. 24.5% of the respondents were from training department, 30.4% from administration; 20.6% from materials department; 15.7% while 8% were from roads. The response rate was good compared to the size of each stratum hence the sample results were assumed sufficient for analysis to enable generalization.



**Figure 4.1 Respondents Distribution**

#### **4.2.2 Respondents Profile**

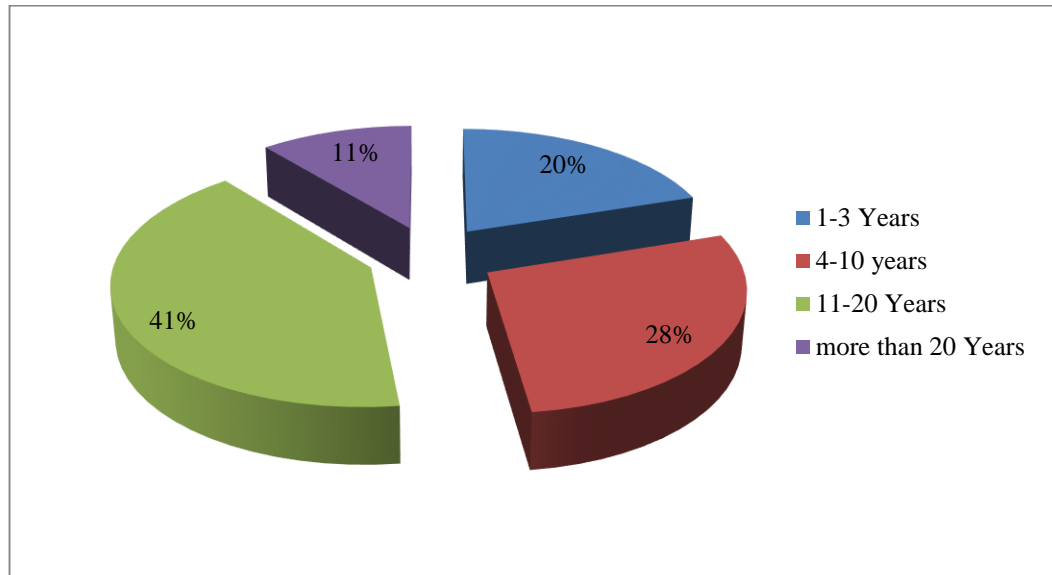
This section describes characteristic of the study population based on the data collected and analyzed. In most cases in a research study, target population has its own characteristic. In particular, information required from the respondents included; experience in the civil service, stay in the current department, gender, age bracket and experience with the performance contracting tool.

##### **i. Experience in the Civil Service**

The section was investigating employees' working experience in the public service. Figure 4.2 below indicates that twenty percent (20%) of the respondents had an experience of 1-3years in service, twenty percent (28%) of 4-10 years, and forty-one percent (41%) of 11-20 years while eleven percent (11%) had an experience of more than 20 years. These findings imply that 80% of the employees had an experience of more than 4 years.

The findings concur with study by Kobia & Mohammed (2006) who studied on *Kenya Experience with Performance Contracting* and observed that ninety-three percent (93%) of the employees had worked in the civil service for more than 3 years. (Samuel et al., 2009) observed that labor turnover is low in public institution hence making it easy to implement government policy. A similar study by Kidombo (2007) indicated that eighty-

four percent (84%) of the respondents had worked for more than three years. This point out to the fact that majority of the employees had the necessary experience.

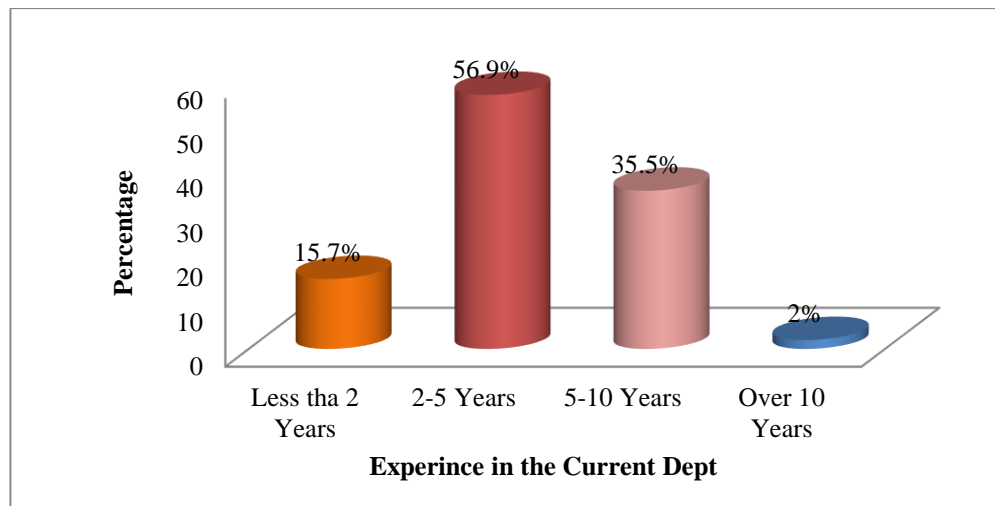


**Figure 4.2 Experience in the Civil Service**

**ii. Experience in the Current Department**

This question was investigating the span of time that respondents had stayed in the current department. Figure 4.3 present the findings and show that fifteen percent (15%) of the respondents had worked in their current department for less than 2 years (yrs < 2), fifty-seven percent (57%) for a period of 2-5 years, twenty-six percent (26%) for 5-10 years and two percent (2%) of the respondents had departmental experience of more than 10 years (yrs > 10). These findings imply that eight-five percent (85%) of the respondents had stayed in current department for more than 2 years.

It's generally recognized that though job rotation is important in developing employees' skills and relieving monotony, employees requires 3-5 years to understand organization culture (Armstrong, 2003). Further, more arguments establish that employees need time to settle down and study the organizational culture before they can perform.



**Figure 4.3 Experience in the Current Department**

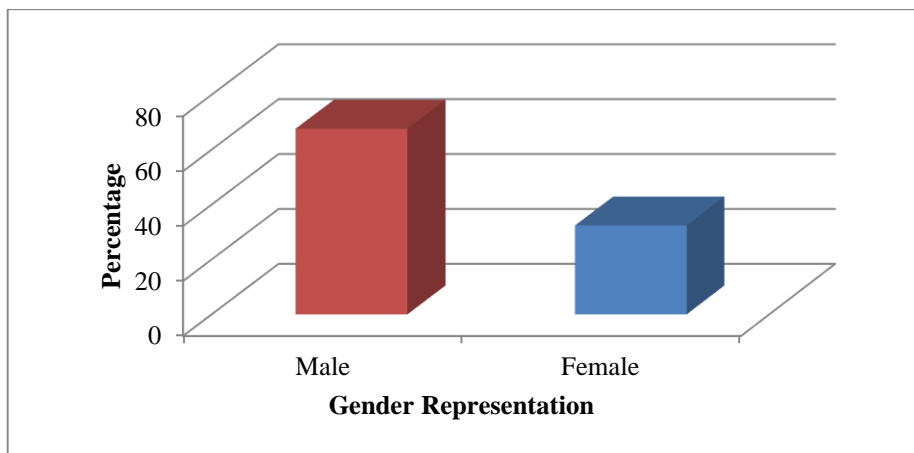
### **iii. Gender Representation**

This part was investigating the respondent's gender and findings presented in Figure 4.4 indicate that sixty-eight percent (68%) of the respondents were males while thirty-two percent (32%) were females. It was noted that majority of the females were in the administration department and very few were in the engineering field. The findings are in agreement with Kobia & Mohammed (2006) who observed that eighty-three percent (83%) of the study represented males while seventeen percent (17%) were female. Korir (2010) noted that engineering field which forms bulk of the department employees'



profession had a big challenge in attracting female gender as compared to other fields. The findings slightly fall short of the Constitution of Kenya (2010) which requires a representation of not less than a third of total employees' population.

The above findings notwithstanding, Ellis *et al.* (2007) observed that women are major actors in the Kenya's economy, notably in the agriculture and business sector. Men dominate the formal sector citing a ratio of 74%:26% and perhaps the gender disparity may have an implication on the implementation of performance contracting process in the civil service. This supports argument by Gakure (2003, 2001) that women are more prudent in resource management compared to their men counter.

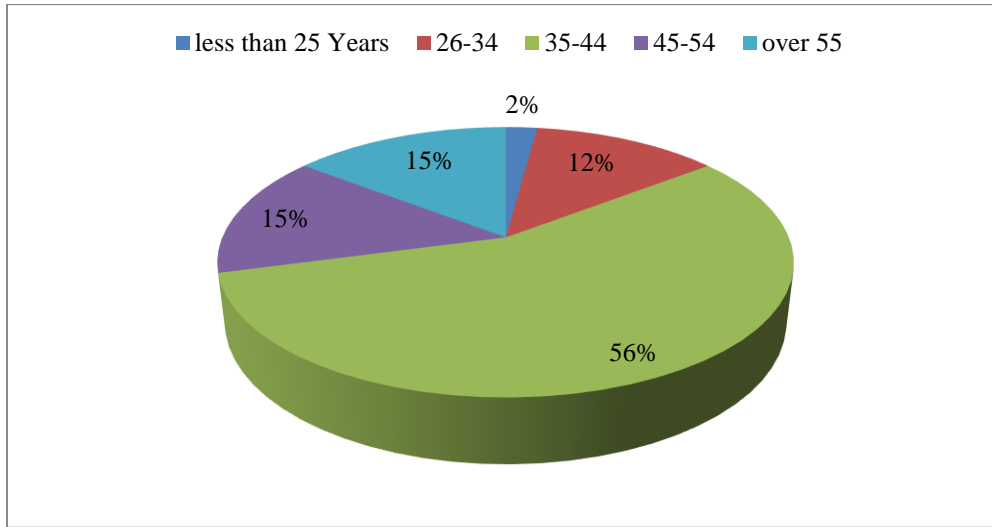


**Figure 4.4 Gender Representation**

#### **iv. Age Bracket of the Respondents**

The section was investigating the age bracket of the respondents. Finding presented in Figure 4.5 indicate that two percent (2%) of the respondents were less than 25 years of age (yrs < 25), twelve percent (12%) in the 24-34 years age bracket, fifty-five percent (55%) in the 35-44 years bracket, seventeen percent (17%) in the 45-54 age bracket and fourteen percent (14%) were over 55 years (years > 55). The findings implies that 86% of the employee are 35 years old or above which concur and collaborate with those of Ntoiti (2013) whose study dealt with employees in the Local Authorities in Kenya. The observed that 74% of employees in the councils were 30 years old and above. Kobia & Mohammed (2006) found that ninety-one percent (91%) of the respondents were 35 years old and above. Further, the study reckon that local governments that are still implementing performance contract have a large number of aged workforce that resulted after increasing the mandatory retirement age from 55 to 60 years.

Armstrong (2003) indicated that a healthy organization should have a balanced and well distributed age bracket to allow smooth pass of the organizational characteristics from one generation to the next. However, the same argue that age is rarely an employment requirement and a poor predictor of job performance. The age of the staff in the department may have an important implication in the implementation of performance contracting tool.



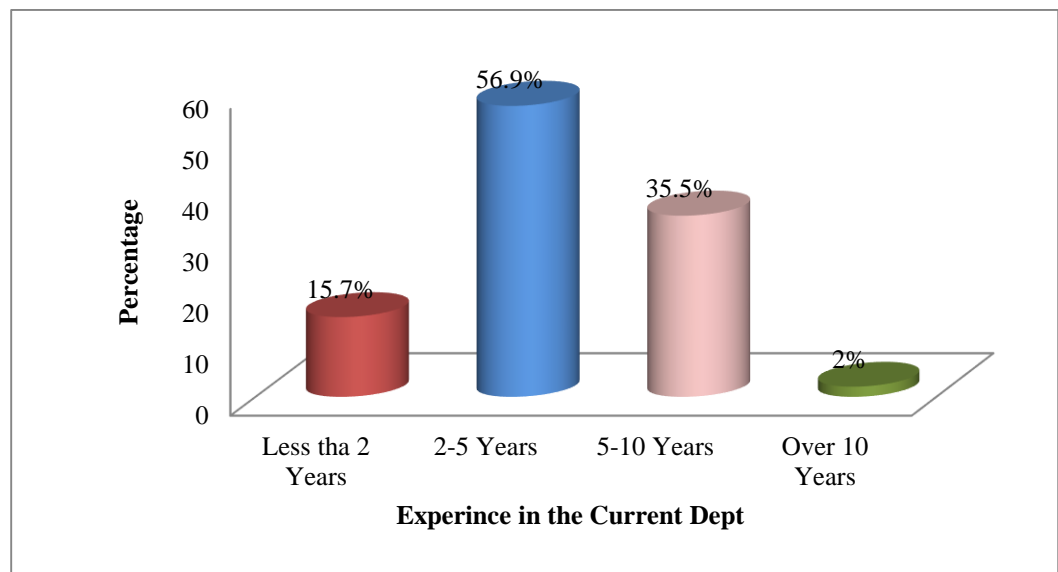
**Figure 4.5 Ages of the Respondents**

**v. Experience with Performance Contracting**

This part was investigating employees' experience with performance contracting tool. Findings presented in Figure 4.6 indicates that sixteen percent (16%) of the respondents had an experience of less than 2 years, fifty-seven percent (57%) of 2-5 years, twenty-six percent (26%) for a period of 5-20 years and two percent (2%) had over 10 years of experience. This implies that over eighty percent (80%) of the respondents had an experience of more than two years.

According to various studies on the challenges faced in the implementation of performance contracting, it was observed that performance contracting tool is complex requiring knowledge such as; thorough understanding of the whole process from

conceptualization, target setting, measuring indicators, analysis to ranking; rewarding, resources and employees skills. Armstrong (2003) noted that employees' experience is a key factor in the implementation of any organization policy and since over 80% had an experience of over 2 years working on performance contract. PCs implementation process includes specific criteria and targets to evaluate success and most employees had the relevant experience. In addition, PC prioritizes the success indicators to clearly convey government's priorities to its managers and other civil service.



**Figure 4.6 Experience with Performance Contracting**

### **4.3 Research Findings**

This section presents the analysis and findings on the study factors affecting implementation of performance contracting process. Specific variables include;

employees' motivation, organizational culture, organization effectiveness and government policy. In testing the extent to which factors affects that implementation process, a Likert scale of 1-5 with 1= "Very Low", 2= "Low", 3= (Moderate), 4= "High", and 5= "Very High" was used. Data analysis is presented in both descriptive and inferential statistics.

#### **4.3.1 Employees' Motivation**

The first objective of this study was to establish the extent to which employee motivation affects implementation of performance contracting process in the Civil Service in Kenya. Data was first analyzed in descriptive statistics for generation of understanding and characteristics followed by inferential statistics to establish quantitative relationships between performance contracting implementation process and employees' motivation.

##### **4.3.1.1 Descriptive Analysis**

###### **(i) Employees' Motivation Affects Implementation on Performance Contracting Process**

The intent of this statement was to establish the extent to which employees' motivation affects the implementation of performance contracting process. Findings presented in Table 4.2 indicate that fourteen percent (14%) of the respondents indicated that

employees' motivation affect the implementation process to a very high extent, twenty-two percent (22%) to a high extent and thirty percent (30%) affected the process moderately. Ten percent (10%) indicated that motivation has very low influence while twenty-four (24%) felt that motivation affect implementation process to a low extent. This implies that majority of the respondent (66%) agreed that motivated employees facilitate implementation of the performance contracting process.

