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INFLUENCE OF PERFORMANCE MANAGEMENT PRACTICES ON PERFORMANCE CONTRACTING OUTCOMES IN KENYA: A CASE OF MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

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Abstract

Purpose: The purpose of this study was to investigate the influence of performance management practices on performance contracting outcomes in the Ministry of Education, Science and Technology

Methodology: The study employed a descriptive case study research design. The target population consisted of all the 600 employees in all cadres of members of staff in the Ministry of Education, Science and Technology that were based in the headquarters. In this study, a sample of 15% of the total population was used. Primary data was collected using structured questionnaires. Data analysis was conducted using statistical package for social sciences (SPSS) computer software.

Results: The study findings revealed that staff development, work planning, strategic planning and financial resource allocation had positive and significant effects on performance contracting outcomes in the ministry.

Unique contribution to theory, practice and policy: It was recommended that the ministry had to undertake quality and continuous training on performance contracting for those individuals actively involved in the process. Adequate funds for the training needed to be provided in the budget always and that capacity building needed to be embraced as a common practice in the ministry. It was also recommended that work plans needed to be circulated to all departments and also made available to the various teams implementing the performance contracts. The study further recommended that the ministry's strategic plans needed to be comprehensive and have clearly spelt out intentions to guide the implementation of the set goals. Avenues needed to be made available to ensure that all employees are involved in the process of strategic planning.

Keywords: *performance management practices, performance contracting outcomes, strategic planning, work plans, staff development, financial resource allocation*

1.0 INTRODUCTION

Governments are increasingly faced with the challenge to do things but with fewer resources (Khamasi, 2008). The primary role of any government is to maximize on the welfare of its citizens and its development goal is to achieve broad based, sustainable improvement in the standards of the quality of life for its citizens. The public service and in particular the civil service plays an indispensable role in the effective delivery of public services that are key to the functioning of a state economy. When the delivery of services is constrained or becomes ineffective, it affects the quality of life of the people and nation's development process (Lapsley, 2009). Armstrong (2006) noted that poor performance may be a result of inadequate leadership, bad management or defective systems of work and observes that poor performance is not necessarily the fault of employees in an organization but failure in such a circumstance will be attributed to the top leadership of the organization which has been unable to establish and develop a well-defined and unequivocal expectation for super performance.

Performance contracting as part of the broader reforms in the public sector, aims at improving the efficiency and effectiveness with which public resources are managed (Wairiuko, 2011). Peterson (2005) defines a performance contract as a performance agreement that is freely negotiated between the government which acts as the owner of a government agency and those who manage the agency. He asserts that a performance contract explicitly outlines the intentions; obligations and responsibilities of the parties involved in the contracting process. The process of performance contracting typically involves four main stages namely, work plan management, skills development, performance monitoring and evaluation and rewarding of outstanding performance (Mang'ale, 2013).

As part of the performance management orientation in government, the common purposes of performance contracting are to clarify the objectives of public service institutions and their relationship with government, and to facilitate performance evaluation based on results instead of conformity with bureaucratic rules and regulations (Hope, 2012). Performance management is a distinct element of public sector reforms and performance contracting is a key tool of performance management. The establishment of performance management systems is regarded as a means of getting results from individuals, teams, and the organization at large within a given framework of planned goals, objectives, and standards. It allows for the setting of targets and the development of indicators against which performance can be later measured. It is an integral part of the public service delivery mechanism and is a process by which an organization can assess whether or not it is delivering the appropriate services, according to its mission and objectives, in the appropriate quantity, at the appropriate cost, at the appropriate time, and to the appropriate people (Xavier, 2010).

According to Boyne (2010), performance management in the public sector is generally composed of interlinked elements: performance measurement, target setting, strategic planning, work plan management, resource allocation and rewards and/or sanctions. Similarly, Hood, Rothstein, and Baldwin (2001) identify three key components of all regulatory regimes: information gathering (describe this as 'detectors'), setting standards ('directors'), and behavior modification ('effectors'). It is a requirement that all public institutions prepare performance contracts based on the strategic plans (Performance contracting guidelines, 2009).

The Strategic Plan is the cornerstone for the implementation of a performance contract. The strategic objectives in the strategic plans of public institutions should be linked to Government policy priorities and objectives as set out from time to time, in such policy publications as the National Development Plan and the Vision 2030. In the case of public institutions which do not have strategic plans in place at the time of preparing a performance contract, development of a strategic plan should be included as a key performance indicator under the “Non-financial” performance criterion (Performance contracting guidelines, 2009). Continuous training on PC on all cadres of members of staff is needed to help them understand and internalize PC for easier implementation. This training is crucial in assisting staff in linking their duties with the bigger picture of the institution in form of strategic objectives. Knowledge of strategic planning, development of work plans and monitoring capacities among the staff is central to the success of PC and the management support and their technical knowledge is essential (Nyaigo, Omari, Onyango, & Yobes, 2013).

The driving force for performance contracting originated from the perceptions that the performance of the public sector had been consistently falling below the expectations of the public. The decline was associated with excessive controls, multiplicity of principles, frequent political interference, poor management and outright mismanagement (RBM guide, 2005). The use of Performance Contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments. The success of Performance Contracts in such diverse countries as France, Pakistan, South Korea, Malaysia, India, and Kenya has sparked a great deal of interest in this policy around the world. A large number of governments and international organizations are currently implementing policies using this method to improve the performance of public enterprises in their countries (Birech, 2011)

In Kenya, the concept of Performance Contracting is defined as a freely negotiated performance agreement between the Government and the respective Ministry, Department or Agency which clearly specifies the intentions, obligations and responsibilities of the two contracting parties. As such, it stipulates the results to be achieved by the contracted party and the commitments of Government as the contracting party (GoK, 2010). The Kenyan government acknowledges that over the years there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization of sustainable economic growth (GoK, 2006). To improve performance, the government has continued to undertake a number of reform measures. The introduction of Performance Contracts as the national management accountability framework in Kenya was premised on this need to build the country’s competitive advantage around the performance of the Public Service. The system redefined public sector ‘performance’ to mean focusing on outputs and outcomes, not on inputs, processes, or preoccupation with activities (Mbua and Sarisar, 2013).

