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## **The influence of human resource management on the performance of Government Ministries in Kenya**

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### **Abstract**

**Purpose:** The purpose of this study was to establish how human resource management influences the performance contracting results of Government Ministries in Kenya.

**Methodology:** The study used a descriptive research design. The target population of the study is Divisional heads, middle level managers and supervisors in 3 selected government ministries. These were Ministry of Education, Science & Technology, Ministry of Health and Ministry of Environment, Water & Natural Resources. Sample of 55 respondents was used.

**Results:** Result findings showed that human resource management impacts performance contracting results of Government Ministries in Kenya positively.

**Policy recommendation:** Based on the finding the study recommends that the government should encourage the implementation of performance contracting in its ministries through good better human resource practices.

**Keywords:** *Human resource management, performance contracting, government Ministries*

## **1.0 INTRODUCTION**

A performance contract is an agreement between a government and a public agency which set up general goals for the agency. In addition, these agreements stipulate targets for measuring performance and offer incentives for attaining these targets (Hunter & Gates, 2008). They include a various incentive-based mechanisms for managing public agencies which have effect on the outcome instead of the process. The positive results of Performance Contracts in various countries such as France, Pakistan, South Korea, Malaysia, India, and Kenya has stirred a great deal of interest in this policy around the world (Wheeler, 2001).

Over time, governments have continually encountered the challenge of desiring to do things differently but with limited resources. Performance contracting assists in solving this challenge by providing a way for achieving desired behavior in the context of decentralized management structures. Employers' value performance contracting since it is a useful vehicle for defining roles and offer support to new managers in their supervisory and control roles. In addition, performance contracting gives managers freedom to execute their day-to-day responsibilities (Domberger, 2008). In Kenya, performance contracting framework was adopted by the Kenyan Government in the Public Service in 2004. Its introduction has helped to improve service delivery in the public sector (GoK, 2010).

France was the first country to adopt performance contracting systems in the late 1960s. In the last fifteen years this system has been adopted in about 30 developing countries. In Asia, the Performance Contract model has been used in Bangladesh, China, India, Korea, Pakistan and Sri Lanka (GoK: Evaluation of Performance Contracting 2010). In the developed world, through performance contracting, countries such as France, the Netherlands and New Zealand have experienced great achievement in the public sector. However, the results in developing Countries referring to case studies in China, India, Morocco, South Africa, Cote D' Vore and Gambia among are mixed (Omboi & Francis, 2011).

## **1.2 Problem statement**

The government introduced performance contracts in 2003 since the performance of the public sector in general and specifically the government agencies had over time fallen below expectations (Office of the President, 2005). However, despite this realization little research has been done to determine the determinant of performance contracts in Government Ministries in Kenya and their impact on performance.

The reviewed local studies include those of Obong'o (2009) which focused on historical perspective of the performance contracting in Kenya. He did not critically address the issue of performance contracting results in Government Ministries in Kenya. Studies by Muganda and Van Belle (2008) had a contextual gap since it focused on the local authorities only while this study addresses government ministries. Hence, this study sought to establish the determinant of performance contracting results in government ministries in Kenya.

### **1.3 Research Objective**

- i. To establish how human resource management influences the performance contracting results of Government Ministries in Kenya.

### **2.0 Theoretical framework 2.1 Agency theory**

According to Jensen and Meckling (1976), Principal–agent theory in economics is based on several key assumptions about human and organizational behavior. First, individuals and organizations are assumed to be rational in the pursuit of their self-interest. This results to variance of interests between the principal (owner) and agent (producer). The disconnection of ownership from production results to increased cost and complexity in monitoring the agent’s behavior. This builds up information asymmetry that is beneficial to the agent as he performs a task on behalf of the principal. Under these conditions, two agency problems arise: moral hazard and adverse selection.

Moral hazard refers to occurrence of opportunistic behavior by the agent. Differing interests and information asymmetry favors the agent through creating opportunities for the agent to engage in behavior that maximizes his utility but conflicting the goals of the principal (Kiser, 1999). Through monitoring, the principal discovers opportunistic behavior and ally the agent’s behavior with his own goals. This helps in improving the outcomes of contractual relationships (Kiser, 1999). This theory is relevant to this study as the determinants of Performance Contracting Act as the agents of the departments and must act in good faith to fulfill the principles of the Principal.