These findings agree with Muthaura (2007) who argued that the government had laid down human resource strategy in the public service geared towards motivated employees. The study had observed that public service employees had adopted a more competitive strategy in public service delivery since implementation of performance contracting. The finding also collaborate with a survey by Kobia & Mohammed (2006) which revealed that seventy-two percent (72 %) of the study respondents were motivated by knowing the goals of performance contract targets and that seventy-four percent (74%) understood performance contracting process. In relation to employees' motivation, Armstrong (2003) argues that;

“By setting right employees' related strategies, employees may become more motivated and aim to meet each objective. Generally, employees who have something to work towards to, are more likely to put in extra effort to meet targets” (pp. 455).

It can be deduced from these findings and discussions that motivated employees simplify the implementation of government reforms.

**(ii) The Department Empowers Employees through Delegation of Duties**

Delegation is one of the most important management skills. Good delegation saves manager's time, develops people, grooms a successor, and motivates employees while poor delegation causes frustration, demotivates, confuses other people, and fails to achieve the task or purpose itself (Samuel et al., 2009). On departmental empowerment of employees through delegation of duties by seniors, findings presented in Table 4.2 indicate that eighteen percent (18%) of the respondents strongly agreed that they were empowered through delegation of duties. Twenty-six (26%) agreed, thirty-four (34 %) disagreed while 5% strongly disagreed. These findings imply that forty-four percent (44%) of the respondents had responsibilities delegated to them.

The findings collaborate with findings from study by Opiyo (2006) on "*Public Sector Reforms and Performance Contracting*" that argued and reckoned that performance demands must be place in the hands of every employee through rescheduling and delegation of work and responsibilities. The study found that delegation of duties belonging to senior officers accompanied by a reward improves relationship between officers and spreads the responsibility which is the heart of performance contracting. Drucker (2009) asserts that delegation is a powerful tool for developing employees in preparation for higher responsibility while Luthans (2008) argues that to change employees' attitude towards work, managers must devise ways and methods of bringing all employees on board.

**(iii) Developing Employees Facilitates PC Implementation Process.**

This item was investigating whether developing employees into leaders in the course of their work affect the implementation process. In testing the extent to which presumed factors affects the implementation process, a Likert scale of 1-5 with 1= “Very Low”, 2= “Low”, 3=Moderate, 4= “High”, and 5= “Very High” was used. Findings presented in Table 4.2 indicate that eleven per cent (11%) of the respondents indicated that development of employees has a very high influence on implementation of PC process.

Thirteen per cent (13%) of the respondents indicated high extent, thirty-four percent (34%) found developing employee having a moderate influence. Five per cent (5%) of the respondents failed to connect developing employees with implementation of PC process. Thirty-seven percent (37%) of the respondents commented that employees’ development had a low influence in the implementation process. This finding is an indication that most of the respondents (68%) indicated that employee’s development affected the implementation of PC process.

Further investigation revealed that a lot of developmental training has been taking place in the department as it is a government policy to train its employees although employees’ could not associate the trainings with performance contracting tool (Code of Regulations for Civil Service in Kenya, 2006). Luthans (2008) noted that every leader must make sure that followers understand the main message that guides future direction the organization



has chosen to pursue through development. The theory argues that consistency with principles, beliefs, values, reinforcing recognition for contributions made by each follower (employee) is vital in influencing employees' performance. Martinez *et al.* (2006) argue and contest that;

“Leadership is not about standing up and saying, “I’m in charge!” but it does require leaders to behave in certain ways because it is their behaviors that reinforce or cue people in how to act. Leadership is what assures efforts are focused on the right goals, objectives, deliverables, and activities. It can and must occur at all levels so people are continually reminded through trainings and development of what is important, where the organization is headed, and what is required of them” ( pp. 56).

And continue with an observation that;

“Leadership can empower people if they understand where the organization is headed and they have confidence in their leaders. There are two sets of behaviors, in particular, that are especially important to providing direction, focus on results and consistency of focus” (pp. 60)

It can be deduced from the findings that developing employees' influences the implementation process of any government policy. A pool of skilled employees with the right attitudes implements project smoothly.

#### **(iv) Management of Career Progression**

This section was investigating the respondent's opinion on how the department manages career progression and succession planning for management and leadership positions to promote service delivery and performance. Findings presented in Table 4.2 indicate that

forty-four percent (44%) of the respondents commented that the department has very low influence on employees careers, twelve percent (12%) very high, three percent (3%) high and seven percent (7%) were moderate. This implies that majority of the respondents (78%) felt that the department is not sensitive to employees career progression.

The findings contradict observation by Covey (2004) which see employees as the golden goose that lays the golden egg for the organization. The observation further argue and stresses that employees production capabilities must be enhanced to improve production. On the other hand, Muthaura (2007) noted that career progression by the employees increases their chances of promotion since the performance appraisals will be positive. Study by Republic of Kenya (2012) revealed that employees who are able to attain the target envisioned by the performance contract climb faster in their careers. Armstrong & Baron (2003) in their exploration of employees' careers in the organizations noted that;

“Career planning and assistance for your employees and options for career progression such as training, development and promotion are factors that can help you to retain staff over long periods of time. As an employer, one should encourage people to come up with career goals and to plan where they would like their career to head. Retaining employees often involves keeping them up to date with the narrative of the business, providing details of the 'business story' so they can keep realigning their own plans with those of the organization’ (pp. 334-345).

It can therefore be deduced from the above discussion that employees' career progression and upward mobility if not well planned in the civil service can affects performance and any reform that may be introduced to improve service delivery.

**(v) Existence of Systems for attracting High Caliber Workforce**

This item was investigating whether the department had developed systems for attracting and retaining high caliber workforce. The findings presented in 4.2 indicated that nine (9%) of the respondents indicated that the systems existed to a very high degree, ten percent (10%) to a high extent while twenty percent were moderate. Thirty-eight percent (38%) noted a very low extent while twenty three percent (23%) were found to be low. The findings imply that majority of the respondents (61%) were not satisfied with the existing systems for attracting and retain high caliber of employees. This might prove to be a challenge since competent employees might be tempted to leave the civil service thus hindering implementation of projects.

Guest (1989) in a study on employees' retention observed that many employers believe that higher compensation is the only tactic for keeping employees from leaving but the study noted that "throwing money" at every operating problem is not the only solution. Clearly, employees must be paid at a competitive rate; however the study findings found that compensation is more than an hourly rate or take-home pay. Further, Armstrong (2003) reckons that;

"An important factor in attracting and retaining good employees in an organization is the top management performance management skills as an employer and their ability to recognize and reward good performances within the workplace" (pp. 404)

One of the respondents commented and argued that;

“Unless the government comes up with special retention programmes for certain key professions, it will be very hard to retain employees especially in the engineering field. This is because there always exist greener pastures in the private sector as compared to the government (pp. 22).

Carter & McMahon (2005) further observed that;

“These measures are likely to make it easier for you as an employer to retain your best employees. Staffs who feel that they are recognized for their hard work and commitment to reaching performance targets will generally be more likely to remain with your business than those who feel they are just a number’ (pp.80).

It can therefore be deduced from these findings and literature that government must come up with methods for retaining employees’ to reduce labor turnover.

#### **(vi) Application of TNA for Effective Training and Development**

This question was investigating the application for Training Need Assessment (TNA) for effective training and development of the employee. Findings presented in Table 4.2 indicate that eighteen percent (18%) of the respondents agreed to a very high extent that training need assessment is carried out in their divisions. Further, twenty-two percent (22%) of the respondents agreed to high extent, 27% noted a moderate extent, twenty-three percent (23%) a low extent while ten percent (10%) said that application of the TNA is at very low level. Although majority of the respondents responded positively, 34% who responded negatively is considered very high.

These findings agree to a study by Kobia & Mohammed (2006) who observed that training in the civil service should be regular and should intentionally include areas such as performance contracting process. Similarly, Prajapati (2009) in the study of

‘Performance Contracting in Kenya’ observed that there has been a huge effort in conducting demand-driven training which could have informed the higher percentage of agreement in this study. Carter *et al.* (2005) in a study *Improving Employee Performance through Workplace Coaching* noted that;

“Training can make a difference if there is a lack of skills and knowledge. However, training is not a substitute for clear directions, realistic expectations of what the work environment can provide, appropriate performance measures, good feedback, or adequate workspace or materials. When training is appropriate, it is important to recognize that not all training is equal, because it is done for different reasons, hence the need for Training Need Assessment (TNA). Some training just conveys information; other training builds skills; and still other training is meant to be motivational or inspirational.” (pp. 67).

This study noted that when performance contracting was introduced, there was high demand from agencies to learn more about the details of the system. This was addressed by intensive training effort by the members of the Performance Contracting Steering Committee (PCSC) and also by identifying appropriate international training opportunities and making full use of them. Findings points to a conclusion that training in the performance contracting paradigm is very important from both employer and employees’ perspectives. However the content, rate and frequency need to be improved.

#### **(vii) Systems for Conducting Employees Satisfaction**

This question investigated whether the divisions had developed systems for conducting regular employee satisfaction surveys and addressing the main issues raised by the customers. Findings presented in Table 4.2 indicated that eight per cent (8%) of

respondents indicated a very low extent on established systems while thirty five (35%) of the respondents indicated a low extent. Thirty-two per cent (32%) of the respondents were moderate; fifteen percent (15%) indicated a high extent while ten percent choose a very high extent. This implies that a good number (43%) of the respondents were not satisfied with the methods used for measuring employees' satisfaction.

The findings are in tandem with study by Republic of Kenya (2003a) which recommended that all Ministries, Departments and Agencies should develop relevant customer service charter and system for measuring and evaluating customers and employees' satisfaction. Prajapati (2009) observed that while Service Delivery Charters in the first round of performance contracting provided a framework for accountability, it takes some time for the accountability to trickle down. Thus, by crafting Service Delivery Charters included in the performance contracting, Kenya was able to launch a direct attack on inefficiency and substandard performance. This has had a visible positive effect on service quality and has encouraged policy makers to stay the course. Carter & McMahon (2005) argues that;

“Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Within organizations, customer satisfaction ratings can have powerful effect and helps focus employees on the importance of fulfilling customers' expectations. It is essential for organizations to effectively manage customer satisfaction by measuring their level of satisfaction” (pp. 78).

This leads to an observation that ministries, departments and agencies should develop systems for measuring satisfaction which should act as a guide for constant improvement of the services.

**(viii) Health, Safety and Security**

This item was investigating whether the department ensures health, safety, and security at the workplace in line with organization goal and government policy. Findings presented in Table 4.2 indicate that eleven per cent (11%) of the respondents agreed to very high extent that their health, safety and security have been taken care of while twenty-three per cent (23%) indicated a low extent. Twenty-nine percent (29%) of the respondents agreed to high extent with the health, safety and security provided in their place of work, nineteen percent (19%) were moderate and eighteen percent (18%) indicated a very low extent. Cole (2004) argue that employees' physical and psychological security affects employees' performance.

**Table 4.2 Employees Motivation on Implementation of PC**

<b>Statement</b>	<b>Very Low Extent %</b>	<b>Low Extent %</b>	<b>Moderate %</b>	<b>High extent %</b>	<b>Very High %</b>
Employees' motivation affects implementation of performance contracting process	10	24	30	22	14
The Department has developed Human Resource strategies that motivate employees.	5	34	17	26	18
The Department empowers employees through delegation of duties	5	37	34	13	11
Management of career progression	44	34	7	3	12
Developing employees as leaders by their supervisors to facilitate PC process.	10	23	27	22	18
The Department has implemented a system for attracting and retaining high caliber workforce.	38	23	20	10	9
The Department has established mechanism for identifying training needs development related to PC implementation process.	10	23	27	22	18
The Department has developed systems to conduct regular employee satisfaction.	8	35	32	15	10
Health, safety, and security at the workplace affect PC implementation process	18	23	19	29	11



#### **4.3.1.2 Inferential Analysis**

This section presents inferential analysis to establish relationships between employees' motivation and implementation of performance contracting process.

##### **(i) Factor Analysis**

Detailed factor weighting and analysis of the factors under study revealed that out of 10 items, two (2) were found to be less than the threshold and conventional value of 0.4 were dropped. Cooper & Shindler (2011) assert that factors with a weight of 0.4 or more qualify for further analysis while less than 0.4 should be discarded. Table 4.3 presents the component and the decision made concerning employee motivation variable. Two factors did not qualify for further analysis and were subsequently dropped.

**Table 4.3 Factor Analysis: Motivation**

<b>Component Matrix</b>		
<b>Employees' Motivation</b>	<b>Component</b>	<b>Decision</b>
Motivation; Systems for conducting employees satisfaction	.962	Retain
Motivation; HR Motivation Strategies	.936	Retain
Motivation; Management of career progression	.886	Retain
Motivation; assisting employees in Planning their Careers	.884	Retain
Motivation; Existence of Systems for attracting high caliber workforce	.686	Retain
Motivation; Existence for TNA for effective training and development	.543	Retain
Motivation; Health, Safety and Security	.492	Retain
Motivation; Development of employees to leaders	.451	Retain

**(ii) Reliability Test for Motivation**

Cooper & Scindler (2006) and Terman *et al.* (1998) agree that Cronbach Alpha Coefficient above 0.7 to be acceptable and since the coefficient for motivation dependent variable is 0.871, the variable factors were considered reliable for subsequent analysis.

Table 4.4 presents the findings.

**Table 4.4 Reliability for Motivation**

<b>Reliability Statistics</b>	
<b>Cronbach's Alpha</b>	<b>N of Items</b>
0.871	8

**(iii) Correlation Analysis**

Correlation analysis was conducted to establish the relationship between employee motivation and the implementation of performance contracting process in the Civil Service. Table 4.5 presents the findings and indicates that there is a moderate Pearson Correlation Coefficient of 0.688 at a p-value of 0.044. This implies that employees' motivation is significant in the implementation of performance contracting process since the p-value 0.044 is less than the conventional 0.05.

These findings correspond to study by Shirley (1998) which revealed that the logic of performance contracts is persuasive. She carried out two empirical studies on analyzing the effect of implementation of contracts on profitability and productivity in hundreds of state enterprises in China and examined statistically the correlation between performance contracts, motivation and productivity. The study found that there was no evidence that employee motivation assisted organizations neither on improved efficiency nor in performance contracting process. These findings imply that motivated employees' makes the implementation of performance contracting process a reality. This could be due to

facts that motivated employees performs better due to ownership of the organizational processes.

**Table 4.5 Correlation Matrix: Employees Motivation and Implementation Process**

		Employees’ Motivation	Implementation of PC Process
Employees’ Motivation	Pearson Correlation	1	0.688
	Sig. (2-tailed)		0.044
	N	102	102
Implementation of PC Process	Pearson Correlation	0.688	1
	Sig. (2-tailed)	0.044	
	N	102	102

**(v) Regression Analysis**

Regression is a technique used to describe a relationship between two variables in mathematical terms (Andre, 2004). Findings presented in Table 4.6 indicate an R-square value of 0.521 which implies that employees’ motivation explains 52.1% of the implementation of performance contracting process in the Civil Service. These findings could be interpreted to imply that employees’ motivation plays a significant role in the

implementation process and all efforts that could improve employees' motivation should be boosted to fasten the implementation process.

**Table 4.6: R-Square: Employees' Motivation on the Implementation Process**

<b>Model</b>	<b>R</b>	<b>R-Square</b>
1	0.722	0.521

**(vi) ANOVA between Employees' Motivation and Implementation of PC**

Table 4.7 presents the findings for the ANOVA test between employees' motivation and the implementation of performance contracting process. Findings indicate that employees' motivation is significant as it has an F-value of 11.931 at a p-value of 0.0380 which is within the acceptable threshold value of 0.05. This implies that employees are motivated employees will influence the PC implementation process.