UN (1995a) identified four factors that need to be satisfied if performance contracting is to succeed, namely: financial stability of an agency; management information and regulatory capacity; stable and competent management team; and a firm government commitment. Many public agencies find themselves crippled by debt and illiquidity due to accumulated losses, or under capitalization in some cases. Few such firms are likely to meet performance targets.

According to Jones and Thompson (2007), the expected outcomes of the introduction of performance contracts include: improved service delivery, improved efficiency in resource utilization, institutionalization of a performance oriented culture in the public service, measurement and evaluation of performance, reduction or elimination of reliance of public agencies on exchequer funding and enhancing overall performance. The underlying assumption driving the performance contracting concept is that once performance can be measured and performance shortfalls identified (including non-performers), actions can be taken to address the shortfalls. Performance evaluation and by extension contracting is therefore based on the premise that what gets measured gets done'.

The Ministry of Education Science and Technology is the only ministry in the education sector. The ministry's mandate include among other things, education provision, promotion, facilitation, formulation of policy guidelines on education. It also coordinate the development of human resource through education, training, research science and technology. The sector is divided into five directorates namely; Directorate of Basic Education; Higher Education; Technical Education; Quality Assurance; and Policy and Planning. These departments are supported by the various support units, which includes: Accounts, Finance division, Procurement, Central Planning Unit and the Administration department.

The ministry is also attached to semi-autonomous organizations and agencies that perform specialized functions. These agencies include; Kenya National Examinations Council (KNEC), Kenya Institute of Education (KIE), Kenya Education Staff Institute (KESI), Kenya Institute of Special Education (KISE), Commission For Higher Education (CHE), Teachers Service Commission (TSC), Higher Education Loans Board (HELB), Jomo Kenyatta Foundation (JKF), Kenya Literature Bureau (KLB), Kenya National Commission for UNESCO, and a number of public universities and university colleges.

1.1 Statement of the Problem

This study sought to investigate the influence of implementation process on performance contracting outcomes in the Ministry of Education, Science and Technology. When introducing performance contracts in 2003, the government indicated that ministries performance in particular had consistently fallen below expectations (Office of the President, 2005). 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 (Muriu, 2014). Annual performance evaluation reports show that the Ministry of Education, Science and Technology underachieved its set targets leading to low ranking, in that, the mean score was poor. For instance, annual evaluation reports obtained between the year 2006 and 2013, showed that the ministry performance was as follows: in 2006/2007, the ministry held position 11 with a mean score of 2.3337 in 2007/2008, the ministry held position 33 with mean score of 2.7691, in 2009/2010, the ministry held position 38 with mean score 2.6121, and in 2010/2011, the ministry held position 37 with mean score of 2.7074 (Annual performance contract evaluation reports, 2006-2013). The low ranking and failure of the Ministry to implement its set target implies it under achieves its targets set for implementation.

Review of previous studies show that even though extensive research on performance contracting has been carried out, little has been done to understand how various performance management practices such as staff training, strategic planning, work planning and financial resource allocation influence performance contracting outcomes. For instance, Omboi and Kariuki (2011) investigated the factors affecting implementation of performance contract initiative at municipal council of Maua-Kenya while Nderi analyzed the performance contracting and strategy implementation in commercial state corporations in Kenya. Also most studies on performance contracting are based on parastatals and other institutions within the Ministry of Education rather than itself. For instance, only one study on performance contracting in the ministry has been done. Letangule and Letting (2012) sought to establish the effects of performance contract on organization performance: the case study of Kenya's Ministry of Education. The other studies are based on other institutions that fall under the ministry such as the Teacher's Service Commission and Public Universities. The above as well the poor ranking and failure to achieve set targets in the ministry therefore informed the basis for conducting this study so as to investigate the influence of the influence of performance management practices on performance contracting outcomes in the ministry with a focus on staff training, work planning, strategic planning and financial resource allocation

1.2 Research Objectives

- i. To examine the effect of staff development on performance contracting outcomes in the Ministry of Education, Science and Technology
- ii. To examine the effects of work planning on performance contracting outcomes in the Ministry of Education, Science and Technology
- iii. To examine the effects of strategic planning on performance contracting outcomes in the Ministry of Education, Science and Technology
- iv. To examine the effects of financial resource allocation on performance contracting outcomes in the Ministry of Education, Science and Technology

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Agency Theory

According to (Williamson, 1981), this theory examines the relationship that exists between the owners of an organization and those who manage it. The key issues that are highlighted in the theory center upon whether there exists adequate market mechanisms that ensure that managers are compelled to act in ways that aim at maximizing the welfare or utility of the organization's owners where there is separation between their ownership and control. Based on the terms of the agency theory, a principal (P) passes on authority to an agent (A) to act, conduct transactions and make decisions on behalf of the principal in an effort to maximize P's utility preference.

According to Ayee (2008) and Petri (2002), performance contracting is based on the principal agent theory. During the implementation of performance contracting, there exist different relationships between the principal and the agent. The premise forming the basis for this theory is that both parties want to maximize their benefits. However, due to lack of information, the

principal is at a disadvantage such as the actual ability of the agent. The agent will normally try and ensure that they set targets that minimize the risk of not attaining the intended outcomes. Therefore, the principal designs a contract that is appealing to the agent while maximizing their benefits (Ssengooba, 2010). The key question in the theory is how the principal (shareholder) can control the actions of the agent (bureaucrats) to ensure they act in his best interest. When applied to public sector, PC is a tool that is used by citizens to hold public officials accountable and in turn elected officials use it to hold the bureaucrats accountable (Larbi, 2010). In the context of public service, in the first instance, the citizens act as the principal while the political class act as the agent. To maximize their chance of re-election, the politicians have a contract with the citizens to fulfill the campaign promises. However, the political class does not provide services to the citizenry directly. This is done through institutions that are headed by appointees of the political class who then assumes the role of principal while the bureaucrats become the agents. The politicians have an interest in re-election and hence have to meet their part of the bargain to secure it while the bureaucrats are motivated by the prestige and benefits accruing from continued occupation of office (Petrie, 2002)

To contextualize the theory, state corporations can be viewed as agents whereas the instituting authorities as principals. The state corporations (agents) are expected to be custodians of both the government and public interest as per the performance contract and are bound by the terms.