### **2.2 Goal Setting Theory**

Locke (1960) affirmed that patent goals and proper feedback motivates employees. Additionally, he said that when employees are motivated when they work towards a goal. Locke's study shed some light on the link between goals and performance. According to his study, specific and difficult goals resulted to better results and performance than those of vague, randomly set or easy to do goals. Locke and Latham, (1984) suggested that assignment of specific goals not only result in improved performance but also leads to increased motivation (Mitchell *et al*, 2000).

Goal-setting theory does not emphasis on rewards but rather stresses on the inspiring power of defining appropriate work goals and engaging employee commitment to them (Marsden, 2004). Several studies have tried to establish the relationship between goal-setting and performance. Most of the evidencesupport the theory strongly. Marsden and French (2001), found out that employees caused managers to set targets more precisely where the objectives contracted performance.

The theory is relevant to this study as Performance Contracts has a lot in setting goals and agreeing with the Ministry on the same. They are evaluated on the goals they have set themselves which forms the basis of Performance contracting.

### **2.3 Empirical Literature Review**

Human Resource Management (HRM) is a strategic and rational approach to the management of an organization’s most valuable assets, the human capital who individually and collectively contribute to the achievement of its objectives (Armstrong, 2006). Human Resource Management

includes planning personnel needs, carrying out job analyses, and recruitment, choosing the right people for the job and establishing relationships with all employees at all levels.

Lings (2004) put emphasis on the importance of human resource management when he found out that many researchers and employers abandon one important focus, the needs of internal employees, particularly those who get in touch with customers directly. The attitude and behavior of employees interrelating with customers would affect the feeling and behavior of the customers when they get the service. Hence, it is imperative that managers should define and manage the way their employees provide the service proficiently in order to ensure that their attitude and behavior are good for providing the service.

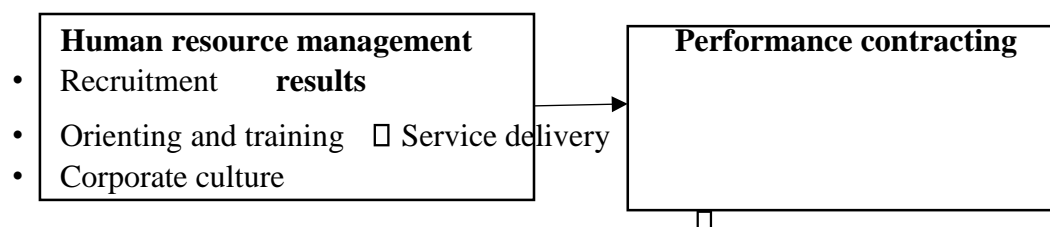
According to Storey (2009), HRM can be referred to as a set of policies that are interrelated with an ideological and philosophical underpinning'. He also suggests four aspects that make up the meaningful version of HRM, A particular collection of beliefs and assumptions; A strategic driving force addressing decisions about people management; The central participation of line managers; and. dependence upon a set of 'levers' to outline the employment relationship.

### **2.3.3 Financial Governance and Performance Contracting**

Miring'uh and Mwakio (2006) argued that financial governance affects performance contracting. An example is the Local authorities and county governments in Kenya. The local authorities have been riddled with corruption and financial mismanagement. The county governments are also said to be suffering from misuse of public funds. In addition, counties are said to suffer financially due to cases of revenue theft and excessive expenditure. The implication is that, local authorities and the county governments cannot meet their performance contracting goals.

Bouckaert et al (2009) advocated for the creation of financial governance measures in an effort to improve performance contracting. This financial governance measures include; having a strong internal audit which is effective in carrying out its monitoring roles, financial budgeting which enhances the setting up of budgets, the analysis of budgets, the investigation of variances and follow up on negative variances. Other financial governance measures that can improve performance contracting results include; financial training for accounting staff and recruitment of competent and experienced financial accounting staff. This would aid performance contracting.