**Table 4.7: Anova: Employees' Motivation on Implementation of PC**

<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>F</b>	<b>Sig.</b>
1	Regression	80.096	2	11.931	0.038
	Residual	2053.550	99		
	Total	2133.646	101		

Dependent Variable: Implementation of PC

**(vi) Regression Model for Employees' Motivation on the Implementation of PC Process**

This represents a mathematical equation relating performance contracting and motivation. Table 4.8 presents the regression model for employees' motivation on the implementation of process performance contracting process in the civil service. It's noted that without employee motivation, the implementation process stand at 8.587 units and on introduction of employee motivation, the slope increase at a rate of 1.195 which is significant since the p-value (0.008) which is within the threshold value of 0.05. A unit increase in employees' motivation results to an increase of 1.195 of the implementation of performance contracting process. The generated model takes the following shape:

$$\text{Implementation of PC Process} = 8.587 + 1.195 * \text{Employees' Motivation}$$

**Table 4.8: Regression Model: Employees Motivation on Implementation of PC**

<b>Coefficients<sup>a</sup></b>						
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
Model						
1	(Constant)	8.587	0.870		9.871	0.000
	Employees' Motivation	1.195	0.022	0.788	1.918	0.008

a. Dependent Variable: Implementation of PC Process

### **4.3.2 Organizational Effectiveness**

The second objective was to determine the extent to which organizational effectiveness affect implementation of performance contracting process in the Civil Service in Kenya. Data was first analyzed in descriptive statistic for generation of understanding and characteristics followed by inferential statistics to establish quantitative relationships between organizational effectiveness and implementation of performance contracting process in the Civil Service.

#### **4.3.2.1 Descriptive Analysis**

##### **(i) Departmental Strategic Plan Affect the Implementation of PC Process**

The process of doing work using strategic planning enables an organization to be effective. This is because decisions are made and resources allocated for the core business. This item was investigating the extent to which strategic planning has contributed to the implementation of PC process. Findings presented in Table 4.9 indicate that eight percent (8%) of the respondents felt that strategic planning has a very high influence, thirty percent (30%) per cent a high extent, twenty-two percent (22%) indicated a low extent while eight percent (7%) felt indicated a very low extent. Thirty-three percent (33%) chose the moderate score. The findings imply that a majority of the respondents (71%) against 29% felt that strategic planning had an effect on the implementation process in the Civil Service.

The findings corroborate with those of Wario & Gakure (2010) who noted that with emergence of strategic planning policy in public service, employees have changed their way of doing things. This is because plans have brought order. Covey (2004) and Wiener (1982) argue that planning brings realization that it's not the argent thing but the important one that matters. Further, findings collaborate with those of Wood & Albanese (1995) who observed that strategic planning improves service delivery in the civil service. The findings also support the idea from government that plans enhance employees' productivity.

**(ii) Division's Strategic Plan Developed from the Department's Strategic Plans Affects PC Implementation Process**

This section was investigating the influence of divisions' strategic plans that are developed based on the Department's Strategic Plan on the implementation of PC process. Findings presented in Table 4.9 below indicate that five percent (5%) of the respondents indicated a very low influence, fifteen percent (15%) a low influence, twenty-nine percent (29%) indicate a moderate intent, thirty-four (34%) percent indicated a high extent while seventeen percent (17%) felt that division's strategic plans had very influence on the implementation of performance contracting process. This implies that majority of the respondents (51%) agreed that the division's strategic plans play a great role in the implementation of performance contracting process.



### **(iii) Individual Plans Affects the Implementation of PC Process**

This part of analysis was investigating the effects of individual employees' work plans in the implementation of PC process in the Civil service. Findings presented in Table 4.9 below indicate that sixteen percent (16%) of the respondents indicated a very high extent, seventeen percent (17%) a high extent, sixteen percent (16%) a very low extent, thirty-four percent (34%) low extent while twenty seven percent (27%) indicated a moderate effect.

These findings implies that majority of the respondents (50%) felt that individual plans has a low influence on the implementation of PC process. Only thirty-three percent (33%) indicated a high extent. Findings agree with Taormina (1999) who argued that individual plans helps the employees in concentrating the efforts required. Further, World Bank (1995) noted that planning is key in elevating performance of any individual or organization.

### **(iv) Guidance and Training of Junior Employees on PC Affects the Implementation Process**

As to whether guidance and training of junior staff on PC affects the implementation process, findings presented in Table 4.9 below indicate that six percent (6%) of the respondents indicated a very high extent, twenty-four percent (24%) a high extent, eight percent (8%) very low extent, twenty-eight percent (28%) low extent and thirty-four percent (34%) indicated a moderate influence. The findings therefore imply that a slight

majority of the respondents (36%) disapproved idea of guidance and training on the implementation process compared to those who attached guidance and training to the implementation process. The findings agree with Oliver (1990) who noted that guidance on organizational issues reduces employees' speculations. The findings further corroborate with Taylor (1992) and Snell & Dean (1992) who observed that training improves employees' perception and skills.

#### **(v) Division's Core Values Affect the PC Implementation Process**

Respondents were required to comment as to whether the prescribed and practiced departmental core values affects the PC implementation process. Findings presented in Table 4.9 indicate that nineteen percent (19%) of the respondents indicated a very high association; thirty-three percent (33%) a high extent; one percent (1%) indicated a very low effects; seventeen percent a low effects while thirty percent (30%) noted a moderate influence. The findings therefore implies that majority of the respondents (52%) are in agreement that the core values influence the implementation of performance contracting processes' decision making is based on the set and portrayed division's core values.

These findings support a study by Wood (1999) and Wood & Albernese (1995) who observed that the way employee interpret and carry themselves affects service delivery.

**(vi) Departmental Mission, Vision and Objectives affect the Implementation of PC Process**

Respondents were required to comment on effect of mission, vision and objectives to the implementation of performance contracting process same for their divisions. Findings presented in Table 4.9 indicate that nine percent (9%) of the respondents indicate a very high extent on the implementation of performance contracting process; twenty-eight percent (28%) a high extent; eight percent (8%) indicated a very low extent; twenty-one percent (21%) a low extent while thirty-four percent (34%) indicated a moderate extent. The findings imply that respondents who indicated some influence (37%) and those who found no influence were (39%) which is roughly balanced. Bearing in mind that strategic planning is a new philosophy in the public management, it can be deduced that its taking positive roots and bearing the desired fruits.

The findings collaborate with Mugambi *et al.* (2010) in a study on Health and Safety who observed that when employees understand vision and mission of the organization, they perform. Further, Musimba (2010) reckon that when the organizational vision is well articulated, employees follow easily and smoothly thus improving performance.

**Table 4.9: Organization Effectiveness on Implementation of PC**

<b>Organization Effectiveness</b>	<b>Very Low Extent %</b>	<b>Low Extent %</b>	<b>Moderate %</b>	<b>High Extent %</b>	<b>Very High Extent %</b>
Departmental Strategic Plan affect the implementation of PC process	7	22	33	30	8
Division's Strategic Plan developed from the Department's strategic plans affects PC implementation process.	5	15	29	34	17
Individual plans developed from the department affects the implementation of PC process	16	34	27	17	16
Guidance and training of junior employees on PC affects the implementation process	8	28	34	24	6
Division's Core Values affect the PC implementation process	1	17	30	33	19
Departmental Mission, Vision and Objectives affects the implementation of PC process	8	21	34	28	9

#### **4.3.2.2 Inferential Analysis**

##### **(i) Factor Analysis**

Findings presented in Table 4.10 indicate the components and the decision made for the organizational effectiveness, an independent variable after the factor loading. The question had six (6) factors and all were retained for subsequence analysis since they all met the threshold loading value of 0.4 (David *et al.*, 2010).

**Table 4.10 Factor Analysis for Organization Effectiveness**

<b>Component Matrix</b>		
<b>Organization Effectiveness</b>	<b>Component</b>	<b>Decision</b>
Departmental Strategic Plan affect the implementation of PC process	.922	Retain
Division's Strategic Plan developed from the Department's strategic plans affects PC implementation process.	.881	Retain
Individual plans developed from the department affects the implementation of PC process	.754	Retain
Guidance and training of junior employees on PC affects the implementation process	.660	Retain
Division's Core Values affect the PC implementation process	.541	Retain
Departmental Mission, Vision and Objectives affects the implementation of PC process	.479	Retain

**(ii) Reliability Test for Organization Effectiveness**

Findings presented in Table 4.11 below shows the Cronbach Alpha Coefficient of 0.753 for organizational effectiveness. This value is acceptable because it is above the 0.7 threshold value recommended for subsequent analysis.

**Table 4.11 Reliability Test for Organization Effectiveness**

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
0.753	6

**(iv) Correlation between Organizational Effectiveness and Implementation of PC**

Findings presented in Table 4.12 indicate that there is a significant and positive correlation coefficient of 0.772 between organizational effectiveness and implementation of performance contracting process at a p-value of 0.034 which is within the threshold p-value of 0.05. This implies that organization effectiveness has a significant influence on the implementation of performance contracting process in the Civil Service.

**Table 4.12 Correlation between PC and Organizational Effectiveness**

**Correlations**

		Organizational Effectiveness	Implementation of PC Process
Organizational Effectiveness	Pearson Correlation	1	0.772
	Sig. (2-tailed)		0.034
	N	102	102
Implementation of PC Process	Pearson Correlation	0.772	1
	Sig. (2-tailed)	0.034	
	N	102	102

**(v) R-Square for Organization Effectiveness on the Implementation Process**

Table 4.13 shows the generated R-Square for organization effectiveness on the implementation process. Findings indicate that organization effectiveness explains 47.1% of the implementation of performance contracting process. This implies that the effectiveness in the civil service has a moderate effect on the implementation of performance contracting process. Implementation of any government programme is highly dependent on the way employees interpret organizational goals, objectives and strategies (Republic of Kenya, 2005a).



**Table 4.13 R-Square: Performance Contracting on Organizational Effectiveness**

Model	R	R Square
1	0.686	0.471

**(xi) ANOVA between Organizational Effectiveness and Implementation of PC**

Analyses of variance (ANOVA) test the significance of one variable against another. Findings presented in Table 4.14 presents the findings for the ANOVA test between organizational effectiveness and the implementation of performance contracting. Findings indicate that organization effectiveness is significant in the implementation process since it has an F-value of 9.530 at a p-value of 0.029 which is above the acceptable threshold value of 0.05.

**Table 4.14 ANOVA between Organizational Effectiveness and Implementation of PC**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.360	2	4.180	9.530	0.029
	Residual	781.285	99	7.892		
	Total	789.645	101			

a. Predictors: (Constant), Organizational Effectiveness

b. Dependent Variable: Implementation Process of PC

**(xii) Regression Model: Organizational Effectiveness and Implementation of PC**

This section presents the mathematical model that relates the independent variable; the organizational effectiveness on the implementation process in the civil service. Table 4.15 presents the values of the generated model and indicate that a unit increase in organizational effectiveness by 0.923. This is significant since the p-value is 0.018 which is well within the acceptable conventional value of 0.05 for the t-values. The model is presented by;

$$\textit{Implementation of PC Process} = 8.301 + 0.923 * \textit{Organization Effectiveness}$$

**Table 4.15 Regression Matrix: Organizational Effectiveness on the  
Implementation Process**

<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>T</b>	<b>Sig.</b>
1	(Constant)	8.301	0.239		12.997	0.000
	Organizational Effectiveness	0.923	0.122	0.195	1.005	0.018

a. Dependent Variable: Implementation of PC Process

### 4.3.3 Organizational Culture

The second objective of this study was to determine the extent to which organizational effectiveness affect implementation of performance contracting process in the Civil Service in Kenya. Cole (2004) argues that every organization has a unique culture which develops and evolves over time and affects the implementation of programmes and projects while Luthans (2008) noted that (Schein, 1992; McNabb, 2007) argues that;

“Every organization has its own organizational culture and climate. The role of the culture of an organization has also achieved key importance in the literature of knowledge management” (pp. 87)

also,

“Organization performance highly depends on the culture and that it’s the management’s responsibility to shape the right culture’ (pp. 57).

The following is the analysis of the factors presumed as contributors to organizational culture.

#### **4.3.3.1 Descriptive Analysis**

##### **(i) Departmental way of doing Things Affect the Implementation of PC Process**

As to whether departmental way of doing things affects the implementation of performance contracting process, respondents were required to respond on a 1-5 likert scale. Finding presented in Table 4.16 indicate that twenty percent (20%) responded to a very high extent, twenty-six percent (26%) to a high extent, sixteen percent (16%) indicated a low extent; ten percent (10%) a very low extent while twenty-eight percent (28%) had noted a moderate extent. This implies that majority of the respondents (74%) agreed that departmental way of doing things effected the implementation of performance contracting process.

The findings are in tandem with study by Prajapati (2009) who observed that management in the public service has undergone a paradigm shift from Administrator Model to Management Model with implementation of performance contracting. The shift to the management model in Kenya performance contracting represents an attempt of empowering managers, making them take greater responsibility, giving them greater operational freedom and hold them accountable for results. Further, the findings also lime

and agree with past studies by (Muthaura, 2007; and Kobia & Mohammed, 2006) that observed and indicate that culture in the Civil Service influence implementation of performance contracting tool. However, a review by RoK (2012) observed that to change people's working culture in the Civil Service demand government goodwill to reinforce the good behavior and deal with or punish the behavior that act contrary to the expected norms harshly.

Mullins (2002) on the other hand argues that the heart of organization development and improved performance emanate from effective management. It is the role of management to act as an integrating activity and co-ordinate, guide and direct the efforts of members towards achievement of goals. Drucker (2009) reckon that there is nothing accidental about cultural strengths and that there is a relationship between an organization's culture and its performance. Performance contracting emerging culture can help reduce complexity, uncertainty and rigidity (bureaucracy) that is associated with public service.

**(ii) Department use of the Information obtained from Various Sources**

Laegaard & Bindsleve (2006) looks at innovation as the process of creating something different and occurs with the conversion of existing knowledge and ideas into a new benefit, such as new or improved processes or services. The innovation process in the public sector includes the search for and application of new technologies within

organizations, new and improved ways of delivering government services, and new or untried management processes and systems (Edvinson *et al.*, 2004).

This section was investigating whether departments use the information obtained to from customers to boost creativity and innovation. Findings presented in Table 4.16 indicate that twelve percent (12%) of the respondents indicated a very low extent, thirteen percent (13%) a low extent, twenty-eight percent (28%) were moderate, and thirty-two percent (32%) indicated a high extent while fifteen percent (15%) indicated a very high extent that the information generated is used.

This implies that majority of the respondents (65%) are in agreement that information generated help in transforming public service to learning organizations to a certain extent. The findings are in tandem with a review by government Republic of Kenya (2012); Kuvaas (2006) who recommended review of ranking for effectiveness since employees learn from experience. Further, McNabb (2007) in the study on *Knowledge Management in the Public Sector* noted that;

“Organizational learning subsystem makes it possible for a government agency or department to transform itself from the traditional hierarchical, bureaucratic structure thought for decades to be the public service ideal, to become an organization that learns from its mistakes and successes. Learning organizations can exist only when experience and knowledge are consistently and extensively shared, valued, and promoted” (pp.147).

Findings and literature agree that although employees feel that review of annual ranking could improve organization effectiveness in the civil service, not all departments do it.

**(iii) The Department Uniqueness is noted in Delegation Method used in Coaching and Mentoring**

Mentoring exercise is a process in which a senior and more experienced individual assists the development of his subordinate. The senior is called the mentor, and advises, counsels and guides the subordinate to perform to the best of her abilities. The mentor also provides clarifications of doubts as they occur. The mentoring exercise is beneficial to both the organization and the employee being mentored. Members were required to comment whether delegation, coaching and mentoring takes place.

