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ABSTRACT

The objective of this study was to determine the drivers of implementation of performance contracts in state corporations in Kenya. Specifically the study focused on the National Council for Population and Development. According to the model summary, R is the correlation coefficient a strong positive relationship between the independent variables and dependent variable. The coefficient of determination (R^2) showed the dependent variable explained by the change in the independent variables that was 73.10% of the implementation of performance contracts. The adjusted R square was slightly lower than the R square which implied that the regression model may be over fitted by including too many independent variables. This indicated that employee motivation, employee training, legal framework and monitoring & evaluation were important factors that needed to be applied to enhance to implementation of performance contracts in state corporations in Kenya. The study contributes the body of knowledge by examining the influence of employee motivation, employee training, legal framework and monitoring and evaluation on implementation of performance contracts in state corporations in Kenya. The implementation of performance contracts in state corporations in Kenya is greatly affected by employee motivation, employee training, legal framework and monitoring and evaluation. The study contributes to the existing literature in the field of human resource management by elaborating exiting theories, models and empirical studies on implementation of performance contracts in state corporations. A longitudinal study should be carried out to monitor the relationship between demographic factors such as the age, marital status, family status, educational level and experience of employees and their implementation of performance contracts in the organization. Secondly, a further study should be carried out to explore the influence of training practices, selection process practices, employment practices and job enrichment practices to enhance implementation of performance contracts.

Key terms: Employee Motivation, Employee Training, Legal Framework, Monitoring and Evaluation, Performance Contracts

INTRODUCTION

According to Armstrong (2012), Performance Management can be defined as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors (Armstrong, 2012). Gatere et al., (2013) the relationship between Performance Contracts and Performance Management is that the former focuses on outcome and results while the latter is the integrating force that is concerned with what people do, how they do it and what they achieve. It is therefore concerned with both the inputs and the outputs (Nahavandi, 2006). Results Based Management (RBM) is a system that is used by government agencies to achieve specified targets by focusing on inputs, processes and outcomes. Results Based Management is a process that is also used to mobilize the entire staff in an organization in achieving the agreed targets (RBM Guide, 2005). In order to be effective in conducting business or rendering service, organizations need to implement management procedures and practices that would yield the desired results.

Under performance contracts, targets are set and although the areas of concern are the outcomes rather than the processes, the processes do determine the outcomes (Azegele, 2011). The development of strategic plans was one of the things that State Corporations were required to do before entering into performance contracts. A strategic plan enables an organization to be better focused on its core business (Sharif, 2014). It also helps the organization to clearly set out its objectives and action plans that would enable it achieve the objectives.

In an effort to implement the strategic plans the various organizations had to develop operational plans so as to realize their strategic objectives. Operational Plans are a critical component for any organization thus the planning performance stage is important in setting targets against available resources (Peters, 2005). The resources then provide the much-needed support whether in terms of skilled personnel, facilities and equipment, or even much needed funds. Regular monitoring and evaluation of the set targets and their achievement set a basis for review of performance and drawing up of relevant objectives for the planning stage (GOK, 2007). According to Office of the Prime Minister, Republic of Kenya (O.P.M), (2012) the performance contracting process in Kenya has endured eight cycles since its introduction in 2004, when 16 pilot state corporations signed and implemented performance contracts, in the financial year 2010/2011, a total of 468 agencies (46 ministries/departments, 178 state corporations, 175 local authorities and 69 tertiary institutions) signed and implemented performance contracts (Obongo, 2009). The financial year 2010/2011 is the seventh year of implementation of performance contracts in the public service.

National Council for Population and Development is one of the state corporations that was put on performance contracting by the Government of Kenya in the FY 2005/2006 to-date. National Council for Population Development (NCPD) whose original name prior to November 2011 was National Coordinating Agency for Population and Development (NCAPD) was established as Semi Autonomous Agency (SAGA) in the year 2004 under Sessional Paper No. 1 of 2000 on National Population Policy for Sustainable development (MoF, 2009). Through a legal Gazette supplement notice No.152 dated 25th November 2011, the organization reverted back to its earlier original name, the National Council for Population and

Development (NCPD). The organization is charged with the responsibility of promoting and coordinating population and development activities in Kenya, while at the same time acting as focal point for leadership and guidance in matters relating to population and development (National Council for Population and Development Strategic Plan 2011-2015 (NCPD June 2011)).

Kobia and Mohammed (2006) states that, starting in France in the 1970's, Performance Contracting has been used in about 30 developing countries in the last fifteen years. In Asia, the Performance Contract concept has been used in Bangladesh, China, India, Korea, Pakistan and Sri Lanka (Lind, 2006). In Africa, performance Contracts have been used 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.

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.

Performance contracting in Kenya is anchored on the existing Government Planning and Performance Management tools such as the National development blue-print (Vision 2030) in which the Country has developed a 5-year Medium-term plan (2008-2012) against which public agencies align their strategic plan. All other institutions derive

their annual performance contracts operational plans from this document. The PCs are then cascaded downwards through departmental or divisional PCs against which public servants derive their individual targets and articulate these in their performance appraisal system through annual work plans and individual work plans. The constitution of Kenya (2010) recognizes the importance of quality services to Kenyans. Kenya Vision 2030 is about a globally competitive and prosperous Kenya by year 2030 through three pillars, namely; economic, political and social pillars. Its objectives include improved performance and quality services delivery, promotion of transformative and accountable leadership that meets the expectations of citizens.

The state corporations as public sector institutions created under the state corporations Act (Cap 446 laws of Kenya) with various mandates such as accelerating development, increasing the public participation in the economy and overall promotion of indigenous entrepreneurship (Gathai, 2012). They are operational business entities, classified into eight broad functional categories based on mandate and core functions listed as: Financial corporations, Commercial/manufacturing corporations, Regulatory Corporations, Public Universities, Training and Research Corporations, Service Corporations, Regional Development Authorities and Tertiary Education/Training Corporations (GOK, 2005).

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Statement of the Problem

In introducing performance contracts in 2003, the Government indicated that performance contracts had their origin in the general perception that the performance of the public sector in general and government agencies in particular had consistently fallen below expectations (Office of the President- Performance Contracts Steering Committee, Sensitization Manual, 2005). Despite this acknowledgement little research has been done to determine the factors that influence performance contracts in State Corporations and their impact on performance. In NCPD, no study has been undertaken to determine what factors influence implementation of performance contracts (AAPAM, 2005).