2.1.2 The Six Variable Model of the Policy Implementation Process

In their article *The Policy Implementation Process: A Conceptual Framework*, Donald Van Meter and Carl Van Horn propose a model for analyzing policy implementation (Demartini, 2010). The model suggests that six variables linked dynamically lead to the production of an outcome. The first three factors focus on the policy and the second three factors concentrate on aspects of the policy's implementation. According to Van Meter and Van Horn (1975) these include policy standards and objectives, policy resources, inter organizational communication and enforcement activities, characteristics of implementing agencies, economic social and political conditions, and the disposition of implementers. The authors add that it is the above core variables that shape the linkage between public sector reform and its implementation. They explained that policy standards and objectives elaborate on the overall goals of a policy decision and that "they move beyond the generalities of the legislative document to provide concrete and more specific standards for assessing programme performance (ibid)."

The second factor of the Van Meter/Van Horn model explores the policy's resources including funding appropriations, technical or legal assistance offered in the law, and political support for the law itself. The first category draws attention to how the implementation of the law will be paid for. If the policy's funding is left ambiguous, it may indicate that agencies must use their own resources or find other sources. The second category points out that personnel must be knowledgeable enough technically and legally to be able to implement the law. Technically, implementers must have acquired the necessary knowledge, skills, and abilities. Therefore, according to Simpson and Buabeng (2013) this model is applicable to the case of performance contracts in public institutions. Staff skill development, adequate resources, clear targets affect the level of implementation of performance contracts and hence the performance contracting outcomes.

2.2 Empirical Review

Mbuthia, Ngari, and Mwanhi (2014) sought to establish the effectiveness of performance contracting (P.C) in the government institutions this far. This was a case study of the Provincial General Hospital in Nakuru County. The study established that indeed performance contract was critical for service delivery. The effectiveness of the implementation of PCs in public institutions depended on the knowledge of the employees and managers on the content of the performance contract and extent of the work done in relation to the performance contract. It was recommended that the government and the leadership of the various government institutions embark on capacity build to enlighten the employees on the genesis and implication of performance contracting. The well performing employees should be rewarded and the uncooperative to face strict penalties.

Kiura (2013) investigated the factors influencing the effective implementation of Performance Contracting in non-commercial State Corporation in Kenya with special reference to Kenya National Library service (KNLS). Specifically, the study endeavored to investigate how staff's training, organization culture, financial resources, top management commitment and employees turnover influence the effective implementation of performance contracting. A descriptive research design was employed. The study found that training of staff on how to implement the performance contracting was key determining factor for the effective implementation of performance contracting in noncommercial state corporations. There was a very strong relationship and a positive correlation between the two variables and therefore the top managers should allocate a substantial amount of finances of the corporation budget to this function.

A work plan translates the strategic objectives of an organization into specific activities and tasks to be undertaken by an employee or a team of staff over a given period. A work plan further indicates what is to be achieved at different stages of the plan implementation period given available resources. Specific advantages of work plans include; it breaks activities into tasks to be performed by individual staff; indicates when specific tasks are to be undertaken; indicates specific resource requirements and enables open and objective appraisal/evaluation to be undertaken (GoK). Work plans provide a framework for planning and serve as a guide during a specified time period for carrying out work. An organization's commitment to planning can be measured by the extent to which it completes work plans to reach each strategic goal and determines various methods to verify and evaluate the actual implementation of the work to be done. The text of the work plan comprises several sections: introduction, background, goals, objectives, outputs, resources, constraints, strategy and actions (Points of Light Foundation, 2010).

Work planning provides a way of coordinating the work that needs to be done with an emphasis on continuous improvement and innovation. Its hallmarks are collegiality and cooperation, where collective responsibility is shared by each member of a group with minimal supervision from above (Korir, 2005). The group works and acts together willingly for a common purpose or benefit to accomplish the aim of the PC system. In order to function effectively, it is essential for all staff in an organization to have a clear understanding of the organization's overall strategic direction

Mwandia (2012) to determine the effect of Performance Contracting processes on service delivery. A descriptive study was done where a random sample of 50 service recipients and all the 100 employees of Ewaso Ngiro North Development Authority at Isiolo headquarters were targeted. This study established that work plan management was the most significant factor in influencing service delivery at ENNDA, followed by skills development and training then monitoring and evaluation while reward system was the least significant. The study found that targets in the work plan aid in achievement of PC targets and work plans encourage teamwork.

Gatere, Keraro, and Gakure (2013) conducted study on the impact of performance contracts on service delivery at the Teachers' Service Commission in Kenya. The study sought to find out the Genesis of individual work-plans. The study adopted descriptive as well as an explanatory research design. It was noted that almost all the respondents had individual work-plans. This in effect would mean that performance contracting was actualized through verifiable indicators such as activities against set targets. An overwhelming majority stated that there were division operational plans and further indicated that they made use of the said plans in the preparation of their individual work plans. That work plans were based on performance contracts fundamentally meant that they were an important aspect in the implementation of the whole performance contracting process; that is, work plans were the means through which performance contracting was implemented and actualized. This is because performance contracts contained set targets, which should be achieved within the contract period.

Awino (2013) sought to establish the link between performance contract and strategy evaluation in State Corporations in Kenya. To achieve this objective, primary data was used. The findings realized suggest that, to a less extent, the State Corporations' performance contract results inform their strategy evaluation. The findings also suggest that strategic plans of State Corporations are not comprehensively developed and miss out on clear intentions. This in turn affects the process of target setting, implementation and evaluation of performance contracts. The results may have been constrained by the level of understanding on the relationship between the organizations' strategic plan and the performance contract.