Findings presented in Table 4.16 indicated that nineteen percent (19%) of the respondents indicated to a very low extent, thirty-two percent (32%) a low extent, fourteen percent (14%) a high extent and twelve percent (12%) indicated a very high extent. strongly agreed that work is delegated and mentoring and coaching takes place. This implies that majority of the respondents (51%) disagreed. This contradicts a study by Akaranga (2008) which noted that improved communication between the principal and the agent had eased the implementation of performance contracting. It can further be deduced that although majority of the respondents disagreed on delegation, mentoring and coaching, it's clear that increased communication in the working environment due to different enhanced the implementation process.

#### **(iv) Updating of Customer Satisfaction Survey Tools**

The respondents were required to comment on whether the tools used to determine customer satisfaction are constantly modified to capture new ideas and emerging customer's needs. Findings presented in Table 4.16 indicate that fourteen percent (14%) of the respondents noted a very low extent; twenty-nine percent (29%) a low extent; twenty-nine (29%) percent said it was moderately done; nineteen percent (19%) indicated a high extent while nine percent (9%) indicated a very high extent on the modification of the tools. This implies that a good number of the respondents (43%) disagreed on any modifications an indication that customers' needs are not adequately monitored.

These findings correlate with Akaranga (2008) who argued that with respect to changes in customer relations, new interfaces and instruments are installed, resulting in increased client orientatedness. The study noted that during the implementation of the performance contracting tool, most of the State Corporations and government ministries in Kenya, for instance the Teachers Service Commission (TSC), now have functional customer care and public relations offices. However, the functioning of these offices is hampered, in some cases, by the insufficiency of financial and human resources not to mention obsolete questionnaires. Further, Gakere *et al* (2013) noted that it is critical that performance contracting involves regular feedback system and constant monitoring and evaluation. This assists in the improvement of ability to discharge their duties as demanded by customers. It can thus be deduced from these findings that the tools used in monitoring



and evaluation of customers' satisfaction if well updated on regular bases would improve the implementation of PC process.

**(v) Analyzes Customers Complaints for improvement**

Organization effectiveness will only improve if the complaints raised by the customers are analyzed acted upon (Kuvaas, 2006). This item was investigating whether this is done in the department. Findings presented in Table 4.16 indicate that fifteen percent (15%) of the respondents strongly agreed, twenty-six percent (26%) agreed, twenty-eight percent (28%) of the respondents remained neutral; twenty-nine percent (29%) disagreed while only two percent (2%) strongly disagreed. This implies that majority of the respondents (42%) agreed that data collected is analyzed on collection and necessary actions taken.

The findings are in agreement with Directorate of Personnel Management (2010) that recommended a review of the design, process and evaluation of the performance contracting system applied since 2004. Due to constant change in customers' needs, every business (private or public) needs to create behind-the-scenes systems that guide the employees to ensure that they deliver customer service that will be remembered as well as delight clients with pleasant surprises. The findings also imply that performance contracting is having an influence on and transforming the way customers and their complaints are handled leading to the premised culture.

#### **(vi) Dressing Code for Employees**

Organization culture emanate from regular observable behavior, artifacts, language, ways of doing things to attire assumed by the employees (Luthans, 2008). This part was investigating whether the ministry had any form of common dressing code. Findings presented in Table 4.16 indicate that sixteen percent (16%) of the respondents strongly agreed, forty-one percent (41%) agreed, eighteen percent (18%) disagreed, one percent (1%) strongly agreed and eighteen percent (18%) remained neutral. This implies that majority of the respondents (57%) agreed that dressing code exist.

These findings are in agreement with Laegaard & Bindsleve (2006) who reckon that organizational dressing code is capable of creating a culture. The study noted that different societies, organizations and cultures have different dress codes. Code of Regulations for Civil Service of Kenya (2006) require civil servants to wear uniform or certain standards of dress, such as a business suit or tie or simply be smart and this has resulted into a culture such that it's possible to identify a civil servant from others.

#### **(vii) Core Values into Reality**

This point was investigating the level in which the department had converted the core values into reality in the provision of services to the customers. Findings presented in Table 4.16 indicate that eleven percent (11%) of the respondents strongly agreed, thirty-

five percent (35%) agreed eighteen percent (18%) disagreed and two percent (2%) of the respondents strongly disagreed. This implies that majority of the respondents (46%) agreed that performance contracting enables departments convert core values into reality.

The findings concur with Covey (2004) who argued that unless organizations lived their statements from top to bottom, these statements are not important. Statements must be lifted from papers and be lived. Muthaura (2007) also argued that all public entities must translate the Code of Regulations into a reality. Covey (2004) further reckon that core values of an organization are those values which form the foundation on which people perform work and conduct themselves and are the basic elements of how people go about their work.

Values are traits or qualities considered not just worthwhile, but individuals or organization's highest priorities, deeply held beliefs, and core, fundamental driving forces. The core values of the organization leaders permeate the workplace and are powerful shapers of the organization's culture. From the findings, literature and discussion, it is clear that performance contracting not only provided room for these working statements but has tried to interpret them in working environment.

**Table 4.16 Organizational Culture on Implementation of PC**

<b>Organization Culture</b>	<b>Very Low extent %</b>	<b>Low Extent %</b>	<b>Moderate %</b>	<b>High Extent %</b>	<b>Very High Extent %</b>
The Departmental way of doing things affect the implantation of Performance Contracting process	10	16	28	26	20
The Department uses the information obtained from various sources for smooth implementation of projects	12	13	28	32	15
The Department uniqueness is noted in the use delegation method to coaching and mentoring	19	32	23	14	12
The Department determines customer satisfaction and keeps modifying approaches to make PC a reality.	14	29	29	19	9
Departmental teamwork is noted across all the divisions in the PC implementation process	2	29	28	26	15
Employees' creativity and innovativeness is greatly enhanced for implementation of PC	1	18	24	41	16
Core values: integrity, honest meritocracy affects implementation of PC	2	18	34	35	11

### 4.3.3.2 Inferential Analysis

#### (i) Factor analysis

Before data was analyzed in inferential statistics, factor analysis was done through the SPSS programme to allow retention or dropping of some factors. Table 4.17 presents the findings for the values for organizational culture. All the eight (8) factors qualified for further analysis since generated values greater than 0.4 were obtained.

**Table 1.17 Factor Analysis for Organizational Culture**

<b>Component Matrix</b>		
<b>Organization Culture</b>	<b>Component</b>	<b>Decision</b>
Creativity and Innovativeness	.893	Retain
Core values into reality	.888	Retain
Dressing Code for	.882	Retain
Analyzes Customers Complaints for improvement	.785	Retain
Delegation, Coach, Mentor based on merit	.638	Retain
PC creates Departmental uniqueness	.560	Retain
Use Information obtained to plan innovation	.521	Retain
Modifies Approaches to determine customer satisfaction	.477	Retain

**(ii) Reliability Test for Organizational Culture**

Table 4.18 below shows the Cronbach Alpha Coefficient for organizational culture variable of 0.861. This is acceptable because it is over and above 0.7 threshold value for subsequent analysis.

**Table 4.18 Reliability Test for Organizational Culture**

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
0.861	8

**(iv) Correlation between Organizational Culture and Implementation of Performance Contracting**

Culture in organizations affects their way of doing things. This section present the effects of organization culture in the civil service in Kenya. According to Muthaura (2007) and Republic of Kenya (2005a, 2005b, 2005c), performance contracting tool intended to result to a paradigm shift in the way public servants gave their service to the citizens. Findings presented in Table 4.19 show a Pearson Correlation Coefficient of 0.752 at a p-value of 0.026 between organizational culture and implementation of performance contracting process. This implies that organizational culture plays a key role in the implementation of performance contracting since the correlation coefficient is high and significant (p-value of 0.026 is within the threshold p-value of 0.05). This implies that if the culture in the Civil Service could be improved and made more conducive, the

implementation of performance contracting process would be faster and easier (Republic of Kenya, 2003b, 2005a).

**Table 4.19 Correlation between Organizational Culture and Implementation of PC**

		<b>Correlations</b>	
		<b>Organizational Culture</b>	<b>Implementation of Performance Contracting</b>
Organizational Culture	Pearson Correlation	1	0.752
	Sig. (2-tailed)		0.026
	N	102	102
Implementation of Performance Contracting	Pearson Correlation	0.752	1
	Sig. (2-tailed)	0.026	
	N	102	102

**(v) Regression Analysis**

Table 4.20 below presents the R-Square value for organizational culture on the implementation of performance contracting process. R-Square value indicates the influence of the independent variable on the dependent. Findings indicate an R-Square value of 0.547 which implies that organization culture explains 54.76% of the

implementation process of performance contracting. This means that it has a lot of effects and influence on the implementation process.

**Table 4.20 R-Square: Performance Contracting on Organizational Culture**

<b>Model</b>	<b>R</b>	<b>R Square</b>
1	0.740	0.547

**(viii) ANOVA between Organizational Culture and Implementation of PC**

Table 4.21 presents the findings for the ANOVA test between organizational culture and implementation of performance contracting process in the Civil Service. Findings indicate that organizational culture is significant although at low F-value of 0.153 at a p-value of 0.045 which is just at the boulder of the conventional value of 0.05.



**Table 4.21 ANOVA: Organizational Culture and Implementation of PC**

**ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	6.390	2	3.195	0.153	0.045
	Residual	2071.191	99	20.921		
	Total	2077.581	101			

a. Predictors: (Constant), Policy, Performance Contracting

b. Dependent Variable: Organizational Culture

**(vi) Regression Model**

This represents a mathematical equation relating organizational culture the implementation of performance contracting process. Table 4.22 presents the regression model for organizational culture on the implementation of PC in the civil service. It's noted that without performance contracting, implementation stand at 12.954 units and on introduction of organizational culture, the slope increase at a rate of 0.953. This implies that organizational culture is significant and a unit change in organizational culture increases implementation process by 0.953. The p-value of 0.006 is far below the conventional value of 0.05.

The findings are in tandem with Prajapati (2009) who noted that performance contracting promote employees' responsiveness, transform public administration, promote accountability and transparency but lacked accountability mechanism. Kobia & Mohammed (2006) and Republic of Kenya (2003a, 2004) also argued that to institutionalization and creation of ownership culture of performance contracting, managers and citizens should be involved in the whole implementation process of performance contracting.

The generated model takes the following shape:

$$\text{Implementation of PC Process} = 12.954 + 0.953 * \text{Organizational Culture}$$

**Table 4.22 Regression Model: Organizational Culture on Implementation of PC**

		<b>Coefficients<sup>a</sup></b>			
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	T Sig.
1	(Constant)	12.954	0.873		14.841 0.000
	Organizational Culture	0.953	0.012	3.052	4.518 0.006

a. Dependent Variable: Implementation of PC Process

#### **4.3.4 Government Policy**

The fourth objective of this study was to investigate the extent to which existing Government policies on performance contracting affect implementation of performance

contracting process in the Civil Service in Kenya. During the initial stages of performance contracting in 1998, Republic of Kenya (2005a) argued that, the project failed due to lack of political support and goodwill from the government. During the second phase of PC implementation, it became a government policy and mandatory that all government ministries departments and agencies be managed through performance contracting. This section presents the inferential analysis of the government policy on the implementation process of other variables.

**(i) The Correlation Between Government Policy and Implementation of PC Process**

This section presents findings of the effects of the government policy on the implementation of performance contracting process in the Civil Service in Kenya. Findings presented in Table 4.23 indicate that government policy has a strong and positive Pearson Correlation Coefficient of 0.872 at a p-value of 0.000. This implies that government policy plays a significant role on the implementation process since the value is large enough and p-value is well within the threshold value of 0.05 ( $p=0.000, p \leq 0.05$ ).

The findings agree with study by Tessema et al (2006) who noted that although the process faced challenges such as organizational structure and political interference, the government policy on performance contracting has born positive results. Further, Mbua

& Sarisar (2013) in a study “*Challenges in the Implementation of Performance Contracting Initiative*” noted that;

“The Kenya Government does acknowledge that over the years there has been poor performance in the public sector especially in the management of public resources but the government through the Economic Recovery Strategy that introduced performance contracting, addressed the situation” ( pp. 4)

**Table 4.23 Correlation Matrix: Government Policy on Implementation of PC**

Control Variables		Government Policy	Implementation of PC Process
<b>Government Policy</b>	Correlation	1.000	0.872
	Significance (2-tailed)	.	0.000
	Degree of Freedom	0	99
	Correlation	0.872	1.000
<b>Implementation of PC Process</b>	Significance (2-tailed)	0.000	.
	Degree of Freedom	99	0

**(ii) R-Square for Government Policy on Implementation of PC Process**

Findings presented in Table 4.24 show an R-Square value of 0.588 which indicate that government policy explained 58.8% of the implementation of performance contracting process. This supports the government argument that performance contracting tool increase productivity (Republic of Kenya, 2012).

**Table 4.24 R-Square Matrix for Government Policy on Productivity**

Model	R	R-Square
1	0.767	0.588

**(ii) ANOVA between Government Policy and Implementation of PC Process**

Findings presented in Table 4.25 indicate the results for the ANOVA test between government policy and implementation process. The findings indicate that government policy is significant as it has an F-value of 53.953 at a p-value of 0.000 which is within the acceptable threshold and conventional value of 0.05. It can therefore be deduced that government policy on performance contracting plays a very significant role in the implementation process of performance contracting in the Civil Service in Kenya.

**Table 4.25 ANOVA; Government Policy and Implementation of PC**

**ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	18047.943	2	9023.971	53.953	0.000
	Residual	228.278	100	2.283		
	Total	18276.221	102			

A. Predictors: Policy, Government Policy

C. Dependent Variable: Implementation of PC

Process

**(iii) Regression Model: Government Policy and Implementation of PC**

This is a mathematical equation that relates the one of the independent study sub-variable the government policy and the independent variable which is implementation of performance contracting in the civil service. Table 4.26 presents the values of the generated model and findings indicate that a unit increase in government policy results to an increase of 1.158 units in the implementation of PC process. This is significant since the p-value (0.000) is within the acceptable and conventional value of 0.05 ( $p < 0.05$ ) for the t-values. The model can be presented mathematically by the equation;

$$\text{Implementation of PC Process} = 1.158 * \text{Government Policy}$$

**Table 4.26 Regression Model Matrix: Government Policy on implementation of PC**

<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>T</b>	<b>Sig.</b>
1	Government Policy	1.158	0.066	0.740	17.649	0.000

a. Dependent Variable: Implementation of PC

b. Linear Regression through the Origin

#### **4.3.5 Performance Contracting**

This section presents the findings of the factors studied under performance contracting tool, the dependent variable in the study.

##### **4.3.5.1 Descriptive Analysis**

###### **(i) Role of Performance Contracting**

This section was investigating whether performance contracting generally has played a significant role in the service delivery. Findings presented in Table 4.27 indicate that twenty-four percent (24%) of the respondents indicated a very extent; thirty-three percent (33%) a high extent; twelve percent (12%) a low extent; six percent (6%) a very low extent while twenty-five percent (25%) indicated a moderate extent. This implies that majority of the respondents (57%) agreed that performance contracting had played a

significant role in influencing employees' behavior in the department toward performance.

These findings are in consonance with the major studies done performance contracting in Kenya such as (Gakere et al., 2013; Republic of Kenya, 2012; Akaraga, 2008 and Kobia & Mohammed, 2006) whose studies concentrated on the impact of performance contracting since implementation in 2005. Further, these studies note that performance contracting has played a role in influencing employees' behavior towards expected or pattern. This is a pointer to the fact that implementation of performance contracting had played a role in improving enhancing performance in the civil service.

## **(ii) Global trend and ICT**

Information and Communication Technology (ICT) has had a lot of influence on every aspect of work in the modern organizations (McNabb, 2007) including implementation of any government reform. This question was investigating the effects of ICT role on implementation of performance contracting. Findings presented in Table 4.27 indicate that thirty-two percent (32%) of the respondents indicated that ICT influence implementation to a very high extent; forty-nine percent (49%) to a high extent; three percent (3%) indicated a low extent while none indicated a very low extent.