The research therefore sought to investigate the unsatisfactory (African association for public administration and management conference report 28th Arusha, Tanzania 4th – 8th December 2006) performance of State Corporations by identifying factors influencing the implementation of performance contracts and their impact. With the implementation of performance contracting in the last seven years (since 2004), there was need to study the factors that influence implementation of performance contracts in State Corporations. Previous studies conducted on performance contracting have concentrated on implementation

(Korir, 2005) while one study has tackled the general impact of performance contracting in state corporations (Kiboi, 2006). However, no study has been done in NCPD so far to investigate the factors that influence implementation of performance contracts. The state corporation has continuously under achieved its targets upon end year PC evaluation. Achievement of targets has always ranged between 60-70% (Kiboi, 2006)

A knowledge gap therefore existed regarding the drivers of implementation of performance contracting and ultimately the effect on service delivery among state corporations. The purpose of this research was to determine the factors that influence implementation of performance contracts in State Corporation with special reference to NCPD. This therefore, created a gap in knowledge. This study therefore sought to bridge this gap in knowledge by answering the following question. What are the factors that influence the success of implementation of performance contract in the State Corporations in Kenya?

Objectives of the Study

The purpose of this study was to assess the drivers of implementation of performance contracts in state corporations in Kenya. The specific objectives of this study were to;

- Establish the influence of employee motivation on implementation of performance contracts in state corporations in Kenya.
- Determine the influence of the employee training and development implementation of performance contracts in state corporations in Kenya.
- Examine the effect of the legal framework implementation of performance contracts in state corporations in Kenya.

- Analyze the effect of monitoring and evaluation on implementation of performance contracts in state corporations in Kenya.

LITERATURE REVIEW

Theoretical Review

Frederick Herzberg Motivational Theory

Frederick Herzberg (1923-2000), a clinical psychologist and pioneer of 'job enrichment', is regarded as one of the great original thinkers in management and motivational theory. Herzberg's et al (1959) two factor theory that identifies two groups of factors (intrinsic-work itself and extrinsic or hygiene factors) that affect job satisfaction and eventually commitment. Herzberg was the first to show that satisfaction and dissatisfaction at work nearly always arose from different factors, and were not simply opposing reactions to the same factors, as had always previously been (and still now by the unenlightened) believed (Herzberg, 1968).

The theory spells out the two sets of factors, mainly hygiene and motivator factors which if present do motivate employees to superior efforts and performances; while the other set of factors, if absent cause dissatisfaction. Some of the factors which lead to enhancing of performance include increased responsibility, being granted challenging work, growth and development. They are called growth or motivators factors. The other factors commonly referred to as hygiene factors are related to job context; they include organization policies and administration, supervision, working conditions and interpersonal relations (Cole, 2011).

According to Griffin & Moorhead (2009), when an employee is recognized and given more responsibilities it causes satisfaction; in absence of these factors it may result the feelings of no satisfaction rather than satisfaction. Equally an employee can be dissatisfied as Herzberg argued

that the problem might be due to the design of the work, in this case the employee can be motivated by making the job more challenging and interesting (Bagram, Cunningham, Potgieter & Viedge, 2007).

According to Armstrong (2012), the theory has influenced approaches to job design such as job enrichment which calls for autonomy for the employee when carrying out their work. As a result, Herzberg had immense influence on the job enrichment movement, which sought to design jobs in a way that would maximize the opportunities to obtain intrinsic satisfaction from work and thus improve quality of working life and employee commitment (Herzberg, 1968). His work can be seen in common with that of Elton Mayo (known for the Hawthorne Experiments), of Abraham Maslow (developer of the hierarchy of needs) and of Douglas McGregor (creator of Theory X and Theory Y) as a reaction to F W Taylor's Scientific Management theories. The theory will support the influence of employee motivation on performance contracting.

Kirkpatrick's' Learning and Training Evaluation Theory

To establish the relationship between employee training and performance contracting, the study will be based on the Kirkpatrick's' Learning and Training Evaluation Theory. In his study, Kirkpatrick, 2004, developed a theory with an approach of the evaluation of training and learning in an organization with a framework of four 'levels' of criteria. Training evaluation models delineates four levels of training outcomes namely reaction, learning, behavior and results. Level one entails the assessment of the training participants' reaction to the program; discussing how well they liked the program. Measures have changed and now most commonly directed to assessing the trainees' effective response to quality for example the relevance to their field, ability of the instructor on

training. Level two are the learning measures of which are quantifiable indicators that learning has taken place during the course of the training. Level three on behavior indicates either which knowledge or skills have been gained results in exceptional job related performance and interactions. The final Level Four on results dwells on the outcomes that intended to provide a measure on impact that training has on the broader organizational goals and objectives, for example many organizations dwell on financial measures (Kirkpatrick, 2004).

Education is held to be central to sustainability. Indeed, education and sustainability are inextricably linked, but the distinction between education as we know it and education for sustainability is enigmatic for many. For the training and development of professional on the adaptation of new regulations and measure that would change their way of work, it would be prudent to show the results that would be critical as in our case to the success of the implementation of processes that aid sustainable procurement (McKeown, Rosalyn & Hopkins, 2008).

Reinforcement Theory

To establish the relationship between legal framework and performance contracting, the study will be based on the Reinforcement Theory. This motivation theory states that a positive reinforce acts as a stimulus when added to a situation and strengthen the probability of an operant response. Skinner (1948), mentioned that there are three types of responses namely neutral operant, reinforces and punishers operants. The neutral operant neither increases nor decreases the probability of learned behavior being repeated, reinforces are responses from the environment that increases the probability of the learned behavior being repeated, while the punishers decreases learned behavior repetition probability. Great emphasis is placed on giving frequent and immediate feedbacks as positive reinforcement so as to internalize the learned behaviors. Griffin and

Moorhead (2009) argues that managers at workplaces need to identify critical, observable, performance related behaviors which contribute towards performance and reinforce them to achieve the desired results. The last step involves evaluating the effectiveness of the program.

Recognition in the feedback program of doing excellent work increases high quality of performance; whereas undesirable or punishment consequences decreases the probability of repeating undesirable behavior (David, 2009 & Dessler, 2011). Reinforcement theory looks at the relations between personal behavior and the outcome of the behavior after immediate reward or punishment. According to Daft (2008) and Bagraim et al (2007) the reinforcement theory looks at the interstate of an individual, by concentrating on what happens to an individual when actions are taken by superiors or managers.

This theory aids the current research on the incentives that leaders can use to retain desirable learned behavior from training and the reward system that would better facilitate learned behavior spread in the national police service. This theory also explains the legal framework that makes leaders of the state corporations to participate in performance contracts.

Goal Setting Theory

To establish the relationship between monitoring and evaluation and performance contracting, the study will be based on the Goal Setting Theory. Goal setting theory is a framework for understanding the relationships among motivation, behavior, and performance. The basic idea behind goal setting theory is that humans translate motivational forces into observable behavior through the process of setting and pursuing goals. Goals are thus the mechanism that operationalizes motivation by using it to shape and drive behavior without such a mechanism, motivation would simply be a

collection of unrealized, internal forces of little consequence. Moreover, goals are effective motivational devices because they tend to promote behavioral patterns that are conducive to high performance and success. Specifically, goals lead people to focus attention, exert effort, persist in the face of challenge, and engage in strategy development (Latham, 2007).