Murgor (2008) examined the factors that influence implementation of performance contracts among financial and commercial state corporations in Kenya. The main findings showed that specific factors have great influence in the implementation of performance contracts and these were; clear communication of vision and mission of an organization to all employees, setting of specific, measurable, attainable, realistic and time bound goals, open top management support of performance contract, setting up systems of communication to enhance feedback on performance, involving Heads of Departments in the setting of targets/goals for performance contract, using strategic plans to develop performance contracts, complimenting strategic plans with performance contracts and reporting structure in place to facilitate communication of the objective of performance contract. All financial and commercial state corporations have a strategic plan which are considered extremely important and are reviewed annually. Performance contract assist in the achievement of strategic plan objectives and hence therefore, there is a strong link between performance contract and strategic plans.

Sigei (2014) examined the effects of strategic planning on corporate performance using Babcock University as the case study. It further probed into how this has impacted on the management

efficiency and effectiveness as strategic planning is essential in corporate organizations. The hypotheses were tested using the using the Pearson's Product Moment Correlation Coefficient to establish the significance of relationship between the various variables used in measuring performance. The results of the hypotheses revealed that there is a significant positive correlation between strategic planning and corporate performance. The study therefore, concluded that strategic planning is beneficial to organizations in achieving set goals and recommends that universities and other corporate organizations alike, should engage in strategic planning in order to enhance corporate performance.

Mugambi, Gakure, and Orwa (2014) conducted a study which sought to determine if strategic plans influenced acceptance of performance contracting by employees in Kenyan Secondary schools. The study employed a descriptive research design. Results indicated that that the secondary schools have ineffective strategic plans. Specifically, results indicated that the employees agreed that the schools had strategic plans with a vision, mission and objectives clearly spelt out, strategic goals of their schools were linked to national development goals and that it was important for their institutions to have strategic plans. However the employees were never involved in making the strategic plans for their schools and goals and objectives of the organization were not clear to all employees. The study concluded that there were poor and ineffective strategic plans in the secondary schools which led to low or poor acceptance of performance contracting.

Njogu (2009) determine the challenges experienced by employees in the implementation of performance contracting in Kenyan state corporations. Exploratory survey was used and a population sample of 35 state corporations based in Nairobi Kenya was selected using convenience sampling. The study concluded that performance contracting management is responsible for drawing performance targets based on the corporate strategic plan and expected outcomes. However, lack of adequate resources was rated highly as a major challenge. Muraya (2012) conducted a study aimed at determining the extent to which performance contracting has been implemented and to establish the factors that affect the implementation of Performance contracts in Kenya Revenue Authority. A case study was used. The findings were presented in a narrative format and they showed that performance contracting had not been fully implemented in the organization. Secondly, the findings showed that the implementation of performance contracts in the organization was affected by various factors including resource inadequacy, unrealistic and unachievable targets, reward and penalty system, communication and abrupt staff transfers hamper the implementation among others.

A study by Metebo (2015) sought to establish factors that influence implementation of performance contracting in the Public Service in Kisii County Government. A descriptive research design was adopted. The specific objectives were to establish how leadership style, personnel, processes and financial resources influence implementation of performance contracting in the Public Service. The study findings reveal that financial resources influence implementation of performance contracting. That adequate, proper allocation, prudent utilization of financial resources, timely release and disbursement greatly contribute to successful implantation of performance contracting.

Kobi and Mohammed (2006) investigated the Kenyan experience with performance contracting. The study traced the history of public sector reforms in Kenya; discussed the rationale for performance contracting, identified successes and challenges of implementing the performance contract in Kenya. Primary data collected from collected from a sample of 280 senior public service course participants at Kenya Institute of Administration was used. From the study findings, some of the problems experienced during the implementation of the performance contract included lack of adequate resources, resources not being released on time; some performance targets were highly ambitious and unplanned transfer of staff. According to the study, stability of resources enhanced the motivating effect of the contract. When resources were not available or availed late, the staff involved got frustrated.

3.0 RESEARCH METHODOLOGY

This study employed a descriptive case study research design. The target population for this study was all the 600 employees in all cadres of members of staff in the Ministry of Education, Science and Technology that were based in the headquarters in the following departments namely; directorate of Higher Education, directorate of Basic Education, directorate of Quality Assurance and Standards, Central Planning Unit, directorate of Technical Education, Departments of Human Resource, Finance, Accounts and Administration.. In this study, a sample of 15% of the total population (i.e. 96) was used. Primary data was collected using structured questionnaires. Data analysis was conducted using statistical package for social sciences (SPSS) computer software. The statistics that were generated included descriptive statistics and inferential statistics. The particular descriptive statistics included frequencies and percentages while the particular inferential statistics included correlation analysis and regression. Correlation analysis was used to establish the association between the variables

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

The number of questionnaires administered was 96. A total of 85 questionnaires were properly filled and returned. This represented an overall successful response rate of 88.54%.

4.2 Descriptive Statistics

4.2.1 Staff Development

The first objective of the study was to examine the effect of staff development on performance contracting outcomes in the Ministry of Education, Science and Technology. The respondents were asked to respond to some statements on staff development. Results in Table 1 revealed that 48.2% (40.0%+8.20%) of the respondents agreed that there was quality and continuous training on performance contracting in the Ministry, 31.80% disagreed to the statement while 20.0% had a neutral opinion. The study findings also showed that 35.30% of the respondents agreed that adequate funds for training on performance contracting were always provided in the Ministry's budget, 23.50% had a neutral opinion while 41.20% were in disagreement. The results further showed 28.20% of the respondents agreed that capacity building for staff was common practice in the Ministry, 48.20% noted that it was not a common practice while 23.50% of the

respondents had a neutral opinion. The results revealed that a majority of the respondents, 78.80%, believed that lack of training led to negative perception of performance contracting by employees. When asked whether clear directions on performance contracting were provided during training, a majority of the respondents, 52.90%, noted that it was the case, 25.90% were in disagreement while 21.20% had a neutral opinion. It was further found that 78.80% of the respondents, a majority, agreed that knowledge of employee on the content of performance contracting affected effectiveness of implementation.