This implies that majority of the respondents (81%) agreed that ICT had a positive influence in the implementation of performance contracting in the department. These



findings correlate with Luthans (2002) theory which argued that ICT has a sweeping effect in all organization functions and operations. The theory noted that organizations are being melted and are dissolving into the ICT tool of communication. Robbins *et al* (2009) noted that about 70% of communication in today's organization is in electronic media. These findings points out to the fact that ICT is a major player in the success of the implementation of change in the civil service.

### **(iii) Employees Training on Performance Management**

Performance contracting tool operates in a management style that involves breaking down work into activities, setting targets based on the activities, measurement and evaluation of targets (World Bank, 1995). This part was investigating whether employees had been trained on this form of performance management.

Findings presented in Table 4.27 indicate that fifteen percent (15%) of the respondents strongly agreed to having been trained, twenty-four percent (24%) to a high extent agreed; twenty-eight percent (28%) indicated a moderate extent; twenty-two percent (22%) indicated a low extent while eleven percent (11%) noted a very low extent. This implies that a slight majority (39%) of the respondents agreed as compared to thirty-three percent (33%) of respondents who disagreed having received any training on performance management.

These findings correspond and lime to findings by Kobia & Mohammed (2006) who observed that training on PC had been carried out to the majority (72%) of the public servants. Findings also correlate to the government policy on training Republic of Kenya, (2005a) that required all employees to have a minimum of five (5) training days per year.

#### **(iv) What Gets Measured Gets Done**

This section was investigating the respondents' take on "*What get measured gets done*" paradigm. Findings presented in Table 4.27 indicate that sixteen percent (16%) of the respondents agreed to a very high extent; twenty-five percent (25%) indicated a high extent; thirty-eight percent (38%) a low extent; seven percent (7%) a very low extent while fourteen percent (14%) indicated a moderate extent. This implies that majority of the respondents (59%) indicated that measuring employees' output moderately influence overall performance in the Civil Service.

These findings disagree with a theory by Drucker (2009) that argued that unless employees work is measured, production expected is to the minimum because anything is "okay" and acceptable. The findings also contradict *Taylorism* or scientific management theory that is based on measurement and standards. These findings points out to the fact that measurement has not been taken very positively in the civil service probably because it exposes the employees' laxity.

#### **(v) Ranking Enhances Performance**

Ministries, Departments and Agencies are ranked annually to display the position for each performance in comparison to the others. Respondents were required to comment on the effects of ranking on the performance. Findings presented in Table 4.27 indicate that sixteen percent (16%) of the respondents indicated that ranking influenced performance to a very high extent; twenty-two percent (22%) to a high extent; twenty-five indicated a moderate extent; twenty-eight percent (28%) to a low extent while nine percent (9%) noted a very low extent. This implies that respondents a slight majority of 38% against 37% indicated that ranking has influenced performance. This contradicts the spirit behind measurements according to Republic of Kenya (2005b) because ministries, departments and agencies were expected to share their strength to minimize on the weakness. Studies by (Korir, 2010; Akaranga, 2008; Muthaura, 2007; and Kobia & Mohammed, 2006) observed that performance contracting has become key to the achievements of results in the public sector following a move by the government to open up its public coffers for scrutiny and accountability.

**Table 4.27 Performance Contracting on Performance**

<b>Performance Contracting</b>	<b>Very Low Extent %</b>	<b>Low Extent %</b>	<b>Moderate %</b>	<b>High Extent %</b>	<b>Very High Extent %</b>
PC has played a Role on Performance	6	12	25	33	24
Global trend and ICT has improved performance	0	3	16	49	32
Employees training on PC enhances performance	15	24	28	22	11
Measuring results enhances performance	7	38	14	25	16
Ranking enhances performance	9	28	25	22	16

#### **4.3.5.2 Inferential Analysis**

##### **(i) Factor Analysis**

Findings presented in Table 4.28 presents the components and the decision made for the performance contracting, the dependent variable in the study on the factors affecting the implementation process. The variable was represented through five factors. All the five (5) factors were retained for subsequent analysis since they all met the threshold value of 0.5 (David *et al* 2010).

**Table 4.28 Factor Analysis for Performance Contracting**

**Component Matrix**

Performance Contracting	Component	Decision
Performance Contracting Role	.941	Retain
Global trend and ICT	.941	Retain
Employees training on performance management	.907	Retain
Ranking enhances performance	.566	Retain
What gets measured gets done	.543	Retain

**(iii) Reliability Test for Performance Contracting**

Findings presented in Table 4.29 below shows the Cronbach Alpha Coefficient for organizational effectiveness of 0.845 the factors therefore qualified for subsequent analysis since coefficient is above the conventional Cronbach Alpha Coefficient of 0.7.

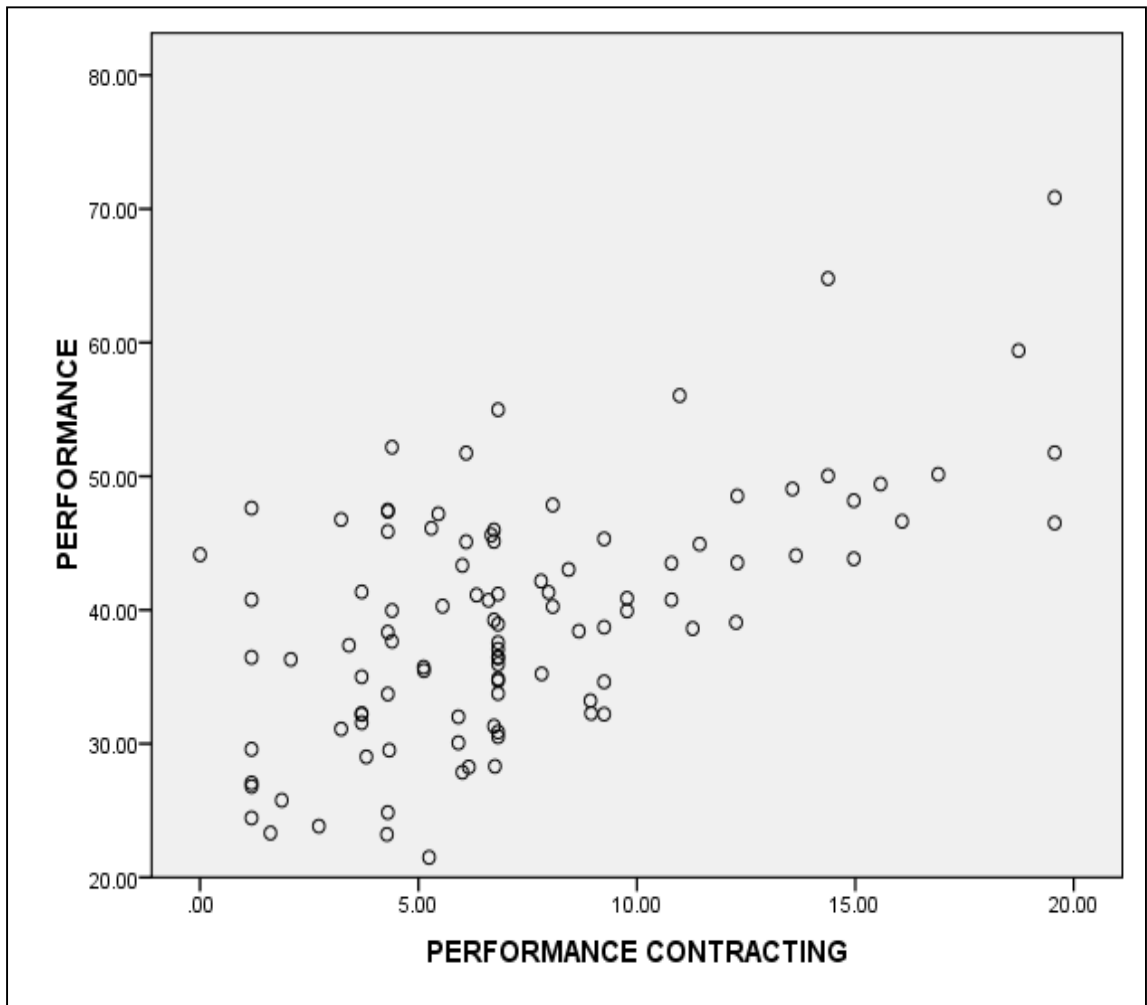
**Table 4.29 Reliability Test for Performance Contracting**

Reliability Statistics	
Cronbach's Alpha	N of Items
0.845	9

**(iv) Scatter Plot for Performance Contracting on Performance**

Figure 4.7 present the results of the scatter plot between performance contracting and the effectiveness of performance in the civil service. The scatter plot implies that performance contracting has resulted to positive performance. This is in agreement with Muthaura (2007) who argued that performance will only increase when employees'

performance is based on achievement of set target. These findings further collaborate with Kobia & Mohammed (2006); Akaranga (2008) who observed that during the piloting of performance contracting in 16 state corporations, performance effectiveness increased by 282%.



**Figure 4.7 Scatter Plot for Performance Contracting on Performance**

**(v) Correlation between Performance and Performance**

Table 4.30 indicates that performance contracting has a strong and positive Pearson correlation coefficient of 0.596 at a p-value of 0.000. This implies that performance contracting is significant and has positive influence on performance in the civil service since the p-value (p=0.000) is well within the threshold value of (0.05, p<0.05).

**Table 4.30 Correlation between Performance Contracting and Performance**

**Correlations**

		Performance	Performance Contracting
Performance	Pearson Correlation	1	0.596**
	Sig. (2-tailed)		0.000
	N	102	102
Performance Contracting	Pearson Correlation	0.596**	1
	Sig. (2-tailed)	0.000	
	N	102	102

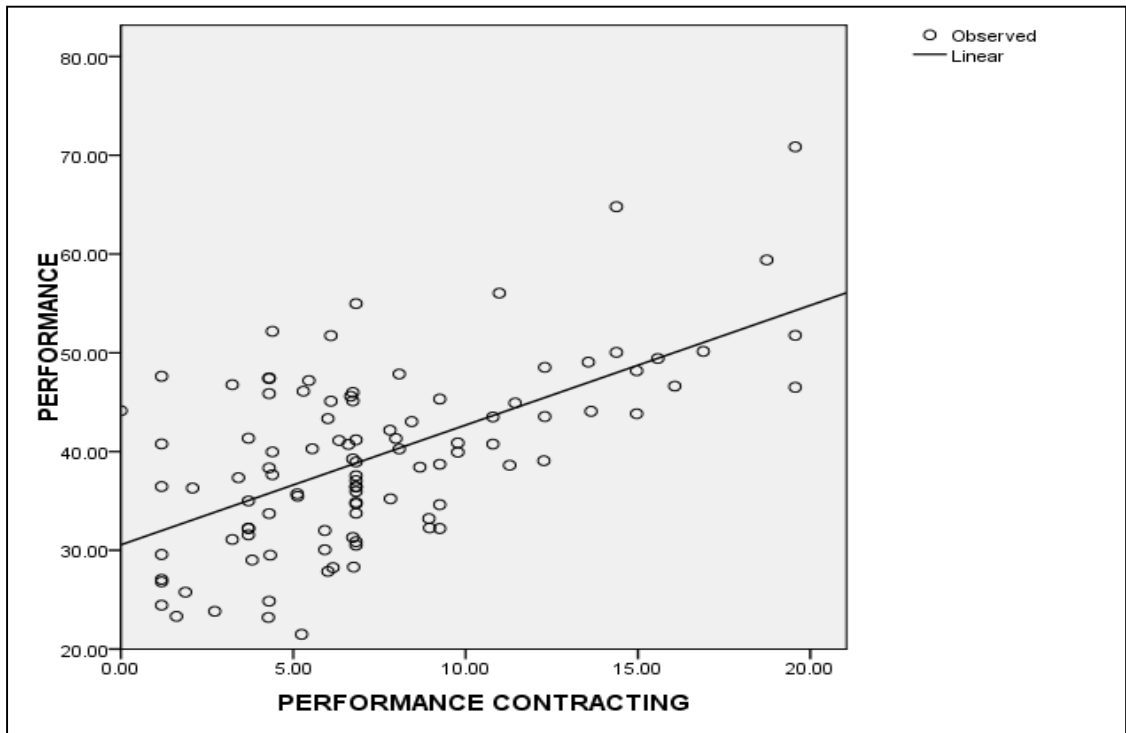
\*\* . Correlation is significant at the 0.01 level (2-tailed).

**(vi) Regression Fitting of Performance Contracting on Effectiveness of Performance**

Findings presented in Figure 4.8 indicate a scatter plot with a fitted linear regression line. The figure indicates that the observed plots and regressed linear lines between performance contracting and effectiveness of performance are positively related. This

implies that performance contracting resulted to effectiveness of performance in the civil service.

Table 4.31 presents the R-square value which is the amount an independent variable is able to explain on the dependent variable. The value for R-squared (0.316) in the table implies that performance contracting explains 31.6% of the effectiveness of performance.



**Figure 4.8 Scatter Plot: Performance Contracting on Performance**



**Table 4.31 R-Square Value for Performance Contracting on Performance**

Model	R	R-Square
1	0.562	0.316

**(vi) Analysis of Variance (Anova)**

A one-way analysis of variance (Anova) tests allow determination whether a given factor or variable (performance Contracting) has a significant effect on other variables under study. Table 4.32 present the results for the Anova test. The dependent variable (performance contracting) was weighted against performance. Findings indicate that performance contracting is significant on performance as it gives an F-value of 46.098 at a p-value of 0.000 which is significant since it's less the threshold p- value of 0.05.

**Table 4.32 Anova: PC and Performance**

Anova		Sum of				
Model		Squares	Df	Mean Square	F	Sig.
1	Regression	6662.781	1	6662.781	46.098	.000 <sup>a</sup>
	Residual	14453.490	100	144.535		
	Total	21116.271	101			

- a. Predictors: (Constant), Performance Contracting
- b. Dependent Variable: Performance
- c. Weighted Least Squares Regression - Weighted by Job Title

### **(vii) Regression Model between PC and Performance**

This is a mathematical equation that relates performance contracting and performance in the civil service. Table 4.33 presents the values of the generated model and indicate that without performance contracting, performance stand at 30.793 units. A unit increase in performance contracting result to increasing performance by 1.22 units. This is significant because the value is within the acceptable p-value of 0.000 ( $p \leq 0.05$ ). The model can be presented by the model;

$$Performance = 30.793 + 1.22 * Performance\ contracting$$

These findings agree with most of the studies on performance contracting by the government and other scholars who noted that performance contracting improved performance and service delivery in the Civil Service (Republic of Kenya 2012, Prajapati 2009; Akaranga 2008; Kobia & Mohammed 2006). Performance contracting was premised that it would improve performance effectiveness in the civil service (republic of Kenya, 2003a) and the findings quantify its magnitude, effect and agrees with past studies.

**Table 4.33 Regression Model Matrix; PC and Performance**

<b>Coefficients</b>		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	30.793	1.506		20.444	.000
	Performance Contracting	1.220	.180	.562	6.790	.000

A. Dependent Variable: Performance

b. Weighted Least Squares Regression - Weighted by Job Title

#### **4.3.6 Combined Factors on Implementation of PC**

##### **(i) Correlation between Combined Factors and Implementation of PC**

Implementation of performance contracting process in the Civil Service was found to dependents on the following independent factors; employees’ motivation, organizational culture, organizational effectiveness and the government policy which were combined into a single variable or “Factors”. Findings presented in Table 4.34 indicate that the combined factors have a positive Pearson Correlation Coefficient of 0.508 at a p-value of 0.037. This implies that on overall, the factors are significant and has a positive influence on the implementation of performance contracting in the Civil Service since the p-value is below the threshold and conventional value of 0.05.