## **2.2 Conceptual Framework**



**Figure 1: Conceptual Framework**

## 2.0 METHODOLOGY

A descriptive research design was used in this study. The target population of the study composed of 185 Divisional heads, Middle level Managers and Supervisors in three ministries. A sample of 55 respondents. Questionnaires were used to collect data. Data reliability and validity was tested through a pilot test.

## 4.0 RESULTS FINDINGS 4.1 Response Rate

The number of questionnaires that were administered was 55. A total of 41 questionnaires were properly filled and returned. This represented an overall successful response rate of 75%.

**Table 1: Response Rate Data reliability and validity was tested through a pilot test.**

Response	Frequency	Percent
Returned	41	75%
Unreturned	14	25%
<b>Total</b>	<b>55</b>	<b>100%</b>

## 4.2 Demographic Information

### 4.2.1 Gender Composition of Respondents

The study sought after finding the gender distribution of respondents. Results on figure 2 shows that 57.14% of the respondents were male and 42.86% of the respondents were female. This shows that there was no gender disparity amongst the respondents implying that there exists gender equity in the government ministries.

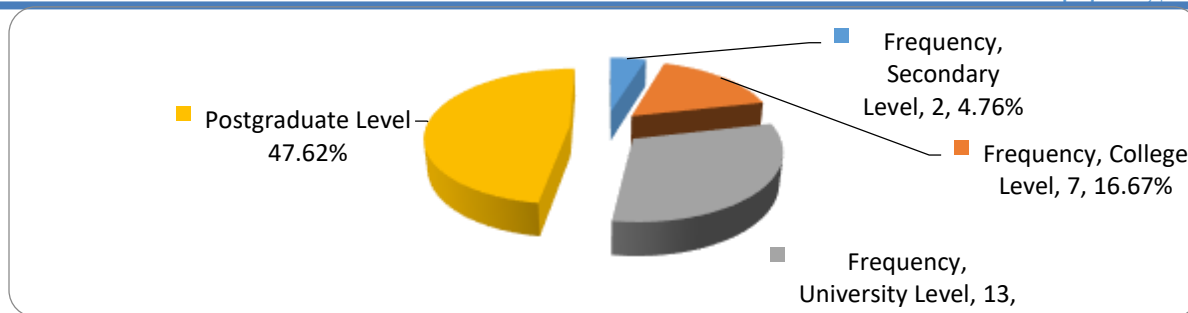


**Figure 2: Gender**

### 4.2.2 Level of Education

The study further sought after establishing the level of academic qualifications obtained by the respondents. The responses on this question are depicted in figure 3. A majority of 47.62% of the respondents reiterated that they had acquired post graduate education, 30.95% university level, 16.67% college level while only 4.76% of them had education up to the secondary level. This implied that the respondents had attained high education.