Table 1: Staff Development

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
There is quality and continuous training on performance contracting in the Ministry	16.50%	15.30%	20.00%	40.00%	8.20%	3.08	1.25
Adequate funds for training on Performance Contracting are always provided in the Ministry budget	9.40%	31.80%	23.50%	25.90%	9.40%	2.94	1.16
Capacity building for staff is common practice in the Ministry	17.60%	30.60%	23.50%	23.50%	4.70%	2.67	1.16
Lack of training leads to negative perception of Performance Contracting by employees	5.90%	5.90%	9.40%	37.60%	41.20%	4.02	1.13
Clear directions on Performance Contracting are provided during training	9.40%	16.50%	21.20%	44.70%	8.20%	3.26	1.13
Knowledge of employee on the content of performance contracting affects effectiveness of implementation	7.10%	4.70%	9.40%	45.90%	32.90%	3.93	1.12
Average						3.32	1.16

On a five point scale, the average mean of the responses was 3.32 which means that majority of the respondents had a neutral opinion on most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.16. These findings were in line with that of Mbuthia et al. (2014) who found that the effectiveness of the implementation of PCs in public institutions depended on the knowledge of the employees and managers on the content of the performance contract and extent of the work done in relation to the performance contract and recommended that the government and the leadership of the various government institutions embark on capacity build to enlighten the employees on the genesis and implication of

performance contracting. The findings also support that of Maina (2010) who found that in the context of district hospitals, performance contracting was affected by many challenges including poor training on performance contract. The findings further support that of Sigei (2014) who found that in the context of state corporations common implementation challenges were lack of training and capacity building of employees regarding performance contracting, ambiguity in the process and resistance by personnel to participate in the process’.

4.2.2 Work Planning

The second objective of the study was to examine the effects of work planning on performance contracting outcomes in the Ministry of Education, Science and Technology. The respondents were required to respond to some statements on work planning.

Table 2: Work Planning

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
Operational work plans exist in the Ministry	4.70%	5.90%	7.10%	62.40%	20.00%	3.87	0.96
Work plans are normally circulated to all departments and are available to various implementing teams	2.40%	18.80%	21.20%	40.00%	17.60%	3.52	1.06
Staff are made aware of the work plans and their role in its implementation	4.70%	15.30%	20.00%	47.10%	12.90%	3.48	1.05
Work plans aid in the achievement of Performance Contract targets and on time	2.40%	7.10%	11.80%	51.80%	27.10%	3.94	0.94
Work planning has provided an avenue for teamwork with little supervision	5.90%	8.20%	15.30%	54.10%	16.50%	3.67	1.04
Employees use the ministry work plans to develop individual work plans for enhanced performance	2.40%	9.40%	18.80%	56.50%	12.90%	3.68	0.90
Average						3.69	0.99

Results in Table 2 revealed that a majority of the respondents, 82.40%, agreed that operational work plans existed in the ministry, 57.60% of the respondents also a majority agreed that work

plans were normally circulated to all departments and were available to various implementing teams while 60.0% of the respondents representing a majority agreed that staff were made aware of the work plans and their role in its implementation. Similarly, a majority of the respondents, 78.90%, agreed that work plans aided in the achievement of performance contract targets and on time.

The results further showed that a majority of the respondents, 70.60% and 69.40%, agreed that work planning had provided an avenue for teamwork with little supervision and that employees used the ministry work plans to develop individual work plans for enhanced performance respectively. On a five point scale, the average mean of the responses was 3.69 which means that majority of the respondents were agreeing to most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 0.99. The study findings agree with that of Mwandia (2012) who sought to determine the effect of performance contracting processes on service delivery and established that work plan management was the most significant factor in influencing service delivery and that, targets in the work plan aid in achievement of PC targets and work plans encourage teamwork. The findings concurred with that of Gatere *et al*, (2013) who found that work plans were based on performance contracts hence work plans were the means through which performance contracting was implemented and actualized. In addition, operational plans were used in the preparation of their individual work plans

4.2.3 Strategic Planning

The third objective of the study was to examine the effects of strategic planning on performance contracting outcomes in the Ministry of Education, Science and Technology. The respondents were asked to respond to some statements on strategic planning. The study findings revealed that a majority of the respondents, 83.50%, agreed that there existed strategic plans in the ministry. Similarly, 76.50% of the respondents also a majority agreed that strategic plans were used in developing and complimenting the ministry's performance contracts. The findings further revealed that 67.10% of the respondents representing a majority agreed that the ministry's strategic plans were comprehensively developed and had clearly spelt out intentions while 70.60% of the respondents, a majority agreed that strategic plans fast tracked the implementation of intended outcomes. The study found that 27.10% of the respondents agreed that the contents of the ministry's strategic plans were not achievable, 47.10% disagreed to the statement while 25.90% had a neutral opinion. On a five point scale, the average mean of the responses was 3.69 which means that majority of the respondents were agreeing to most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 0.92. The study findings were in agreement with that of Awino (2013) that strategic plans of State Corporations were not comprehensively developed and missed out on clear intentions and this in turn affected the process of target setting, implementation and evaluation of performance contracts. The findings also concur with that of Murgor (2008) who found that specific factors namely involving heads of departments in the setting of targets/goals for performance contract, using strategic plans to develop performance contracts and complimenting strategic plans with performance contracts had great influence in the implementation of performance contracts.