The conceptual distinction between motivation and behavior must be emphasized, as it is key to understanding these constructs in relation to performance—motivation is a psychological state, and behavior is its outcome. It is only through actual behavior that motivation ultimately connects to performance. For example, simply wanting a promotion would not yield the promotion (if only things were that easy). Rather, it is the activity inspired by the desire for a promotion that may get one promoted. Goal setting theory thus describes a causal sequence in which motivation leads to behavior, which in turn leads to performance. Goals play an indispensable role in this motivational process by facilitating the connection between motivation and behavior (Latham, 2007).

Goal setting theory also makes three specific claims. First, goal setting theory maintains that specific, high goals lead to better performance than do low goals or vague goals such as “do your best.” Second, it states that given goal commitment, a positive, linear association exists between goal difficulty and performance—in short, the higher the goal, the better. Third, it states that a number of additional factors that are known to influence behavior and performance, such as feedback and monetary incentives, only do so to the extent that they promote the setting of specific, high goals. In other words, it states that goal setting mediates the influence of these additional factors on performance (Latham, 2007). These three findings are the result of 50 years’ worth of empirical

research examining goal setting in relation to more than 100 different tasks performed by over 40,000 participants in eight different countries (Locke & Latham, 2015).

According to Latham (2007), studies have shown that self-efficacy, which captures the beliefs an individual holds about his or her capability to succeed, correlates with both higher goals and stronger commitment to them. Certain types of feedback, of course, can be more useful than others, and the influence of feedback can also vary depending on characteristics of the individual. One study found that positive feedback boosted motivation when provided in relation to personally valued goals, while negative feedback increased motivation when provided in relation to obligatory goals (Van-Dijk & Kluger, 2014).

Individual-level factors also appear to influence feedback use for example, in a study of salespeople working for industrial products firms. Brown (2011) found that people with high self-efficacy used feedback productively (for example., for role clarification), but those with low self-efficacy did not. Some research also suggests that the original reason for which feedback is sought can determine its usefulness. People may seek feedback for any number of reasons to improve performance, to benefit their egos, or to manage the impressions they make on others but only feedback solicited with the intention of using it productively improves performance (Ashford & Black, 2016). The general theme that emerges from research about feedback in the workplace is that feedback is an essential component of the goal setting process, but that the precise role of feedback varies depending on characteristics of the feedback as well as contextual and individual-level factors. The above theory relates to monitoring on performance contacts in state corporations.

Conceptual Framework

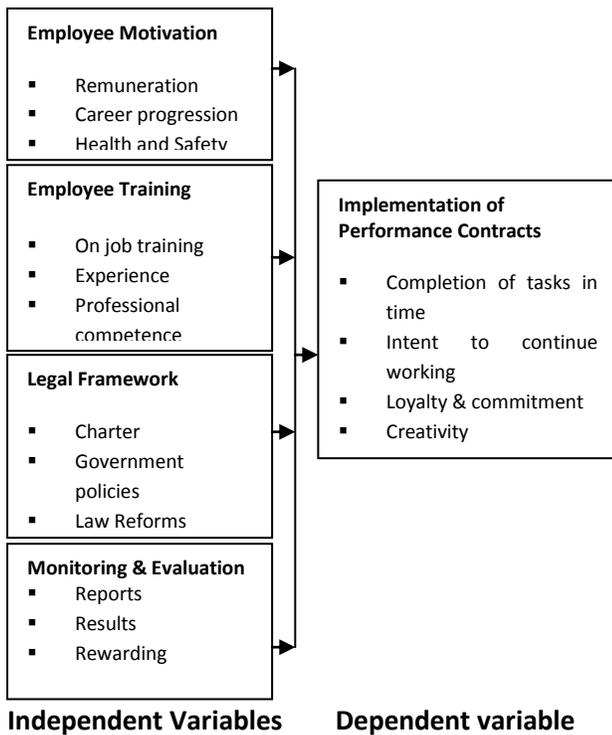


Figure 1: Conceptual Framework

Employee Motivation

Guest (2011) 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 (2016) 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, 2016). Involvement of employees in decision making process motivates human being due to recognition of their initiatives (Luthans, 2008).

Employee Training

According to Kobia (2006), on lessons learnt on challenges of implementing performance contracting in Kenya, knowledge of strategic planning, development of work plans and monitoring capacities among staff is central to the success of the PC and the management support and their technical knowledge is crucial. And that PC would only succeed where management best practices are practices and top management key competencies and participatory approach to decision making is crucial.

Ndung'u (2006) states that lack of employee knowledge and skills on performance contracting are factor that affects performance in tertiary institutions. There is lack of capacity to cascade the contracts in all levels of tertiary institutions due to inadequate resources both human and capital and inappropriate technology for development and implementation. Setting of unrealistic goals was also a challenge.

The new personnel statutes have improved the performance of human resources management and increased the flexibility of allocating the right person to the right job. The renewal of the mandate of members of the supervisory board and the management board being dependent on

performance evaluation is a major change and may act as an important incentive. It is also expected that outstanding performance is rewarded through promotion, pay-increase or recognition. Although various performance contracts do not clearly spell out the pejorative measures taken against mediocre performance, it is assumed that the punishments are clear. With the creation of affiliated companies with widespread contractual employment, there are ceasing concerns about the legal position of the personnel and about the growing fragmentation of employment regimes. This may affect mobility between the different business units (GoK, 2005).

Lings (2004) emphasizes the importance of human resource management policy when he pointed out. That many researchers and employers neglect one important focus, the demand of internal employees, especially those who directly get in touch with customers because the attitude and behavior of employees interacting with customers would influence the feeling and behavior of the customers when they get the service, it is quite important for managers to efficiently define and manage the way their employees provide the service in order to make sure that their attitude and behavior are good for providing the service.

In this study, Lings argues that if properly executed performance contracting has a significant positive effect on staff commitment and satisfaction. The study through the evidence-based research results found that the company applying internal market orientation strategy view point could benefit to promote the organization internal and external performance. Hence it could benefit the services industries to establish perfect human resources management strategy with marketing view point, and maintain the value goals of continuous survival, high growth and high profit in practice.

On the other hand Slater reiterated that performance contracting if well executed may increase real speed in decision making and builds self-confidence in employees. He reckons that the bureaucracy which is a common feature in organizations that still rely on management apparatus that had worked in the 1970s is terrified by speed and simplicity which are some of the essentials of performance contracting (Nahavandi, 2006).