These findings fills the gap noted by Kobia & Mohammed (2006) which recommended further studies to establish more variables affecting performance contracting paradigm. The findings also corroborate with studies by Akaranga (2008); Lumley (2005) and May (2005) which noted motivation, culture and government policy as critical in improving performance of organizations.

**Table 4.34 Correlation Matrix: Factors on Implementation of PC**

<b>Correlations</b>			
<b>Control Variables</b>		<b>Combined Factor</b>	<b>Implementation of PC</b>
Combined Factors	Correlation	1.000	0.508
	Significance (2-tailed)	.	0.037
	Df	0	99
Implementation of PC	Correlation	0.508	1.000
	Significance (2-tailed)	0.037	.
	Df	99	0

**(ii) R-Square Matrix for Combined Factors on Implementation of PC**

Findings presented in Table 4.35 indicate an R-Square value 0.381 which implies that the combined all the combined factors explain 38.1% of the implementation process. This implies that employees' motivation, organizational culture, organizational effectiveness and government policy combined have a positive influence on the implementation of performance contracting process.

**Table 4.35 R-Square Matrix for Combined Factors on Implementation of PC**

<b>Model</b>	<b>R</b>	<b>R Square</b>
1	0.617	0.381

**(iii) ANOVA between Factors and Implementation of PC Process**

On the significance of one variable on the other, Table 4.36 presents the findings for the ANOVA test for the combined factors and the implementation process. Findings indicate that the factors are significant with an F-statistics value of 30.471 at a p-value of 0.000 which is within the conventionally acceptable threshold value of 0.05. This implies that the overall model was significant hence showing the strength of the model. These findings indicate that all the four factors under study contribute significantly to the implementation of performance contracting process in the civil service.

**Table 4.36 ANOVA Matrix: Combined Factors and Implementation of PC Process**

**ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	3139.698	2	1569.849	30.471	0.000
	Residual	5100.433	99	51.520		
	Total	8240.132	101			

Predictors: (Constant), Combined Factors (EM, OC, OE and GP)

Dependent Variable: Implementation of PC Process

**(iv) Regression Model: Combined Factors on the Implementation of PC Process**

This section presents the mathematical model that relates combined factors and the implementation of performance contracting process. Findings presented in Table 4.37 presents the values of the generated model. A unit increase in the employees' motivation results increasing implementation of PC by 0.616 units while a unit increases in organizational effectiveness results to an increase of 0.404.

A unit increase in organizational culture results to an increase of 0.377 of the implementation of PC while a unit increases in government policy results to an increase of 0.568. All the study variables were found to be significant since t-values are less than

the acceptable threshold value of 0.05 for the t-values. This implies that the employees' motivation, organizational culture, organizational effectiveness and government policy affect the implementation of performance contracting tool in the Civil Service.

These findings filled the gap noted by Kobia & Mohammed (2006); Black (2003); Delaney *et al* (1996) in their studies that recommended further research. The findings also confirm theories discussed in chapter two which laid foundation for the variables on employees' motivation, organizational culture and effectiveness; and government policy as critical in enhancing implementation of performance contracting in the civil service.

The regression model is presented by the following mathematical equation;

$$\text{Implementation of PC Process} = 28.769 + 0.616x_1 + 0.404x_2 + 0.377x_3 + 0.568x_4 + e$$

Where;            28.769 = Y-intercept

X<sub>1</sub>        = Employees' Motivation

X<sub>2</sub>        = Organizational Effectiveness

X<sub>3</sub>        = Organizational Culture

X<sub>4</sub>        = Government Policy

e            = Error term emanating from the unexplained variables

**Table 4.37 Regression Model for Combined Factors Model**

**Coefficients**

<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>T</b>	
1	Constant	28.769	1.632		17.628	0.000
	Employees' Motivation	0.616	0.313	0.326	2.118	0.043
	Organizational Effectiveness	0.404	0.434	0.357	2.067	0.025
	Organizational Culture	0.377	0.599	0.406	5.897	0.008
	Government Policy	0.568	0.287	0.338	1.897	0.016

Dependent Variable: Implementation of PC



## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the major findings of the study, relevant discussions, conclusions and necessary recommendations. The study sought to determine factors affecting the implementation of performance contracting process in the civil service in Kenya. Specifically, the study looked at employees' motivation, organizational culture; organizational effectiveness and government policy. The summary is done in line with the objectives of the study and based on the output of the descriptive and inferential statistical analysis. Recommendations are traced directly from conclusions in line with each objective.

#### **5.2 Summary of the Findings**

The summary of the findings are outlined along the study objectives and corresponding research questions.

##### **5.2.1 How does Employees' Motivation Influence the Implementation of Performance Contracting Process in the in Kenya's Civil Service?**

The first objective of this study was to establish the influence of employees' motivation in the implementation of performance contracting process in the Civil Service in Kenya.

Descriptive and inferential statistical methods were used to arrive at the findings where deductions and relationships were established. Various factors that led to employees' motivation such as departmental empowerment through delegation, development of employees into leaders, existence of systems that attract and retain high caliber workforce and effective training and development systems were measured and findings indicated that employees' motivation affected the implementation process of performance contracting.

Majority of the respondents indicated that motivated employees make the implementation process easier based on the factors measured. Statistical findings found a correlation coefficient value of (0.688) which was moderate. Further analysis revealed that employees' motivation explained 52.1% of the PC implementation process. A unit increase in employees' motivation lead to increasing the PC implementation process by 1.195 units. However, although employees' motivation was found to influence the implementation of performance contracting process in the Civil Service in Kenya to a great extent, it was found to be wanting and remains a challenge especially in engineering progression. This has resulted to high labor turn over in the engineering profession.

### **5.2.2 What are the Effects of Organizational Effectiveness in the Implementation of Performance Contracting Process in the Kenya's Civil Service in?**

The second objective was to find out the effects of organizational effectiveness during implementation of performance contracting process in the Civil Service in Kenya. Various factors that led to organizational effectiveness were measured and analyzed. They include reference to core values in decision making, individual plans based on departmental plans and guidance on strategic planning for individual and departmental effectiveness. Descriptive and inferential analyses were used for data analysis.

Findings indicated a positive correlation coefficient of 0.772 and that a unit increase in organizational effectiveness led to an increase in implementation process of 0.923 units. Findings also indicated that organizational effectiveness explained 47.1% of the implementation process. These findings notwithstanding, it was noted that although organizational effectiveness influences the implementation of performance contracting process to a moderate extent in the Civil Service in Kenya, it remains a major challenge. Findings revealed that employees' were not able to clearly interpret the departments' vision, mission and strategic plans to their levels of operations.

### **5.2.3 What is the Level of Significance of Organizational Culture in the Implementation of Performance Contracting Process in the Civil Service in Kenya?**

The third objective was to establish the significance of organizational culture in the implementation of performance contracting process in the Civil Service in Kenya. Various factors such; freedom to creativity and innovativeness, conversion of the core values into reality, organization uniqueness, mentoring and coaching and dressing code, teamwork and departmental uniqueness were measured and analyzed. Descriptive and inferential analyses were used for data analysis.

Findings indicate a positive correlation coefficient of 0.752 and that it explained 54.7% of the implementation process. A unit increase in organizational culture led to an increase in the implementation process of 0.953 units. It was however noted that although findings indicated that organizational culture plays a key role in the implementation of performance contracting process in the Civil Service in Kenya, an enabling and supportive work culture was missing thus inhibiting the implementation process.

### **5.2.4. How does Government Policy on Performance Contracting affect its Implementation Process in the Kenya's Civil Service?**

The fourth objective was to investigate the extent to which Government policies on performance contracting affect implementation of performance contracting process in the

Civil Service in Kenya. Various factors such; existence of a clear performance contracting policy, government close follow up, provision of resources and existence of rewards and reprimands were measured and analyzed. Descriptive and inferential analyses were used for data analysis. Findings indicate a positive correlation coefficient of 0.872 and that it explained 58.8% of the implementation of performance contracting process. A unit increase in the government policy led to an increase in the implementation process of 1.158 units.

Although findings revealed that government policies on performance contracting play a key role in the implementation of performance contracting process in the Civil Service in Kenya, it emerged that they are not fully implemented to the letter and the premised benefits are therefore not fully achieved.

### **5.3 Conclusions**

Research findings from this study led to the following conclusions:

#### **5.3.1 Employees Motivation**

From the research findings and literature presented, it emerged that employees' motivation affected the implementation of performance contracting process to a great extent. However, majority of the respondents cited low employees' motivation through variables such as lack of empowerment, slow career progression and non-existence of

systems that attract and retain high caliber employees affected the implementation of performance contracting process.

### **5.3.2 Organizational Effectiveness**

The presented findings indicate that organization effectiveness play a moderate role in the implementation of performance contracting process though employees were not able to interpret and connect well with the department vision and mission. Employees are not able to focusing to the organizational goals and objectives. This is because factors such as strategic plans, departmental vision, mission and objectives that constitute organizational effectiveness are not well addressed at employees' operational level.

### **5.3.3 Organizational Culture**

Presented findings indicate weak organizational culture hence affecting the implementation of performance contracting process. Right working environment, uniformity and consistency breeds to the right culture. Unfortunately, majority of the civil servants were found used to the old culture where work measurement was minimal and performance was not a must.

### **5.3.4 Government Policy**

Findings and literature indicated that government policy affect implementation of performance contracting to the greatest extent. It emerged as the strongest variable driving the implementation process. However, based on the research findings, it is clear that performance contracting policy that aims at operationalizing performance contracting tool by all government entities has not been fully adhered to. The policy is based on Thomas Smith Model on government policies that assumes that once a policy has been decided upon, implementation follows naturally and automatically.

## **5.4 Recommendations**

Literature on Performance Contracting in Kenya indicated that the tool was designed to improve effectiveness and efficiency in public service delivery and public management. However, after thorough analysis of the data and generation of findings, this study came up with a number of recommendations.

### **5.4.1 Employees' Motivation**

Employees' motivation theories explores and explains what organizations needs to do to get best performance from employees. In the civil Service, findings revealed that motivated employees is very important in the implementation of performance contracting

process. However, it was also noted that this remains a major challenge as it was found to be very low thus affecting the implementation process. Therefore, this study recommend that there is need to address issues relating to employees' motivation. Such issues include employees' career progression, involvement in decision making and training geared towards employees' empowerment that will attract and retain qualified staff. The Government as the employer need to come up with lasting motivational policies that will stimulate employees' perception and participation in the management of public service.

#### **5.4.2 Organizational Effectiveness**

Organizational effectiveness demand that employees should consistently and constantly base their plans on the Departmental Strategic Plan, vision, mission and organization objectives. However, this was found to be missing as most employees do not base their individual plans on the above. This study therefore recommends that employees should be assisted to understand and internalize the crafted vision, mission and objectives. Deliberate efforts should be taken to break down the Ministry's, Department's or Division's vision and goals to understandable indicators. This supports the existing theories on organizational effectiveness that argue that unless employees understand the role and functions of the organization, their efforts remain uncoordinated.



Employees need to be brought on board especially during any planning stage to clarify on what is demanded from them and agree on necessary input. The whole process from target setting, measuring, analyzing, ranking if well implemented will improve organizational effectiveness thus leading to ease in the implementation of any government reform like performance contracting.

### **5.4.3 Organizational Culture**

On the influence of the organizational culture in the implementation of performance contracting, literature reckons that it takes time to change a culture that had taken root and time to build and to build a new one. Findings revealed that the existing culture in the Kenya's Civil Service inhibited the implementation of performance contracting process. A culture paradigm shift must be initiated. It is therefore recommended that the government should develop and implement strategies that support change in culture. Mass employees training is highly recommended to ensure initial understanding and clarity of any programme or reform for ease of implementation.

### **5.4.4 Government Policy**

Based on the assumptions of the model used in the implementation of government policies, findings revealed that the policies do not naturally flow from planning to implementation as assumed. The study therefore recommend that the Government as the

policy maker proactively keep a very close follow up of any policy designed aiming at any paradigm shift to monitor its implementation. In the performance contracting policy, supervision, resource allocation, rewarding performers or reprimanding non-performers could be considered.

### **5.5 Areas for Further Studies**

The variables considered in this study were; employees' motivation, organizational culture, organizational effectiveness and government policy. The objectives were clear and successfully accomplished. However, further studies are recommended to unearth more organizational variables that could be affecting the implementation of performance contracting process. Different populations (Ministries, State Agencies or Departments) could also be considered for study to confirm and validate the theories and findings. A longitudinal study over a relatively longer periods of time could also be considered to investigate these variables and their impact in the implementation of performance contracting process in the Kenya's Civil Service.

## REFERENCES

- Akaranga, E. M. (2008). *The Process and Effects of Performance Contracting in the Kenyan Public Sector*, Unpublished Master Thesis, United States International University (USIU), Nairobi.
- Andre, F. (2004). *Business Mathematics and Statistics*, (6<sup>th</sup> ed.). China, RR Donnelley Publishers.
- Armstrong, M. & Baron, A., (2002). *Strategic Human Resource Management: The Key to Improved Business performance*, London, Kogan Page Printers.
- Armstrong, M. (2003). *A Handbook of Human Resource Management Practice*, London Kogan , Page Printers.
- Beardwell, I., & Holden, L., (1997). *Human Resource Management: A Contemporary Perspective*, London, Pitman Press.
- Black, R. J. (2003). *Organizational Culture: Creating the Influence Needed for Strategic Success*, London, Koga Page Ltd. Publishers.
- Borg, R., Gall, W., Meredith, G., & Joyce, P.G. (2008). *Educational Research- An Introduction*. New York, Flipkart Books.

Bouckaert, F. G., Verhoest, K., & D. Cortek, (1999). *Public Sector Performance*

*Contracting in Belgium*, <http://www.unea.org>, Retrieved on 26<sup>th</sup>, July 2013.

Cappelli, P. (1999). Career Jobs are Dead. *California Management Review*, 42 (1), pp.

146- 148.

Carter, E. M. A., & McMahon, F.A. (2005). *Improving Employee Performance through*

*Workplace Coaching*, London, Koga Page Ltd.

Cascio, W. F. (1998). *Managing Human Resources: Productivity, Quality of Work Life,*

*Profits*, Boston, Irwin-McGraw-Hill.

Castillo, E. (2009). *Process Optimization: A Statistical Approach*, New York, Springer

Publishers.

Chandran, E. (2004). *Research Methods: A Quantitative Approach with Illustrations*

*from Christian Ministries*. Nairobi, Daystar University.

Chava, F., & Nachmias, D. N. (2003). *Research Methods in the Social Sciences* (9<sup>th</sup> ed).

London, Hodder Headline Group, Euston Road.

Cole, G. A. (1997). *Management Theory and Practice*, (6<sup>th</sup> ed.). United Kingdom,  
Padstow Cornwall Publishers.

Cole, G. A. (2004). *Organization Behavior*, (12<sup>th</sup> ed.). New York, Prentice Hall.

Coolican, M. (1996). *Psychology Research*, New Delhi, McGraw-Hill Publishers Ltd.

Cooper, D. R., & Emory, C. W. (1995). *Business Research Methods*, New Delhi  
McGraw-Hill Publishers.

Cooper, D. R., & Roger (2011). *Business Research Methods*, (11<sup>th</sup> ed.). New Delhi.  
McGraw-Hill Publishers.

Cooper, D. R., & Schindler, S. P. (2006). *Business Research Methods*, (9<sup>th</sup> ed.). New  
Delhi, McGraw-Hill Publishers

Covey, S. R. (2004). *7 Habits of Highly Effective People*, New York, Free Press

Cronbach, L. J. (1951). *Coefficient Alpha and Internal Structure of Tests* New York,  
Psychometrika.

Cronbach, L. J. (1984). *Essential of Tests Psychological Testing*, (5<sup>th</sup> ed.). New York  
Harper and Row Limited.