Table 3: Strategic Planning

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
There exists strategic plans in the ministry	0.00%	3.50%	12.90%	48.20%	35.30%	4.15	0.78
Strategic plans are used in developing and complimenting the ministry's performance contracts	2.40%	3.50%	17.60%	54.10%	22.40%	3.91	0.87
The ministry strategic plans are comprehensively developed and have clearly spelt out intentions	2.40%	4.70%	25.90%	42.40%	24.70%	3.82	0.94
All the employees are not involved in making strategic plans in the ministry	3.50%	8.20%	16.50%	54.10%	17.60%	3.74	0.97
Strategic Plans fast track the implementation of intended outcomes	2.40%	4.70%	22.40%	61.20%	9.40%	3.71	0.80
The contents of the ministry's strategic plans are not achievable	11.80%	35.30%	25.90%	15.30%	11.80%	2.80	1.19
Average						3.69	0.92

4.2.4 Financial Resource Allocation

The fourth objective of the study was to examine the effects of financial resource allocation on performance contracting outcomes in the Ministry of Education, Science and Technology. The respondents were asked to respond to some statements on financial resource allocation. Results in Table 4 show that 31.80% of the respondents agreed that the ministry provided adequate resources for the performance contracting function, 33.0% were in disagreement while 35.30% had a neutral opinion. The results also showed that 23.60% of the respondents agreed to the statement that there was proper and prudent utilization of the financial resources set aside for performance contracting function, 31.80% disagreed, while 44.70% had a neutral opinion. It was found that 23.60% of the respondents also agreed to the statement that there was timely release and disbursement of the resources for performance contracting, 38.90% disagreed while 37.60% had a neutral opinion. The study findings further indicated that 33.0% of the respondents agreed that there was stability of resources for performance contracting function, 31.70% were in disagreement while 35.30% had a neutral opinion. It was further found that a majority of the respondents, 67.0%, agreed that untimely budget approvals did sometimes frustrate the employees undertaking performance contracting. On a five point scale, the average mean of the

responses was 3.05 which means that majority of the respondents had a neutral opinion on most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.04. The findings support that of Njogu (2009) who found that lack of adequate resources was rated highly as a major challenge experienced by employees in the implementation of performance contracting in Kenyan state corporations. The findings further supported that of Metebo (2015) who found that financial resources influenced implementation of performance contracting. That adequate, proper allocation, prudent utilization of financial resources, timely release and disbursement greatly contributed to successful implantation of performance contracting.

Table 4: Financial Resource Allocation

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
The ministry provides adequate resources for the performance contracting function	11.80%	21.20%	35.30%	24.70%	7.10%	2.94	1.11
There is proper and prudent utilization of the financial resources set aside for performance contracting function	11.80%	20.00%	44.70%	22.40%	1.20%	2.81	0.96
There is timely release and disbursement of the resources for performance contracting	11.80%	27.10%	37.60%	21.20%	2.40%	2.75	1.00
There is stability of resources for performance contracting function	12.90%	18.80%	35.30%	27.10%	5.90%	2.94	1.11
Untimely budget approvals do sometimes frustrate the employees undertaking performance contracting	3.50%	5.90%	23.50%	38.80%	28.20%	3.82	1.03
Average						3.05	1.04

4.2.5 Performance Contracting Outcomes

The study also sought to assess the realization of the various performance contracting outcomes in the Ministry of Education, Science and Technology. The respondents were asked to respond to some statements on performance contracting outcomes. Results in Table 5 show that 31.70% of

the respondents agreed that there had been increased accountability and transparency in managing public resources within the ministry, 28.20% disagreed while 43.50% had a neutral opinion. The findings also revealed that 47.10% of the respondents agreed that there had been improved service delivery by the ministry, 40.0% were in disagreement to the statement while 38.80% had a neutral opinion. It was further found that 35.30% of the respondents agreed that there had been improved efficiency and effectiveness in resource utilization in the ministry, 31.80% disagreed to the statement while 40.0% had a neutral opinion. The study findings also showed that 32.90% of the respondents agreed there had been institutionalization of a performance oriented culture in the ministry, 28.20% disagreed to the statement while 44.70% had a neutral opinion. The results also indicated that 41.20% of the respondents agreed that there had been easy measurement and evaluation of performance in the ministry, 29.40% disagreed to the statement while 38.80% of the respondents had a neutral opinion. On a five point scale, the average mean of the responses was 3.16 which means that majority of the respondents had a neutral opinion on most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 0.97. According to Jones and Thompson (2007), the expected outcomes of the introduction of performance contracts include: improved service delivery, improved efficiency in resource utilization, institutionalization of a performance oriented culture in the public service, measurement and evaluation of performance, reduction or elimination of reliance of public agencies on exchequer funding and enhancing overall performance

Table 5: Performance Contracting Outcomes

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
Increased accountability and transparency in managing public resources within the ministry	9.40%	15.30%	43.50%	28.20%	3.50%	3.01	0.98
Improved service delivery by the ministry	3.50%	10.60%	38.80%	40.00%	7.10%	3.36	0.90
Improved efficiency and effectiveness in resource utilization	7.10%	17.60%	40.00%	31.80%	3.50%	3.07	0.96
Institutionalization of a performance oriented culture	5.90%	16.50%	44.70%	28.20%	4.70%	3.09	0.93
Easy measurement and evaluation of performance	8.20%	11.80%	38.80%	29.40%	11.80%	3.25	1.08
Average						3.16	0.97

The study findings further revealed that 43.50% of the respondents indicated that they had been achievement of ministry’s set targets to a great extent, 44.70% noted that the realization was to a moderate extent, 9.40% noted that it was to a less extent while 2.40% of the respondents noted there was no realization at all. The findings also revealed that 35.30% of the respondents noted that implementation of laid down strategies in the ministry was to a great extent, 44.70% noted that it was to a moderate extent, 15.30% noted that it was to a less extent while 4.70% of the respondents indicated that there had been no implementation at all. The results implied much effort was needed in order to achieve the ministry’s set targets as well the strategies laid if the benefits of performance contracting were to be exploited.