Shirley and Lixin (1997) add that before the performance contracts were put in place most governments were trying to run their state enterprises without any form of performance evaluation which made life difficult when appraising employee at the end of the performance period. Nahavandi (2006) points out that outstanding performance should be rewarded through Promotion, pay-increase or recognition which should be negotiated on signing the performance contract. He further speculates that those who adhere and fit the organizational culture and as well as meet individual goals and objectives are much more likely to be promoted to leadership positions as opposed to those who do not. This process could be true for almost any situation; those who naturally fit well into an organization's mission and culture are more apt to be selected and rewarded in some fashion.

Legal Framework

Regulatory framework includes laws and regulations that outline the legal requirements to be met. They may also be complemented by policies, standards, directives and guidelines. Through performance contracts, synergies have been created in the government's relationship with citizens by involving and empowering the public to demand accountability from all holders' of-public office. Among others, Performance Contracts have spawned innovations that have given rise to the introduction of the Citizen Service Delivery Charter,

which is a key performance indicator in the performance contract of every public institution. The charter which is a statement prepared by a public institution, outlines the nature, quality and quantity of service that citizens expect from the institution. It sets out what the institution does, what services users can expect, the standard of the service to be provided and time frame within which the service would be provided. The charter also sets out details of any user charges, and the requirements, how users may seek redress if they are dissatisfied with the service or in the event the institution does not live up to the commitments in the charter. The Service Delivery Charter defines the rights and obligation of the taxpayers and describes the service standard that taxpayer's should expect from public service organizations.

Although some specific commitments contained here may have legislative links, the Charter itself does not confer legally enforceable rights on the taxpayer. It is an important guide for taxpayers as it documents the services and support due to a taxpayer from the Department. It allows for an open and transparent approach which parties understand and can work within. The charter is a powerful tool for the department, management and staff to continuously improve service delivery to the general public and other stakeholders. It is a framework within which we seek to improve our customer relations culture and a means by which our performance as a department can be measured and benchmarked.

In Kenya, many public institutions have developed Citizen Service Charters which spell out their service commitments in terms of timeliness, service requirements; value for the service provided and redresses mechanisms. These service charters are, however not well monitored as there is no measuring mechanism put in place to ensure that services are being provided as stipulated in the

service charters. In private sector like Barclays Bank of Kenya Ltd, service monitoring gargets have been fixed closer to the cashiers where customers give feedback on the service provided.

Contrary to the private sector, public service accuracy must take into consideration social welfare, equity, equal opportunities, and fair distribution of public goods and services to all citizens. To test for accuracy of governmental endeavors one must examine how citizens feel when consuming public services. A well-accepted method is to use satisfaction measures indicating the outcomes of certain activities and the acceptance of public administration actions as fruitful, contributive, equally shared among a vast population, and responding well to public needs (Opiyo, 2006).

Monitoring and Evaluation

Monitoring and evaluation, Armstrong (2004), employees provide regular feedback to the managers on their progress towards the achievement of the agreed performance objectives. The manager provides regular formal and informal feedback on their assessment of the staff members achieved. Managers and the employees should regularly evaluate the employee's performance and achievement of the objectives in the work plan as well as the agreed targets and reward their employees in the organization in order to sustain the performance spirit and maintain the employees who are the main assets of organization and work hard to ensure the set target are achieved.

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. 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.,

Implementation of Performance Contracts

The public sector in Kenya is faced with the challenge of poor and declining performance, which inhibits realization of sustainable economic growth. The Public sector had consistently fallen below expectations due to: Excessive regulations and controls; Frequent political interference; Poor leadership and management; Outright mismanagement (Kenya Railways, Kenya Meat Commission); Bloated staff establishments; Multiplicity of principals and non-performing employees. In addition to regressing economic growth, the declining in Public Service has resulted to poor performance, poor service delivery, degeneration of infrastructure and severe brain drain (Gathai, 2012). The initiatives to adopt Performance Contracts in public institutions have been driven by the changes in political environment in terms of securing better value for money in public services, encouraging greater openness and accountability, and for service improvements in dealing with the general public as consumers (Miles, 2011).

Many countries have applied the idea of PCs to their public institutions, for example, in Pakistan, Korea, Australia, and United States among others. Many have installed variations of PCs to improve efficiency of public service delivery and hold public

institutions accountable for results. Developing countries have not been left behind. Developing countries including India, Gambia, Malaysia, Ghana and the Philippines have also incorporated PCs as part of public sector reform. In Kenya PC is governed by an Act of Parliament namely under State Corporations (Performance Contracting) Regulations, 2004, therefore all public institutions are legally bound. Thus the mainstream civil service and several public organizations have adopted Performance contract concept.

The need to focus scarce government resources on high priority and core areas as a means of achieving effectiveness in service delivery was recognized as early as 1970s and reiterated in subsequent years. Mbua (2013), noted among other things the need to improve efficiency and economy in administration of the civil service. In an effort to transform the entire public sector management, the Kenya Government recently introduced contractual improvements in delivery of service. This was done through the Economic Recovery Strategy for Wealth Creation (2003-2007), which outlines the Government's commitment to performance, corporate governance, and management in the public service. The objectives of performance contracts in the civil service include: improving service delivery to the public by ensuring that top-level managers are accountable for results, and in turn hold those below them accountable, reversing the decline in efficiency and ensuring that resources are focused on attainment of the key national policy priorities of the Government; institutionalizing performance oriented culture in the civil service through introduction of an objective performance appraisal system; measuring and evaluating performance; linking reward to measurable performance and strengthening and clarifying the obligations required of the Government and its employees in order to achieve agreed targets (Letangule, 2010).

From the government's side, the contracts are first of all expected to instill accountability for results at all levels of the organization and seeks to transform the performance culture to match that of the private sector thereby translating into improved service delivery in the public sector. Secondly, the contractual employment aims to reduce reliance by the parastatals on the exchequer funding, compel them to give return to the Government through payment of dividends or remittance of surpluses and also inculcate in the public sector the culture of linking reward to measurable output (Obongo, 2009). Thirdly, the contractual employment policy emphasizes placement of management of public sector organizations in the hands of competent managers as good as those in the private sector. With respect to changes in customer relations, new interfaces and instruments are installed, resulting in increased client-orientedness.

Most organizations at regional level now have an ombudsman service. This channel for customer complaints is used by the ombudsmen as a valuable instrument for introducing a client focus (Musa, 2001). In many cases, the press pays major attention to their reports. Moreover, the functioning of the ombudsman service is hampered, in some cases, by cumbersome complaint procedures (e.g. you have to pay for a complaint) or by the insufficiency of financial and human resources.

Empirical Review

Employee Motivation

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).