Crosby, P. B. (1996). *Quality is Free*, United Kingdom, McGraw-Hill Press.

David, F. G., Patrick W. S., Phillip, C. F. & Kent D. S. (2010), Strategic Alliances and Inter-firm Knowledge Transfer, *Strategic Management Journal*, 17(5), pp. 77-91.

Deal, T. E., & Kennedy, A. A. (2000, 1982). *Corporate Cultures: The Rites and Rituals of Corporate Life*, New Delhi, Harmondsworth Press.

Delaney, J., & Huselid, M (1996). The Impact of Human Resource Management Practices on Perceptions of Organizational Performance, *Academy of Management Journal*, 39(4), pp. 949-969.

Delery, J., & Doty H. (1996). Modes of Theorizing in Strategic HRM: Tests of Universalistic, Contingency and Configurational Performance Predictions. *Academy of Management Journal*, 30(4), pp. 802-835.

DeVellis, R. F. (1991). *Scale Development*. Newbury, Sage Publication.

Directorate of Personnel Management, (2010). *Sector Performance Standards*. Nairobi, Government Printer.

Directorate of Personnel Management, (2005). *Recruitment and Training Guide*. Nairobi, Government Printer.

Directorate of Personnel Management, (2005). *Results Based Management Guide Book*. Nairobi, Government Printer.

Directorate of Personnel Management (2001). *A Strategy for Performance Improvement in the Public Service*. Nairobi, Government Printer.

Donarld, R., & Schindler, C. (2003). *Business Research Methods*, (8<sup>th</sup> ed). New York, McGraw-Hill.

Drucker, P. D., (2009). *The Effective Executive*, New York, Harper Collins Publishers.

Edvinson, L. R., Norman, R., & Ednar, F., & Pasher, E., (2004). “Innovations: The New Unit of Analysis in the Knowledge Era” *Journal of Intellectual Capital*, 5(1), pp. 40-58.

Ellis, A., Cutura, J. N., Dione, I. Gillson, C., Manuel & Thongori, J. (2007). *Gender and Economic Growth in Kenya, Unleashing the Power of Women*, <https://openknowledge.worldbank.org/handle/>; Retrieved on 3<sup>rd</sup> September, 2012.

- Elmore, P. E., & Beggs, D. L. (1975). Salience of Concept and Commitment to extreme Judgment in response pattern of Teacher, *Education*, 95(4), pp. 325-334.
- Emore, C. W. (2007). *Business Research Methods* 3<sup>rd</sup> Ed. United Kingdom, Homewood.
- Freedmantle, D. (2004). *The Biz*, Boston, Nicholas Brealey Publishers.
- Gakere, A. W., Keraro, V. N., & Gakure, R. W. (2013). The Impact of Service Delivery on Performance Contracting on Service Delivery on Teachers Service Delivery in Kenya, *Prime Journal Of Business Administration(BAM)*, 3(5), pp. 1009-1024.
- Gall, M. D., Gall, J. P., & Borg, W. R., (2007) *Educational Research: An Introduction*. Boston, Pearson Education.
- Gakure, R. W. (2003). Factors Affecting Women Entrepreneurs' Growth Prospects in Kenya. *Prepared for International Labor Organization (ILO)*, Geneva.
- Gakure, R. W. (2001). Issues Impacting on Growth of Women Owned Enterprises in Kenya. *Paper Presented to Shifting Gears in Women's Enterprises Conference, Durham University*.
- Gathai, E. W., Ngugi, K. J., Waithaka, S. M. & Kamingi, C. N., (2012). Analysis of Factors That Influence Implementation of Performance Contracts in State



Corporations, *International Journal of Humanities and Social Science*, 2(17)  
pp. 283-297.

Graham, H. T, & Bennett, R. (1998). *Human Resources Management*, London, Pitman.

Grapiret, G. (1990). *Public Sector Performance Contracting in France*, France,  
Heinnman.

Greer, C. R., Youngblood, S. A., & Gray, D.A (1999), Human Resource Management  
Outsourcing: the Make or Buy Decision, *Academy of Management Executive*,  
13(3), pp. 85-96.

Guest, D. E. (2001). Human Resource management: When Research Confronts Theory,  
*International Journal of HRM*, 12 (7), pp. 1092-1106.

Guest, D. E. (1989). *Personnel and Human Resource Management, Can you tell the  
Difference?* United Kingdom, University of Derby.

Guest, D. E. (1987). Human Resource Management and Industrial Relations, *Journal  
of Management studies*, 24(5), pp. 503-52.1

Guest, D., & Conway, N. (1997). *Employee Motivation and the Psychological Contract*,  
London, Institute of Personnel and Development.

Housden, M. (2003). *Marketing Research and Information*. Bulterworth India

Heinmann Publishers

Huselid, M. A. (1995). The Impact of HRM Practices on Turnover, Productivity and

Corporate Financial Performance, *Academy of Management*, 38(3), pp. 635-

672.

Hyndman, R. J. (2008). Stochastic Population Forecasts using functional data models

for Mortality, Fertility and Migration. *International Journal of Forecasting*

24(3), pp. 323-342.

Ilgen, D.R. Mitchell T. R. & Fredrickson J. W. (1981). Poor Performers: Supervisors

and Subordinates Responses, New York, Purdue Research Foundation.

Jones, M. L. (1992). *Managing Organizations in Africa*, Berlin, De Gruyter Printers.

Kalleberg, A. L. & Mastekaasaz, A. (1994). Firm Internal Labor Markets And

Organizational Commitment in Norway and the United States, *Acta Sociological*

*Journal*, 37(3), pp. 269-286.

- Kamoche, K. (2000). From Boom to Bust: The Challenge of Managing People in Thailand, *International Journal of Human Resource Management*, 11(2), pp. 452-468
- Kamoche, K. (2002). Introduction: Human Resource Management in Africa, *International Journal of Human Resource Management*, 13(7), pp. 993-997.
- Kaplan, R. S. & Norton, D. P. (1996). *Using Balance Scorecard as a Strategic Management System*. Boston, Harvard University School Press.
- Karimi, J. & Mukulu, E. (2008). Relationship between Enterprise Resource Planning and Business Performance; Case of Nakumatt Holdings; *Journal of Human Resource and Entrepreneurship Development*, 2(2), pp. 1-18
- Karimi, M. N. J. (2012). *Relationship between Intellectual Capital and Business Performance in the Pharmaceutical Firms in Kenya*, Unpublished PhD Thesis, JKUAT, Kenya.
- Keenoy, T. (1997). HRMism and the Images of Re-presentation, *Journal of Management Studies*, 4(5), pp. 825-41

Kelman, H. C. (1958). Compliance, Identification and Internalization: Three Processes of Attitudes Change, *The Journal of Conflict Resolution*. 2(1), pp. 51-60.

Kerlinger, F. (1986). *Foundations of Behavioral Research*, Delhi, Surjeet Printers.

Kevin, R. M (1985). Toward Narrowing the Research-Practice Gap in Performance, *Journal of Personnel Psychology*, 3(8), pp. 335-345.

Kidombo, J. H. (2007). *Human Resource Strategic Orientation, Organizational Commitment and Firm Performance in Large Private Manufacturing Firms in Kenya*, Unpublished PhD Thesis, University of Nairobi, Kenya.

Kirk, J., & Miller, M. (1986). *Reliability and Validity in Quantitative Research*. London. Kogan Page Printers.

Kombo, K. D., & Tromp, D. L. A. (2011). *Proposal and Thesis Writing, an Introduction*, Nairobi, Paulines Publications Africa.

Kobia, M., & Mohammed, N. (2006). *The Kenyan Experience with Performance Contracting*, Nairobi Government Printer.

Korir, D. (2010). *Performance Contracting*, Bara Bara Zetu Journal, 5(1), pp. 12-15

Kothari, C. R. (1990). *Research Methodology: Methods and Techniques*, Delhi, Gupta Publishing Press.

Kothari, C. R. (2003). *Research Methodology: Methods and Techniques* (2<sup>nd</sup> ed.). New Delhi, Washua Prakasha Publishers.

Kothari, C. R. (2004). *Research Methodology: Methods and Techniques* (2<sup>nd</sup> ed.). New Delhi, Washua Prakasha Publishers.

Kothari, C. R. (2008). *Research Methodology: Methods and Techniques* (2<sup>nd</sup> ed.). New Delhi, Washua Prakasha Publishers,

Kothari, C. R. (2011). *Research Methodology: Methods and Techniques* (2<sup>nd</sup> ed.). Revised New Age International (P) Limited Publishers, New Delhi.

Kotter, J. P. (1992). *Corporate Culture and Performance*. New York: The Free Press.

Kuvaas, B. (2006). Performance Appraisal Satisfaction and Employee Outcomes: Mediating and Moderating Roles of Work Motivation. *International Journal of Human Resource Management*, 17(3), pp. 504 – 522.

Laegaard, J., & Bindsleve, M. (2006). *Organizational Behavior*, New Delhi, Mille Bindslev & Ventus Publishers.

- Legge, K. (1995a). *Human Resource Management: Rhetorics and Realities*,  
London, Macmillan Publishers
- Legge, K. (1995b). *HRM: Rhetoric, Reality and Hidden Agendas* London, Macmillan  
Publishers.
- Lienert, I. (1997). *Civil Service Reform in Africa: Mixed Results After 10 Years* '.  
International Monetary Funds.
- Luthans, F. (2008). *Organizational Behavior*, (11<sup>th</sup>ed.), Singapore, McGraw-Hill.
- Lumley, J. (2005). *The Search for Political Community: American Activists  
Reinventing Commitment*. London, Cambridge University Press.
- Locke, E. A., & Latham, G. P. (1988). *A Theory of Goal-Setting and Task Performance*,  
United States, Prentice-Hall.
- Mabey, C., & Salaman, G. (2003). *Strategic Human Resource Management*, United  
Kingdom, Oxford-Blackwell.
- Martinez, V., & Kennerley, M. (2006). Impact of Performance Reviews: A Cross Case  
Comparison, *Strategic Management Society Conference, 29 Oct- 1Nov*, Vienna.
- May, P. (2005). *Best Practice and Trends in Performance Based Contracting*,

[www.unea.org.on](http://www.unea.org.on) Retrieved 27<sup>th</sup> July, 2011.

Mayo, E. (1933). *The Human Problem of an Industrial Civilization*, New York, MacMillan Publishers.

Mbithi, P. (1996). Strategic Planning in the Public Service; *Speech Delivered During Senior Government Officers at Mombasa*, Nairobi, Government Press.

Mbua, P., & Ole Sarisar, J. (2013). Challenges in the Implementation of Performance Contracting Initiative in Kenya, *The International Institute for Science, Technology and Education Journal*, 3(2), pp. 44-58.

Metawie, M., & Gilman, M. (2006). Problems with the Implementation of Performance Measurement System in United Kingdom. *3<sup>rd</sup> Conference on Performance Measurements and Management Control*, September 22<sup>nd</sup> -23<sup>rd</sup>.

McCourt, W. (2001). Towards a Strategic Model of Employment Reform in Developing Countries: Explaining and Remediating Experience to Date, *International Journal of Human Resource Management* 12(1), pp. 56-75.

McNabb, E. D., (2007). *Knowledge Management in the Public Sector*, New York, M.E. Sharpe Amazon.com Publishers.

- Morgan, P. (2000). Paradigms Lost and Paradigms Regained? Recent Developments and New Directions for HRM/OB in the UK and USA, *International Journal of Human Resource Management*, 11(4), pp. 853-866.
- Mowday, R. T., Porter, L. W., & Steers, R.M. (1982). *Employee-Organizational Linkages: The Psychology of Commitment, Absenteeism and Turnover*, New York, Academic Press.
- Mugambi, A., & Gakure, R. W. (2010). Factors Influencing Health and Safety of Employees in Cut-Flower Firms', A Survey of farms at Juja in Thika, *Journal of Human Resource and Entrepreneurship Development* 2(1), pp. 34-38.
- Mugenda, A. G. (2008). *Social Science Research*, Kenya, Kijabe Printing Press.
- Mugenda, O. M., & Mugenda, A. G. (1999). *Research Methods: Quantitative & Qualitative Approaches*. Nairobi, Kenya, ACTS Press.
- Mulinge, M. M. (2000). Towards an Explanation of Cross-sector Differences in Job Satisfaction and Organizational Attachment among Agricultural Technicians in Kenya, *African Sociological Review*, 4(1), pp. 55-73.



- Mulinge, M. M. (2001). The Gendered Workplace in Kenya: A Comparative Analysis of Agricultural Technicians in Public and Parastatal Work Settings, *East African Social Science Research Review*, 17(1), pp. 111-129.
- Mullins, C. (2002), *Organization Behavior*, New Delhi, McGraw Hills.
- Mungai, J. (2012). *Challenges Facing Implementation of e-Government Projects in Kenya*, Unpublished Master Thesis, Kenyatta University, Nairobi
- Musa, P. Dlamini, (2001). *Contract Plans and Public Enterprise Performance*, Morocco, Tangier.
- Musimba, P. M. (2010). *Determinants of Internationalization of Information and Communication Technology, Small and Medium Enterprises in Kenya*, Unpublished PhD Thesis, JKUAT), Kenya.
- Muthaura, F. (2007). *Performance Contracting in Kenya; Restoring Faith in Government through Innovation to Promote Quality of Public Service*, Nairobi, Government Press.
- Muturi, D. (2007). Leadership and Organization Effectiveness, *Journal of Kenya Institute*

*of Management*, 2, pp. 25-28.

Muturi, D. (2010). Africa Gets Organization Index Model, *Journal of Kenya Institute of Management*, 4, pp. 45-46.

Ndung'u, M. N. (2009). *Performance Management and Contracting, Kenyan Perspective*, Nairobi, Jitegemea Press.

Ntoiti, J. (2013). *Determinants of Financial Distress facing Local Authorities in Service Delivery in Kenya*, Unpublished PhD Thesis, JKUAT, Kenya.

O'Driscoll, M. P., & Randall, D. M. (1999). Perceived Organizational support, Satisfaction with Rewards and Employee Job Involvement and Organizational Commitment. *Journal of Applied Psychology: An International Review*, 48(2), pp. 197-200.

Obong'o, S. O. (2009). Implementation of Performance Contracting in Kenya, *International Public Management Review* 10 (2), pp. 66-85

Oglivie J. R. (1987). *The Role of Human Resource Management Practices in Predicting Organizational Behavior, Group and Organizational Studies*, United Kingdom,

Abe Books.

Oliver, N. (1990). Rewards, Investments, Alternatives and Organizational Commitment:

Empirical Evidence and Theoretical Development. *Journal of Occupational*

*Psychology*, 63(1), pp. 19-31.

Opiyo, H. (2006). Civil Service Reform Policy in Kenya: A Review of the Retrenchment

Strategy: *Discussion Paper Series: Institute of Policy Analysis and Research*, pp.

34-39.

Orodho, A. J. (2003). *Essentials of Educational and Social Sciences Research Methods*

Nairobi, Masola Publishers.

Patton, Q. M. (2002). *Qualitative Research and Evaluation Method*, (3<sup>rd</sup> ed.). New York,

Sage Publications.

Paul, H., & Anatharaman, F. (2003). Impact of People Management Practices on

Organizational Performance: Analysis of a Causal Model, *International Journal*

*of Human Resource Management*, 14(7), pp. 1246-1266.

Pauwe, J., & Boselie P. (2005). HRM and Performance: What Next? *Human Resource*

*Management Journal*, 15(4), pp. 68-83.

Pfeffer, J., & Veiga, F. (1999). Putting People First for Organizational Success, *Academy of Management Executive*, 13(2), pp. 37-48.

Pfeffer, J. (1994). *Competitive Advantage through People*, Boston, Harvard Business School Press.