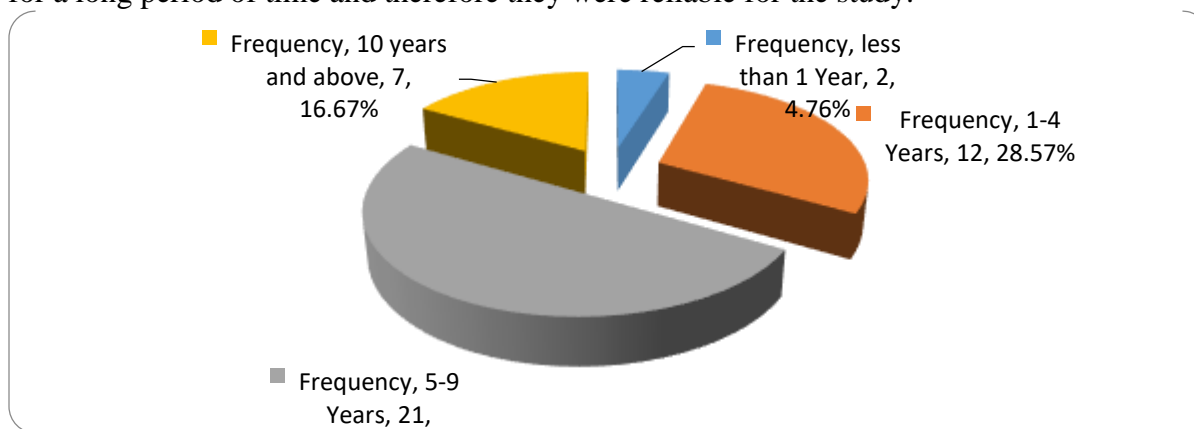


**Figure 2: Level of education**

#### 4.2.3 Years of Employment in One Capacity

The respondents were told to indicate the number of years they had worked in the same capacity in the government ministry. Majority 50% of the respondents indicated that they had worked in the same capacity for a period of between 5-9 years, 28.57 % of the respondents indicated they had worked in the same capacity for a period between 1-4 years, 16.67 % of the respondents indicated that they had worked in the same capacity for more than 10 years year while 4.76% of the residents indicated that they had they had worked in the same capacity for less than 1 year.

This is an implication that, in the government ministries, it takes time before one is promoted to a higher position. It can also imply that the respondents had worked with the government ministries for a long period of time and therefore they were reliable for the study.



**Figure 3: Years of Employment<sup>50.00%</sup> in the Same Capacity**

#### 4.3 Descriptive Analysis

Table 2 presents the influence of human resource governance on performance contracting. Results indicate that majority 95.3% of the respondents agreed that vacant positions are advertised for competitive selection of qualified candidates, 61.9% of the respondents agreed that employees are

recruited on merit based on qualifications and work experience, 76.2% of the respondents agreed that training and development is based on capacity, needs and capacity objectives, 66.7% of the respondents agreed that opportunities exist to integrate skills acquired in training into the work environment, 83.3% of the respondents agreed that job appraisals practiced, are performance based and equitable and 50% of the respondents agreed that upgrading/promotions are performance based and equitable. The mean of the responses indicated from the results was 3.9 which show that the respondents were agreeing on most of the statements while the standard deviation was 0.7 which indicates that the answers received were varied as they were dispersed far from the mean.

**TABLE 2: Human Resource Management Influences on Performance Contracting**

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	StdDev
Vacant positions are advertised for competitive selection of qualified candidates	0.00%	0.00%	4.80%	78.60%	16.70%	4.1	0.5
Employees are recruited on merit based on qualifications and work experience	0.00%	9.50%	28.60%	38.10%	23.80%	3.8	0.9



Training and development is based on capacity, needs and capacity objectives	0.00%	0.00%	23.80%	61.90%	14.30%	3.9	0.6
Opportunities exist to integrate skills acquired in training into the work environment	0.00%	0.00%	33.30%	64.30%	2.40%	3.7	0.5
Job appraisals practiced, are performance based and equitable	0.00%	0.00%	16.70%	57.10%	26.20%	4.1	0.7
Upgrading/promotions are performance based and equitable	0.00%	4.80%	45.20%	28.60%	21.40%	3.7	0.9
<b>Average</b>						<b>3.9</b>	<b>0.7</b>

## 5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS 5.1

### Summary of Findings

The second objective of the study was to establish how human resource management influences the performance contracting results of government ministries in Kenya. The study findings indicated human resource management influences had effect on the performance contracting results of government ministries in Kenya. This was demonstrated by descriptive statistics that showed that majority of the respondents agreed that; vacant positions are advertised for competitive selection of qualified candidates, employees are recruited on merit based on qualifications and work experience, training and development is based on capacity, needs and capacity objectives, opportunities exist to integrate skills acquired in training into the work environment, job appraisals practiced, are performance based and equitable and upgrading/promotions are performance based and equitable. Regression results indicated that there was a significantly positive relationship between information management influences and performance contracting. This was supported by a p value of 0.000.

## 5.2 Conclusion

The study concluded that human resource management influences affected the performance contracting results of Government Ministries in Kenya positively. This implies that an improvement in the human resource management practices in the government ministries would mean better results of performance contracting.

## 5.3 Recommendations of the Study

Based on the finding the study recommends that the government should encourage the adoption of better human resource management practices for performance contracting in its ministries.

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