Employee Training

Studies have revealed that training is a key retention factor as well as a critical factor for personal and professional development for employees at any age. Employees who value knowledge and skills for their career growth may be more wounding to work for an employer who constantly equips them with new knowledge through training. Gaining innovative skills and getting benefit of many diverse systems of learning beneficial to employees and organizations is what studies demonstrated as 'Development' (McDonald & Hite, 2008)

According to O'Connor *et al* (2008), In recent researches, it is argued that employees have a less propensity to leave only if they feel that they are learning and developing. Social support and access to training can also play a significant role into the level of commitment that is established. Organizations that is able to create an environment where training is supported and valued by employees would be able to achieve greater commitment outcomes (Bartlett, 2011). Guest (2007) report empirical data showing that lack of training and promotional opportunities are the

most frequently cited reasons for high-performers to leave the company.

Upon hire, training is typically one of the first HR practices that organizations offer to their new employees. It plays an integral role in the socialization process for many employees. Employees enter the employment relationship with many expectations and desires. When these expectations and desires are fulfilled, then the employee is able to better identify with the company. The result is an employee that becomes more committed. If a training program fails to meet these expectations, then there is usually a negative attitude change. These unmet expectations can lead to a decrease in commitment and a greater likelihood of turnover (Tannenbaum, Mathieu, Salas, & Cannon-Bowers, 2008). In contrast, when employee expectations and desires are achieved through training the worker is able to feel a greater connection.

A study on employee mobility by Green, Felsted, Mayhew and Pack (2008) found that commitment objectives such as training decreased the probability of employees being "more likely to search" from 19 to 10 percent, and increased being in the "less likely to search" category from 15 to 26 percent. Patrick Owens (2006) had a similar finding in his study of training and organizational outcomes. Owens' study was able to find a correlation between commitment and turnover. The study found that employees that had a higher level of commitment also had a higher level of "turnover cognitions". A higher score in "turnover cognitions" indicated that the employee had a more favorable attitude and was less likely to consider turnover.

Legal Framework

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 goodwould manipulates the performance contracting tool in the management of public service

Monitoring and Evaluation

Ducker (2006) observed that Monitoring and evaluation of performance contract is a key function of proper contract administration. Monitoring and Evaluation of PC process against the agreed deliverables should be a regular process Monitoring and evaluation in the performance contract process helps to improve program performance through early identification of issue that could compromise realization of the set targets. Go K (2003) in its report supports Performance monitoring by revealing that it involves the tracking of performance contract outputs and outcomes as indicators of the process effectiveness, or the extent to which the process achieves its stated objectives.

Armstrong (2006) argued that Performance monitoring is primarily a management tool. It is argued that monitoring is akin to a roadmap that provides information indicating whether the PC process is on the right road to its intended destination (or intended impact) and, if not, how to get back on to the right road. Performance monitoring does not (indeed cannot) tell the process whether it has arrived at its final destination. For this, a statistically valid control group is required, and few performance monitoring systems include a valid control group. Performance monitoring tends to focus on outputs and outcomes and on those indicators that are easier to capture and measure on an on-going basis (Hope, 2001). It further argues that it helps to identify potential problems that may require additional scrutiny and as such put contingency measures in place. Hatry (2006) revealed that Monitoring and evaluation helps an organization to extract relevant information from past and ongoing activities that is used as the basis for programmatic fine-tuning, reorientation and future planning to ensure results are achieved Without effective planning, monitoring

and evaluation, it would be impossible to judge if the process is going in the right direction, whether progress and success can be achieved, and how future efforts might be improved.

Monitoring and evaluation, is supported by Armstrong (2004), argued that employees provide regular feedback to the managers on their progress towards the achievement of the agreed performance objectives. The manager provides regular formal and informal feedback on their assessment of the staff members achieved. He agrees and notes that managers and the employees should regularly evaluate the employee's performance and achievement of the objectives in the work plan as well as the agreed targets. Muthaura (2010) observed employees are regularly provided with feedback on their performance through the quarterly performance evaluation reports and the comprehensive evaluation done at the end of the contracts period. The feedback enables the employees to assess themselves and adjust their strategies and effort to meet the targets. The employees are involved in the targets setting and negotiations of the performance contracts with their supervisors on the goals. This leads to acceptance and ownership of the process which in turn enhances employee's commitment and persistence towards the achievement of the targets.

RESEARCH METHODOLOGY

The study employed descriptive survey design. A quantitative approach is strongly linked to deductive testing of theories through hypotheses, while a qualitative approach to research generally is concerned with inductive testing (Mugenda & Mugenda, 2012). The Implementation of Performance Contracts was regressed against four independent variables. The equation was expressed as follows: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$,

Where; Y = Implementation of Performance Contract, β_0 = constant (coefficient of intercept), X_1 = Employee Motivation; X_2 = Employee Training; X_3 = Legal Framework; X_4 = Monitoring & Evaluation; ε = error term; $\beta_1 \dots \beta_4$ = regression coefficient of four variables.

RESULTS AND DISCUSSIONS

Employee Motivation

The study sought to establish the extent to which respondents agreed with the statements relating to employee motivation on implementation of performance contracts in state corporations in Kenya. A scale of 1-5 was used. The scores “Very Small Extent (VSE)” and “Small Extent (SE)” were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq \text{Small Extent} \leq 2.5$). The scores of ‘Moderate Extent (ME)’ were represented by a score equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{Moderate} \leq 3.5$). The score of “Great Extent (GE)” and “Very Great Extent (VGE)” were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq \text{Great Extent} \leq 5.0$). The results were presented in mean and standard deviation. The results were presented in mean and standard deviation. The mean was generated from SPSS version 24 and is as illustrated in Table 1.

The study findings indicated that majority of the respondents stated that remuneration affects implementation on performance contracting process (mean of 4.123), The organization offers training to enhance knowledge and individual development (mean of 4.345), The department has developed remuneration strategies that motivate employees (mean of 4.009), developing employees as leaders by their supervisors facilitate PC implementation process (mean of 4.231); department ensures that their employees’ career progression and succession planning to enhance PC implementation process (mean of 4.564), Health, safety, and security at the workplace affect PC implementation process (mean of 4.231),. The Department has developed systems to conduct regular employee satisfaction surveys and addresses the main issues raised (mean of 4.221). The study findings are in agreement with literature review by Kobia & Mohammed (2006 who stated that performance contracting has been associated with motivation of employees because they are involved in making decisions affecting their work and targets. They noted that performance contracting has played a major role in motivating the employees when they achieve the set target.