Table 6: Performance Contracting Outcomes

Statement	Not at all	Less Extent	Moderate Extent	Great Extent	Very Great Extent
Achievement of ministry’s set targets	2.40%	9.40%	44.70%	34.10%	9.40%
Implementation of laid down strategies	4.70%	15.30%	44.70%	28.20%	7.10%
Average					

The respondents were further asked to rate the performance of the ministry based on the realization of the above performance contracting outcomes. The study findings revealed that a majority of the respondents rated the performance as good, 23.5% rated it as average, 15.3% rated. The study findings revealed that a majority of the respondents rated the performance as good, 23.5% rated it as average, and 15.3% rated it as very good while 4.7% and 2.4% of the respondents rated it as poor and excellent respectively. This showed that there was room for improvement as far as the realization of the various performance contracting outcomes in the ministry.

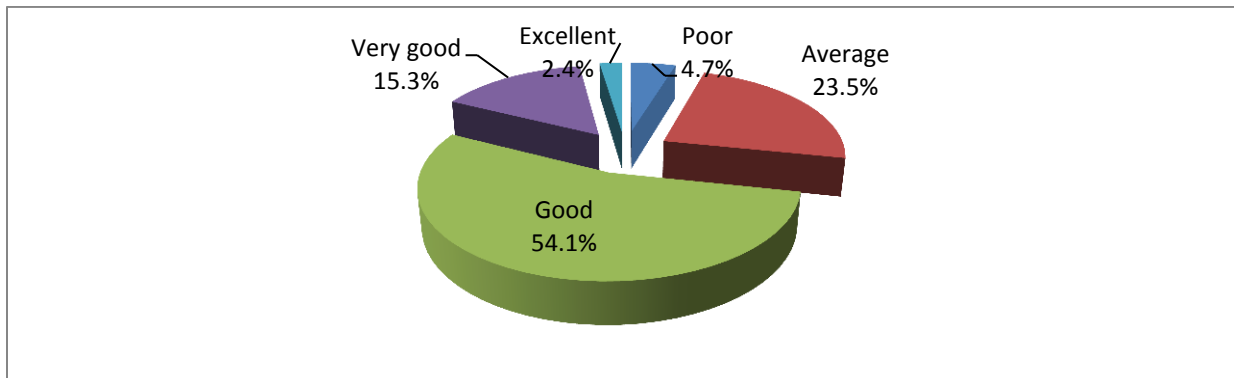


Figure 1: Rating of the Ministry’s performance

4.3 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.3.1 Correlation Analysis

Table 7 below presents the results of the correlation analysis. The results revealed that staff development and performance contracting outcomes were positively and significantly related ($r=0.606$, $p=0.000$). The study findings were in line with that of Kiura (2013) who found that there was a very strong relationship and a positive correlation between the two variables and therefore the top managers should allocate a substantial amount of finances of the corporation budget to this function.

Table 7: Correlation Matrix

		Performance Contracting Outcomes	Staff Development	Work Planning	Strategic Planning	Financial Resource Allocation
Performance Contracting Outcomes	Pearson Correlation	1				
	Sig. (2-tailed)					
Staff Development	Pearson Correlation	0.606	1			
	Sig. (2-tailed)	0.000				
Work Planning	Pearson Correlation	0.615	0.553	1		
	Sig. (2-tailed)	0.000	0.000			
Strategic Planning	Pearson Correlation	0.588	0.537	0.579	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
Financial Resource Allocation	Pearson Correlation	0.604	0.612	0.540	0.528	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

The results further indicated that work planning and performance contracting outcomes were positively and significantly related ($r=0.615$, $p=0.000$). The finding supports that of Mwandia (2012) who found that targets in the work plan aid in achievement of PC targets/outcomes and work plans encouraged teamwork. It was further established that strategic planning and performance contracting outcomes were positively and significantly related ($r=0.588$, $p=0.000$). Wairiuko (2013) who found that strategic planning as a factor influencing implementation of PC fast tracked the implementation of intended outcomes namely the goals, mandates and strategies that strengthened service delivery as one of the PC outcomes.

Similarly, the results showed that financial resource allocation and performance contracting outcomes were positively and significantly related ($r=0.604$, $p=0.000$). This implies that an increase in any unit of the variables leads to an increase in the performance contracting outcomes in the ministry. The findings support that of Nyaigo *et al* (2013) who found that to a very great

extent adequacy of resources and time of release of resources were challenges that were affecting effective implementation of performance contracting at the Ministry which affected the achievement of PC outcomes.

4.3.2 Regression Analysis

The results presented in Table 8 present the fitness of model used of the regression model in explaining the study phenomena. Staff development, work planning, strategic planning and financial resource allocation were found to be satisfactory variables in explaining performance contracting outcomes in the ministry. This is supported by the coefficient of determination also known as the R square of 54.4%. This means that staff development, work planning, strategic planning and financial resource allocation explained 54.4% of the variations in the dependent variable which is performance contracting outcomes in the ministry. These results also imply that the model applied to link the relationship of the variables was satisfactory.

Table 8: Model Fitness

Indicator	Coefficient
R	0.738a
R Square	0.544
Adjusted R Square	0.521
Std. Error of the Estimate	0.5018013

In statistics significance testing using the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number is found to be less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; otherwise the model would be regarded as non-significant.

Table 9 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of performance contracting outcomes. This was supported by an F statistic of 23.883 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 9: Analysis of Variance

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.055	4	6.014	23.883	0.000
Residual	20.144	80	0.252		
Total	44.199	84			

Regression of coefficients results in Table 10 shows that staff development and performance contracting outcomes are positively and significantly related ($r=0.228$, $p=0.037$). An increase in the unit change in staff development would lead to an increase in performance contracting outcomes by 0.228 units. The findings supported that of a study by Mbugua (2013) which indicated that administrative experience of the administrative personnel and their level of

training in performance contracting influenced implementation of performance contracts and hence achievements of PC outcomes to a very large extent.

The results further indicate that work planning and performance contracting outcomes were positively and significantly related ($r=0.274$, $p=0.015$). These results imply that an increase in the unit change in work planning would lead to an increase in the performance contracting outcomes by 0.274 units. The findings were in line with that of Gatere *et al*, (2013) who found that work plans were the means through which performance contracting was implemented and actualized. Hence since performance contracts contained set targets, which should be achieved within the contract period, their implementation implied that PC outcomes could be attained.