Pfeffer, J. (1998). *The Human Equation: Building Profits by Putting People First*, Boston, Harvard Business School Press.

Pinnington, A. & Edwards T. (2000). *Introduction to Human Resource Management*, London, Oxford University Press.

Porter, M. (1980). *Competitive Strategy*, New York, Free Press.

Prajapati, T. (2009). Performance Contracting in Kenya: Instrument for Operationalizing Good Governance, *The World Bank Report*, pp. 5-9.

Purcell, J. (1991). *The Impact of Corporate Strategy on Human Resource Management*, London, International Thomson Press.

Ravasi, D., & Schultz, M. (2006). Responding to Organizational Identity Threats: Exploring the Role of Organizational Culture, *Academy of Management Journal*,

15(3), pp. 219-234.

Republic of Kenya, (2012). Report on Evaluation of Performance of Public Agencies for  
Year 2010/2011

Republic of Kenya, (2005a). *Results Based Management: Training Manual*. Nairobi,  
Government Printers.

Republic of Kenya, (2005b). *Economic Survey*, Nairobi, Government Printers.

Republic of Kenya, (2005c). *Sensitization/Training Manual on Performance Contracts  
in the Public Service*, Nairobi, Government Printers.

Republic of Kenya, (2004). *Targeted Voluntary Early Retirement Scheme 2004-2008*  
Nairobi, Government Printer.

Republic of Kenya, (2003a). *Economic Recovery Strategy for Wealth and Employment  
Creation*. Nairobi, Government Printer.

Republic of Kenya, (2003b). *Economic Survey*. Nairobi: Government Printers.

Republic of Kenya (1986). *Economic management for renewed growth. Sessional  
Paper No.1*. Nairobi: Government Printers.

Robbins, P. S., & Judge, A. T. (2013). *Organizational Behavior*, (5<sup>th</sup> ed.). England, Pearson Education Limited.

Rogers, E., & Wright, P. (1998). Measuring Organizational Performance in Strategic Human Resource Management: Problems and Prospects, *Center for Advanced Human Resource Studies (CAHRS)*, Working Paper Series, 98-01.

Samuel, M. O., & Chipunza, C. (2009). Employee Retention and Turnover: Using Motivation Variables as a Panacea, *African Journal of Business Management*, 3(8), pp. 410-415.

Saunders, M. (2003). *Research Methods for Business Students*, London. Pearson Education Ltd.

Saunders, M., Lewis, P. & Thornhill, A. (2003). *Research Methods for Business Students*, (3<sup>rd</sup> ed.). London, Pearson Education Ltd.

Schein, E. H., (1988). *Organization Psychology* (3<sup>rd</sup> ed.). Prentice Hall, New Delhi.

Scholl, R. W. (1981). Differentiating Commitment from Expectancy as a Motivating Force, *Academy of Management Review*, 6(4), pp. 589-599.

Sekaran, U. (2003). *Research Methods for Business: A Skill Building Approach*, 4<sup>th</sup> Ed, New York, Inc & Sons Ltd.

Sekaran, U., & Rogers, B. (2009). *Research Methods for Business, A Skill Building Approach*, New Delhi, John Willey & Sons Ltd.

Sekaran, U., & Rogers, B. (2011). *Research Methods for Business, A Skill Building Approach*, John Willey & Sons Ltd.

Sett, P.K. (2004), Human Resource Management and Firm Level Restructuring: The South Asian Drama, *Research and Practice in Human Resource Management*, 12 (1), pp. 1-13.

Shaver, M. (2006). *Using Leverage to Drive Results. Performance Contracting in Illinois*, United States, McGraw Hill.

Shirley, M. (1998). Why Performance Contracts for State-Owned Enterprises Haven't Worked. *Public Policy for the Private Sector, Note No.150*

Shirley, M. & Lixin C. X. (1997). Empirical Effects of Performance Contracts: Evidence from China, *The Journal of Law, Economics, & Organization*. 17(1), pp. 168-200.

Simon, T. (2007). Research Methods Resources for Researcher Lecturer and Students,

*Social Sciences Collection guides: Topical Bibliographies,*

[www.bl.uk/socialsciences](http://www.bl.uk/socialsciences) Retrieved on 19<sup>th</sup>, July 2012.

Skinner, B.F. (1974). *About Behaviorism*, New York, Random House.

Snell, S. A., & Dean, J. W. (1992). Integrated Manufacturing and Human Resource

Management: A Human Capital Perspective, *Academy of Management Journal*.

35(3), pp. 467-469.

Suliman, A. M., & Iles, P. A. (2000). The Multi-Dimensional Nature of Organizational

Commitment in a non-Western Context, *Journal of Management Development*,

19(1), pp. 71-83.

Swanepoel, B. J. (1999). *The Management of Employment Relations: Organizational*

*Level Perspective*, (4<sup>th</sup> ed.). Butterworth, Durban.

Tannenbaum, S. I., Mathieu, J. E., Salas, E. & Cannon-Bowers, J. A. (1991). Influence

of Individual and Situational Characteristics on Measuring of Training

Effectiveness, *Academy of Management Journal*, 35(4), pp. 828-847.



- Taormina, R. J. (1999). Predicting Employee Commitment and Satisfaction: the Relative Effects of Socialization and Demographics. *International Journal of Human Resource Management*, 10(6), pp. 1060-1076
- Taylor, H. (1992). *Public Sector Personnel Management in Three African Countries: Current Problems and Possibilities*, London, John Wiley & Sons Publishers.
- Terman, L. M., & Merrill, M. A. (1998). *Stanford-Binet Intelligence Scale*. New York, Houghton Mifflin Press.
- Tessema, M. T., & Soeters, J. L. (2006). Challenges and Prospects of HRM in Developing Countries: Testing the HRM Performance Link in the Eritrean Civil Service. *International Journal of Human Resource Management*, 17(1), pp. 86-105.
- United Nations, (2007). Summaries of 2007 Winners successful stories, Fifth United Nations Public Service Awards.
- Valle, R., King, M., & Halling, S. (1989). *An Introduction to Existential-Phenomenological Thought in Psychology*, New York, Plenum Press.

Walton, R. E. (1985). From Control to Commitment in the Workplace, *Harvard Business Review*, 6(3), pp. 76-84.

Wario, W. G., & Gakure, R. W. (2010). Investigation of Whether Human Resource Policies are used to Streamline Employee Relations in Public Universities, *Journal of Human Resource and Entrepreneurship Development*, 2(2), pp. 77-93.

Waweru, E. (1984). *Management of Human Resources in Kenya*, Nairobi, Kenya Literature Bureau.

Webster, E., & Wood, G. (2005). Human Resource Management Practice and Institutional Constraints: The case of Mozambique, *Journal of Employees Relations*, 27(4), pp. 369-385.

Webster, A. (1995). *Applied Statistics for business and Economic*, Chicago, The McGraw-Hill Publishers.

Wiener, Y. (1982). Commitment in Organizations: A Normative View, *Academy of Management Review*, 7(3) pp. 418-428.

Wood, S., & Albanese, M. (1995). Can we Speak of High Commitment Management on the Shop Floor?, *Journal of Management Studies*, 32(2), pp. 215-47.

Wood, S. (1999). Getting the Measure of the Transformed High-Performance Organization. *British Journal of Industrial Relations*, 37(3), pp. 391-417.

World Bank, (1995). *Bureaucrats in Business: The Economics of Government Ownership*, United Kingdoms, Oxford University Press.

Yousef, D. A. (1998). Satisfaction with job Security as a Predictor of Organizational Commitment and Job Performance in a Multicultural Environment, *International Journal of Manpower*, 19(3), pp. 184-194.

Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). *Business Research Methods* (8<sup>th</sup> ed), New Delhi, McMillan Publishers.

## **Apendix A**

### **Letter of Introduction to the Department**

Jomo Kenyatta University of Agriculture and Technology  
NAIROBI- CBD CAMPUS  
DOCTORAL STUDIES PROGRAMME  
Department of Infrastructure  
Division: \_\_\_\_\_

#### **REQUEST FOR DATA**

I would be very grateful if you would complete the attached questionnaire for me. I am a PhD-(HRM) student at Jomo Kenyatta University of Agriculture and Technology (Nairobi-CBD Campus) and a civil servant in the Department of Infrastructure. I am interested in finding factors affecting the implementation of performance contracting process in the Civil Service.

Very little research has been carried out to reveal the factors affecting the implementation process from this perspective. The conceived variables for the study include Organization Culture, Employee Motivation, Organization Effectiveness and Government Policy.

Your participation therefore is extremely essential to this study as the findings will enhance our knowledge of Performance Contracting, a tool for improving organization effectiveness in the Public Service.

The Department of Infrastructure was chosen because its effectiveness has a direct link to social-economic wellbeing of the citizens. I request you to respond to the questions frankly and honestly. Your responses and information about the implementation process in your division will be kept strictly confidential and the findings will be used only for academic purposes.

I shall be most grateful if you can complete the questionnaire within the next one week. Thank you very much for your time and cooperation. I greatly appreciate your help in furthering this research effort.

Yours sincerely.....

**Stephen Macharia Muriu (Mr.)**

Email: [stephenmacharia14@yahoo.com](mailto:stephenmacharia14@yahoo.com); Cell Phone: 0722-33 23 81

## Appendix B

### SURVEY QUESTIONNAIRE

This questionnaire consists of two parts. Part 1 collects general information while Part 2 consists of five sections: Part A, B, C, D and E based on the specific variable under study. It will take you about ten to twenty minutes to complete both parts.

#### Part 1

Please fill in the table below by inserting a tick on the given space [✓] or written answer.

Please provide the following information about yourself.

1. Your job title .....

2. (a) The number of years you have worked in the Public Service (please tick)

1 – 3 years [ ] 4 – 10 years [ ] 11 – 20 years [ ] More than 21 years [ ]

(b) The number of years you have worked in the current Department.

Less than 3 [ ] 4-10 years [ ] 11-20 years [ ] More than 20 years [ ]

4. Your sex: Male [ ] Female [ ]

5. Your age: Less than 25 [ ] 26 – 34 [ ] 35 – 44 [ ] 45 – 54 [ ] More than 55 [ ]

6. Duration that you have been exposed to Performance Contracting in the Civil Service

Less than 2 years [ ]      2-5 years [ ]      5-10 years [ ]      Over 10 years [ ]

7. What are the challenges facing implementation process of performance contracting tool?

.....

**Part II**

This part consists of five parts A, B, C, D and F. The first table explains the meaning of the numerals and will be applied in Part A, B, C, D, and E. You are required to state your feeling of the extent to which each of the variable below affects implementation of performance contracting process in the civil service. The following table shows the weight and meaning for “to what extent” do you feel the given statement affect the implementation processes.

---

<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>High</b>	<b>Very High</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

### Part A: Employees' Motivation

This part is designed to collect information that deals with the employee motivation. The study's intention is to find out to what extent does employees motivation affects the implementation process of performance contracting process.

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
8.0	Employees' motivation affects implementation on performance contracting process					
8.1	The Department has developed Human Resource strategies that motivate employees.					
8.2	The Department empowers employees through delegation of duties					
8.3	Meeting customer needs and expectations affect PC implementation process					
8.4	Developing employees as leaders by their supervisors facilitate PC implementation process.					
8.5	Departmental management of employees' career progression and succession planning affects PC implementation process.					
8.6	The Department has developed and implemented a system for attracting and retaining high caliber workforce.					
8.7	The Department has established mechanism for identifying training needs that are used to develop and provide relevant and effective staff training and development related to PC implementation process.					

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
8.0	Employees' motivation affects implementation on performance contracting process					
8.8	The Department has developed systems to conduct regular employee satisfaction surveys and addresses the main issues raised.					
8.9	Health, safety, and security at the workplace affect PC implementation process					

### **Part B: Organization Culture**

Organizational culture is assumed to affect implementation process of any reform in an organization. This part wish to find your view on how organizational culture affects the implementation of Performance Contracting process in the civil service

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
9.1	The Departmental way of doing things affect the implantation of Performance Contracting process					
9.2	The Department uses the information obtained from various sources for smooth implementation of projects					
9.3	The Department uniqueness is noted in the use delegation method to coaching and mentoring					
9.4	The Department determines customer satisfaction and keeps modifying approaches to make PC a reality.					



9.5	Departmental teamwork is noted across all the divisions in the PC implementation process					
9.6	Employees' creativity and innovativeness is greatly enhanced for implementation of PC					
9.7	Core values: integrity, honesty, meritocracy affect implementation of PC					

9.8 Do you think your division is guided by the written philosophy and core values in all the operations?.....  
.....  
.....

9.9 Have you noted any change in the employees in their service delivery since implementation of Performance Contracting.....If yes list them.....

**PART C: Organization Effectiveness.**

Organization effectiveness deals with the department’s vision, mission and objectives. This part requires your feelings onto how this affects implementation of performance contracting process.

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
10.1	Departmental Strategic Plan affect the implementation of PC process					
10.2	Division’s Strategic Plan developed from the Department’s strategic plans affects PC implementation process.					
10.3	Individual plans developed from the department affects the implementation of PC process					
10.4	Guidance and training of junior employees on PC affects the implementation process					
10.5	Division’s Core Values affect the PC implementation process					
10.6	Departmental Mission, Vision and Objectives affects the implementation of PC process					

10.7 How are the employees assisted to enable the assist the department in attaining its goals and objectives?.....  
 .....  
 .....

10.8 Briefly comment on the role of work plans in relation to performance contracting.....

.....

.....

**PART D: Government Policy**

Performance Contracting is a Government policy geared toward improving service delivery in the public service. This part of questionnaire wish to establish your feelings on to how the policy affects the implementation or Performance Contracting process in the Civil Service.

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
11.1	There exist appropriate and clear government policy on the implementation of performance contracting					
11.2	Performance contracting is just politics					
11.3	Government closely follow the implementation of Performance Contracting process					
11.4	The Government is very serious on Performance Contracting Policy					
11.5	Resources have been set aside to facilitate the implementation of Performance contacting process					
11.6	Political interference in public management has gone down since introduction of Performance Contracting					
11.7	Politicians support the Performance Contracting policy and initiatives					
11.8	There is a policy to reward winners and reprimand losers					

11.9 Comment on the seriousness of the Government on the Performance Contracting Policy.....  
.....  
.....

11.10 Briefly describe how performers and those who do not perform are rewarded or reprimanded.....  
.....  
.....

**Part G Implementation of Performance Contracting**

Performance contracting is the new government strategy for improving organization performance in the provision of service to the citizens.

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
12.1	Performance contracting is a global method of management					
12.2	Employees have been trained on performance contracting tool					
12.3	Employees have been trained on targeting setting, indicators and measurement					
12.4	Employees’ understand that “what gets measured gets done”					
12.5	Employees performance is constantly measured					
12.6	Ministry annual ranking affect implementation of performance contacting process					
12.7	Feedback systems affect implementation of performance contracting process					
12.8	Administration of the Departments affect the implementation of Performing Contracting process					

13. Briefly comments on your experience with Performance Contracting tool?.....  
 .....

**I appreciate and thank you very much for taking your time to answer the questions above.**

**May God bless you richly**

## APPENDIX C

### DIVISIONS IN THE STATE DEPARTMENT OF INFRASTRUCTURE

DIVISION	FUNCTION	LOCATION
HEADQUARTERS	Administration	UPPER HILL, NAIROBI
MATERIAL TESTING AND RESEARCH	Construction Materials Testing and Research	INDUSTRIAL AREA NAIROBI
CHIEF MECHANICAL AND TRANSPORT ENGINEERS	Machines and Equipment	INDUSTRIAL AREA NAIROBI
ROADS	Supervision of Roads Construction	UPPER HILL NAIROBI
KIHBT	Training and Capacity Building	INDUSTRIAL AREA NAIROBI