Table 1: Employee Motivation

Statement	VGE	GE	ME	SE	VSE	Mean	Std
Remuneration affects implementation on performance contracting process	28%	52%	13%	22%	13%	4.123	.280
The Department has developed remuneration strategies that motivate employees.	27%	50%	22%	13%	16%	4.345	.295
Developing employees as leaders by their supervisors facilitate PC implementation process.	19%	47%	24%	14%	24%	4.009	.283

Department ensures that their employees' career progression and succession planning to enhance PC implementation process.	26%	52%	22	18%	10%	4.231	.285
Health, safety, and security at the workplace affect PC implementation process	26%	49%	22%	11%	20%	4.565	.292
The Department has developed systems to conduct regular employee satisfaction surveys and addresses the main issues raised	21%	53%	26%	14%	14%	4.221	.285

Employee Training

The study sought to establish the extent to which respondents agreed with the statements relating to employee training on implementation of performance contracts in state corporations in Kenya. A scale of 1-5 was used. The scores "Very Small Extent (VSE)" and "Small Extent (SE)" were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq \text{Small Extent} \leq 2.5$). The scores of 'Moderate Extent (ME)' were represented by a score equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{Moderate} \leq 3.5$). The score of "Great Extent (GE)" and "Very Great Extent(VGE)" were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq \text{Great Extent} \leq 5.0$). The results were presented in mean and standard deviation. The results were presented in mean and standard deviation .The mean was generated from SPSS version 24 and is as illustrated in Table 2.

The study findings indicated that majority of the respondents stated that the organization perpetuate a Training and Development philosophy on implementation of performance contracts (mean

of 4.555), The organization has an operational policy on training and development to enhance implementation of performance contracts (mean of 4.009), employee get on and off the job training for all staff is well planned and managed (mean of 4.562), training a powerful retention is strategy in the organization (mean of 4.876); The organization offers relevant training courses that help in developing both professional and personal career paths for employees (mean of 4.765), The organization avails opportunities for training and development to enhance implement of performance contracts (mean of 4.321),. The employees are encouraged to undertake training for self-development to facilitate implementation of performance contracts (mean of 4.328). The study findings are in agreement with literature review by Ndung'u (2006) states that lack of employee knowledge and skills on performance contracting are factor that affects performance in tertiary institutions. There is lack of capacity to cascade the contracts in all levels of tertiary institutions due to inadequate resources both human and capital and inappropriate technology for development and implementation.

Table 2: Employee Training

Statement	VGE	GE	ME	SE	VSE	Mean	Std deviation
Does the organization perpetuate a Training and Development philosophy on implementation of pc?	6%	72%	8%	6%	6%	4.555	.443

Does organization has an operational policy on training and development to enhance implementation of pc?	5%	67%	6.5%	17%	9%	4.009	.651
Do you get On and off the job training for all staff is well planned and managed?	6%	68%	9%	6%	11%	4.562	.322
Is training a powerful retention strategy in the organization?	6%	72%	8%	6%	6%	4.876	.443
Does the organization offers relevant training courses that help in developing both professional and personal career paths for employees?	72%	6%	8%	12%	6%	4.765	.328
Does the organization avails opportunities for training and development to enhance implement of pc?	5%	67%	6%	67%	9%	4.321	.363
Do the employees are encouraged to undertake training for self-development to facilitate implementation of pc?	8%	70%	5%	6%	5%	4.328	.981

Legal Framework

The study sought to establish the extent to which respondents agreed with the statements relating to legal framework on implementation of performance contracts in state corporations in Kenya. A scale of 1-5 was used. The scores "Very Small Extent (VSE)" and "Small Extent (SE)" were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq \text{Small Extent} \leq 2.5$). The scores of 'Moderate Extent (ME)' were represented by a score equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{Moderate} \leq 3.5$). The score of "Great Extent (GE)" and "Very Great Extent (VGE)" were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq \text{Great Extent} \leq 5.0$). The results were presented in mean and standard deviation. The mean was generated from SPSS version 24 and is as illustrated in Table 3.

The study findings indicated that majority of the respondents stated that the pperformance contract in NCPD was guided by the existing Service Delivery Charter (mean of 3.993), The contents of the

charter were known by employees at NCPD. (mean of 4.100), The charter sets out the legal basis for the implementation of performance contracts at NCPD (mean of 4.231), The Charter sets out duties and responsibilities of the employees and obligations of various NCPD functions in line with NCPD' commitment to service delivery and obligations of other parties involved (mean of 4.565); The charter sets out the duties and responsibilities of employees (mean of 4.221), The charter sets out the nature of services stakeholders expect (mean of 4.321),. The quality and quantity of services expected by customers are clear (mean of 4.328). NCPD remains committed to the core values in implementation of performance contracts (mean of 4.776); The resources are utilized prudently to attain best value to the clients , partners and stakeholders (mean of 4.031); NCPD receives feedback on compliments from clients through its suggestion boxes, customer or customer satisfaction surveys(mean of 4.065). Lings (2004) emphasizes the importance of legal framework to enhance human resource management policy that

enhances implementation of performance contracts.

Table 3: Legal Framework

Statement	VGE	GE	ME	SE	VSE	Mean	Std
Performance contract in NCPD is guided by the existing Service Delivery Charter.	6%	72%	8%	6%	6%	3.993	.658
The contents of the charter are known by employees at NCPD.	5%	71%	6%	17%	9%	4.100	.320
The charter sets out the legal basis for the implementation of performance contracts.	26%	52%	22	18%	10%	4.231	.285
The Charter sets out duties and responsibilities of the employees and obligations of various functions in line with' commitment to service delivery and obligations of other parties involved.	26%	49%	22%	11%	20%	4.565	.292
The charter sets out the duties and responsibilities of employees.	21%	53%	26%	14%	14%	4.221	.285
The charter sets out the nature of services stakeholders expect.	5%	67%	6%	67%	9%	4.321	.363
The quality and quantity of services expected by customers are clear.	8%	70%	5%	6%	5%	4.328	.981
NCPD remains committed to the core values in implementation of performance contracts.	6%	72%	8%	6%	6%	4.776	.443
The resources are utilized prudently to attain best value to the clients , partners and stakeholders	26%	52%	22	18%	10%	4.031	.285
NCPD receives feedback on compliments from clients through its suggestion boxes, customer or customer satisfaction surveys	26%	49%	22%	11%	20%	4.065	.292

Monitoring & Evaluation

The study sought to establish the extent to which respondents agreed with the statements relating to legal framework on implementation of performance contracts in state corporations in Kenya. A scale of 1-5 was used. The scores “Very Small Extent” and “Small Extent” were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ Small Extent ≤ 2.5). The scores of ‘Moderate’

were represented by a score equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ Moderate ≤ 3.5). The score of “Great Extent” and “Very Great Extent” were represented by a mean score equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ Great Extent ≤ 5.0). The results were presented in mean and standard deviation. The mean was generated from SPSS version 24 and is as illustrated in Table 4.