It was further established that strategic planning and performance contracting outcomes were positively and significantly related ($r=0.316$, $p=0.041$) while financial resource allocation and performance contracting outcomes were also positively and significantly related ($r=0.210$, $p=0.033$). This shows that an increase in the unit change in strategic planning and financial resource allocation would lead to an increase in the performance contracting outcomes by 0.316 and 0.210 units respectively. The findings agree with that of Mutembei *et al* (2014) who found that knowledge of strategic planning, its development and monitoring capacities among the staff was central to success of performance contracting. The findings also concur with that of Lentoijoni (2010) who found that inadequate financial resources, untimely release of funds and untimely budget approvals posed a great challenge in attaining performance contracting outcomes.

Table 10: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
1 (Constant)	-0.348	0.431		-0.808	0.422
Staff Development	0.228	0.107	0.220	2.123	0.037
Work Planning	0.274	0.110	0.252	2.484	0.015
Strategic Planning	0.316	0.152	0.207	2.077	0.041
Financial Resource Allocation	0.210	0.097	0.222	2.165	0.033

Therefore, the optimal model for this study was;

$$\text{Performance contracting outcomes} = -0.348 + 0.228\text{staff development} + 0.274\text{work planning} + 0.316\text{strategic planning} + 0.210\text{financial resource allocation}$$

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The first objective of the study was to examine the effect of staff development on performance contracting outcomes in the Ministry of Education, Science and Technology. The study findings revealed that staff development had a positive and significant effect on performance contracting outcomes in the ministry. These findings were in line with that of Kiura (2013) who investigated the factors influencing the effective implementation of performance contracting in non-commercial state corporations in Kenya and found a very strong relationship and a positive

correlation between the two variables and recommended that top managers should allocate a substantial amount of finances of the corporation budget to this function.

The second objective of the study was to examine the effects of work planning on performance contracting outcomes in the Ministry of Education, Science and Technology. The findings of the study showed that work planning had a positive and significant effect on performance contracting in the ministry. The findings were in line with that of Mwandia (2012) who sought to determine the effect of performance contracting processes on service delivery and found targets in the work plan aided in achievement of PC targets and work plans encouraged teamwork. The findings also supported that of Gatere *et al*, (2013) who asserted that since work plans were based on performance contracts, they were an important aspect in the implementation of the whole performance contracting process; that is, work plans were the means through which performance contracting was implemented and actualized. This is because performance contracts contained set targets, which should be achieved within the contract period.

The third objective of the study was to examine the effects of strategic planning on performance contracting outcomes in the Ministry of Education, Science and Technology. The study findings revealed that strategic planning had a positive and significant effect on performance contracting outcomes in the ministry. The findings agree with that of Mutembei *et al* (2014) conducted a study on enhancing implementation of performance contracting in the public sector under devolved county governments of Kenya and found that knowledge of strategic planning, its development and monitoring capacities among the staff was central to success of performance contracting and that management support and their technical knowledge was vital.

The fourth objective of the study was to examine the effects of financial resource allocation on performance contracting outcomes in the Ministry of Education, Science and Technology. The findings revealed that financial resource allocation had a positive and significant effect on performance contracting outcomes in the ministry. The findings were in line with that of Lentoijoni (2010) who sought to establish the implementation process of performance contract at the Teachers Service Commission and found that inadequate financial resources, untimely release of funds and untimely budget approvals posed a great challenge in attaining performance contracting outcomes.

5.2 Conclusions

The main aim of this study was to investigate the influence of implementation process on performance contracting outcomes in the Ministry of Education, Science and Technology. Based on the study findings, it was concluded that staff development had a positive and significant effect on performance contracting outcomes in the ministry. Similarly, the study concluded that work planning affected performance contracting outcomes in the ministry. Strategic planning and financial resource allocation also greatly influenced performance contracting outcomes in the ministry. Based on the responses given by the study participants, it was concluded that if the ministry was to realize the various performance contracting outcomes, key emphasis had to be put on staff development, ensuring effective work planning, having focused and clear strategic plans as well as adequate and timely allocation of funds and resources for the performance contracting function in the ministry.

5.3 Recommendations

Based on the study findings, it was recommended that the ministry had to undertake quality and continuous training on performance contracting for those individuals actively involved in the process. Adequate funds for the training needed to be provided in the budget always and that capacity building needed to be embraced as a common practice in the ministry. Clear directions and content of the performance contracts needed to be provided in order to enhance positive perception and effectiveness in implementing performance contracts.

It was also recommended that work plans needed to be circulated to all departments and also made available to the various teams implementing the performance contracts. The ministry also needed to undertake awareness campaigns to ensure that staff were made aware of their roles in the implementation process and also that they would be motivated to develop individual work plans for enhanced performance.

The study further recommended that the ministry's strategic plans needed to be comprehensive and have clearly spelt out intentions to guide the implementation of the set goals. Avenues needed to be made available to ensure that all employees are involved in the process of strategic planning. The study also concluded that adequate resources needed to be set aside for the PC function and this had to be accompanied by prudent utilization of the resources. These resources needed to be released and disbursed on time and there needed to be stability of resources so that individuals undertaking the PC are not frustrated.

The study also recommended that the ministry's management should strive to ensure that the set targets in the ministry are achieved and that the laid down strategies are implemented so that there can be realization of performance contracting outcomes to great extent. Much effort needed to be put on improving the rating of the ministry based on performance in terms of realization of the ministry's goals.

5.4 Areas for Further Studies

The study focused on the influence of implementation process on performance contracting outcomes in the Ministry of Education, Science and Technology. This called for analysis of performance contracting outcomes in only on ministry and thus area for further studies could consider other public institutions that have experience poor performance contacting outcomes especially in terms of achievement of set targets and goals and poor rating on performance which can be linked to the PC process.

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