From the results, majority indicated to a small extent that M & E is tied to specific set targets as

shown by a mean of 4.321; M & E feedback is given regularly to allow decision making as shown by a mean of 3.993; M & E is considered to be a critical activity of performance contracting process as shown by a mean of 3.101; adequate resources are allocated for M & E as shown by a mean of 4.019 ; there are clear framework to guide M & E as shown by a mean of 2.108; the performance contract and evaluation tools are used adequately to give results

as shown by a mean of 2.955. There is continuous M & E as shown by a mean of 3.321 and reward systems is fair to all after the evaluation as shown by a mean of 2.332. The above finding collaborates with literature review by Gensler (2006) who states that monitoring and evaluation most influence performance contracting on organization performance.

Table 4: Monitoring & Evaluation

Statement	Not at all	Less Extent	Moderate Extent	Large Extent	Very Large Extent	Mean	Std deviation
M & E is tied to specific set targets	6.5%	72.5%	8.5%	6.5%	6%	4.321	.404
M & E feedback is given regularly to allow decision making	5.5%	11%	6.5%	67.5%	9.5%	3.993	.645
M & E is considered to be a critical activity of performance contracting process	6%	68%	9%	6%	11%	3.101	.312
Adequate resources are allocated for M & E	6.5%	6.5%	8.5%	72.5%	6%	4.019	.424
There are clear framework to guide M & E	72.5%	6.5%	8.5%	72.5%	6%	2.108	.352
There is continuous M & E	5.5%	67.5%	6.5%	67.5%	9.5%	2.955	.356
Would you recommend a good friend to apply for a position in your workplace?	68%	6%	9%	7%	11%	3.321	.444
Reward systems is fair to all after the evaluation	72.5%	6.5%	8.5%	6%	6%	2.332	.534

Implementation of Performance Contracts

On the extent to which implementation of performance contracts, respondents were asked to indicate the extent to which it was affected. The data was collected from the different indicators of the variable implementation of performance contracts which was ordinal categorical. The data was therefore presented in frequency tables with the mode being used as the appropriate measure of

central tendency. The results were presented in Table 5.

The first indicator for the dependent variable required to know the level of implementation of performance contracts was level of completion of tasks in time was, 12% of the respondents had 0-20%, 33% had 20-30%, 11% had 30-40%, 17% had 40-50%, 30% had over 50%. The modal class is of the respondents who had over 50% level of completion of tasks in time. The mode was found to

be 5 which imply that on average the level of completion of tasks in time was above 50%. When the respondents were asked the level of intent to continue working in the organization was, 10% of the respondents 0-20%, 10% had 20-30%, 10% had 30-40%, 20% had 40-50%, 50% had over 50%. The modal class is of the respondents who had over 50% level of intent to continue working in the organization. The mode was found to be 5 which imply that on average the level of intent to continue working in your organization is over 50%.

Finally, the respondents were asked what the level of loyalty and commitment to the organization was 5% of the respondents' 0%-20%, 10% had 20-30%,

20% had 30-40%, 25% had 40-50%, 40% had over 50%. The modal class is of the respondents who had over 50% loyalty and commitment to the organization. The mode was found to be 5 which imply that on average the level of loyalty and commitment to the organization was over 50%. The respondents were asked what the level of creativity of employees in the organization was 5% of the respondents' indicated 0%-20%, 15% had 20-30%, 25% had 30-40%, 5% had 40-50%, 50% had over 50%. The modal class is of the respondents who had over 50% level of creativity of employees in the organization. The mode was found to be 5 which imply that on average the level of creativity of employees in the organization was over 50%.

Table 5: Implementation of Performance Contracts

Statement	0%- 20%	10%- 20%	20%- 30%	40%- 50%	Over 50%	Mode
What is the level of completion of tasks in time?	12%	33%	11%	17%	30%	5
What is the level of intent to continue working in your organization?	10%	10%	10%	20%	50%	5
What is the level of your loyalty and commitment to the organization?	5%	10%	20%	25%	40%	5
What is the level of your creativity in the organization?	5%	15%	25%	5%	50%	5

Multiple Regression Analysis

According to Yin (2013) regression analysis is a statistics process of estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable. The R Square can range from 0.000 to 1.000, with 1.000 showing a perfect fit that indicates that each point is on the line (Carver *et.al.*, 2009). The coefficients or beta

weights for each variable allows the researcher to compare the relative importance of each independent variable (Gupta, 2007).

The discussions were based on the unstandardized coefficients for studying each variable. According to the model summary Table 6, R is the correlation coefficient a strong positive relationship between the independent variables and dependent variable as shown by R value (0.855). The coefficient of determination (R^2) shows the dependent variable explained by the change in the independent

variables that is 73.10% of the implementation of performance contracts. This therefore means that other factors not studied in this research contribute 26.90% to implementation of performance contracts. This shows that the model has a good fit since the value is above 60%. This concurs with Graham (2012) that R-squared is always between 0 and 100%: 0% indicates that the model explains none of the variability of the response data around its mean and 100% indicates that the model explains the variability of the response data around its mean. In general, the higher the R-squared, the better the model fits the data. The adjusted R square is slightly lower than the R square which implies that the regression model may be over fitted by including too many independent variables. Dropping one independent variable would reduce the R square to the value of the adjusted R square. This indicates that employee motivation, employee training, legal framework and monitoring & evaluation are important factors that need to be applied to enhance to implementation of performance contracts in state corporations in Kenya.

From the study results in Table 4.8, the study established the regression model had a significance level of 0.003 which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 0.005. The calculated value was greater than the critical value ($23.6580 > 13.876$) indication that employee motivation, employee training, legal framework and monitoring & evaluation all influence implementation of performance contracts in state corporations in Kenya. The value of F is large enough to conclude that the set coefficients of the independent variables are not jointly equal to zero. This implies that at least one of the independent variables has an effect on the dependent variable and this shows that the overall model was significant.

From the study results on the regression coefficients as established in Table 6 between implementation of performance contracts in state corporations and the four variables (employee motivation, employee training, legal framework and monitoring & evaluation), the study established that as per the proposed model equation would be ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes: $Y = 34.876 + 0.795X_1 + 0.771X_2 + 0.655X_3 + 0.589X_4$. This indicates that Implementation of Performance Contracts = $34.876 + 0.795(\text{Employee Motivation}) + 0.771(\text{Employee Training}) + 0.655(\text{Legal Framework}) + 0.589(\text{Monitoring \& Evaluation})$. According to the regression equation established, taking all factors into account (employee motivation, employee training, legal framework and monitoring & evaluation) constant at zero Implementation of Performance Contracts was 34.876. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in employee motivation would lead to a 0.795 increase in Implementation of Performance Contracts; a unit increase in employee training would lead to a 0.771 increase in Implementation of Performance Contracts, a unit increase in legal framework would lead to 0.655 increase in Implementation of Performance Contracts and a unit increase in monitoring & evaluation would lead to 0.589 increase in Implementation of Performance Contracts. This infers that employee motivation contributed most to Implementation of Performance Contracts. At 5% level of significance, employee motivation had a 0.000 with a t-value $5.098 > 1.96$; employee training show a 0.003 with a t-value $4.087 > 1.96$, legal framework show a 0.004 with a t-value $3.008 > 1.96$ and monitoring & evaluation showed a 0.005 with a t-value $2.546 > 1.96$ hence the most significant factor was employee motivation.

Table 6: Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.855	.731	.695	.001

ANOVA

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	98.876	4	16.477	23.6580	.003 ^a
	Residual	32.675	47	.6952		
	Total	131.551	51			

NB: F-critical Value = 13.876

Regression Coefficient Results

Model		Unstandardized		Standardized	t	P-value.
		Coefficients		Coefficients		
		β	Std. Error	β		
1	(Constant)	34.876	.561		2.615	.000
	Employee Motivation	.795	.165	.602	5.098	.000
	Employee Training	.771	.287	.554	4.087	.003
	Legal Framework	.655	.197	.498	3.008	.004
	Monitoring & Evaluation	.589	.273	.363	2.546	.005

Optimal Model

According to the regression coefficients on the dependent factor and the predictor variables to only have the significant factors in the overall model of the study, data from sample respondents were tested. The results were presented in Table 7 showed a positive unit mean index value of the respective factors. The employee motivation was the factor which increases the implementation of performance contracts by higher value, followed by employee training, legal framework and the least is monitoring and evaluation.

CONCLUSION AND RECOMMENDATIONS

This study aimed at establishing the influence of employee motivation, employee training, legal framework and monitoring & evaluation on the implementation of performance contracts in state corporations in Kenya. Descriptive research design was employed and questionnaires and was used to collect primary data. The target population was all respondents who were selected through census technique. Ninety one questionnaires were distributed out of which fifty two were duly filled and returned giving adequate response rate for data analysis.

The study findings indicated that majority of the respondents stated to a great extent that remuneration affects implementation on

performance contracting process. The organization offers training to enhance knowledge and individual development to a moderate extent. The department has developed remuneration strategies that motivate employees to a moderate extent. The developing of employees as leaders by their supervisors facilitate PC implementation process to a great extent. The department ensures that their employees' career progression and succession planning to enhance PC implementation process to a moderate extent. The health, safety, and security at the workplace affect PC implementation process to a great extent. The department has developed systems to conduct regular employee satisfaction surveys and addresses the main issues raised to a great extent.

From the study findings indicated that majority of the respondents stated that the organization perpetuate a training and development philosophy on implementation of performance contracts to a small extent. The organization has an operational policy on training and development to enhance implementation of performance contracts to a moderate extent. The employee gets on and off the job training for all staff is well planned and managed to enhance implementation of performance contracts to a great extent. The organization avails opportunities for training and development to enhance implement of performance contracts to a great extent. The employees are encouraged to undertake training for self-development to facilitate implementation of performance contracts to a great extent.

From the descriptive results, the study established that the study findings indicated that majority of the respondents stated that the performance contract in organization is guided by the existing Service Delivery Charter to enhance implementation of performance contracts to a moderate extent. The contents of the charter are known by employees at the organization on how to enhance implementation of performance contracts

to a great extent. The charter sets out the legal basis for the implementation of performance contracts at the organization to a moderate extent. The Charter sets out duties and responsibilities of the employees and obligations of various organization functions in line with organization commitment to service delivery and obligations of other parties involved to facilitate implementation of performance contracts to a moderate extent.

From the study results and from qualitative analysis and descriptive statistics, majority of the respondents indicated to a small extent that M & E is tied to specific set targets to facilitate implementation of performance contracts. The M & E feedback is given regularly to allow decision making on the implementation of performance contracts. M & E is considered to be a critical activity of performance contracting process and adequate resources are allocated for M & E to enhance implementation of performance contracts to a small extent. There are clear framework to guide M & E and the performance contract and evaluation tools are used adequately to give results on implementation of performance contracts to a moderate extent. To a moderate extent there is continuous M & E and reward systems which are fair to all to enhance implementation of performance contracts.

Conclusions of the Study

Based on the study findings, the study concludes that employee motivation, employee training, legal framework and monitoring and evaluation are the major factors that mostly affect implementation of performance contracts in state corporations in Kenya. The study concludes that employee motivation is the first important factor that affects implementation of performance contracts in state corporations. The regression coefficients of the study show that employee motivation has a significant influence on implementation of performance contracts in state corporations. This

shows that employee motivation has a positive influence on implementation of performance contracts in state corporations.

The study concludes that employee training is the second important factor that affects implementation of performance contracts in state corporations. The regression coefficients of the study show that employee training has a significant influence on implementation of performance contracts in state corporations. This shows that employee training has a positive influence on implementation of performance contracts in state corporations.

Further, the study concludes that legal framework is the third important factor that affects implementation of performance contracts in state corporations. The regression coefficients of the study show that legal framework has a significant influence on implementation of performance contracts in state corporations. This shows that legal framework has a positive influence on implementation of performance contracts in state corporations.

Finally, the study concludes that monitoring and evaluation is the fourth important factor that affects implementation of performance contracts in state corporations. The regression coefficients of the study show that monitoring and evaluation has a significant influence on implementation of performance contracts in state corporations. This shows that monitoring and evaluation has a positive influence on implementation of performance contracts in state corporations.

Recommendation of the Study

The study explored the role of some drivers that influence implementation of performance contracts in state corporations.. Based on the findings, the following recommendations were made which the

state corporations should put in place to address these issues if Kenya is to achieve its vision 2030 plans through the implementation of performance contracts.

The study recommends for the organization to offer training to enhance knowledge and individual development. The departments should develop remuneration strategies that motivate employees. The supervisors should facilitate PC implementation process and. encourage employees' career progression and succession planning to enhance PC implementation process. The departments should develop systems to conduct regular employee satisfaction surveys and addresses the main issues raised.

Opportunities for continuous training including on the job training/ internal training should be provided and these together with practical assessment should be part of the recognized career advancement practices to enhance implementation of performance contracts. Seminars, refresher training mentorship programmes, position movement and regular capacity building should be embraced as employee training practices to enhance implementation of performance contracts in the organization. Importantly and lastly exchange programmes with other organizations, countries and counties and networking should be used as employee training practices to enhance implementation of performance contracts.

The legal framework if well implemented can enhance performance contract in organization as guided by the existing Service Delivery Charter. The government should therefore consider improving a legal framework on some of the roles such as management of the payrolls and provision of essentials that can motivate employees towards implementation of performance contracts If these policies are adopted, the staffs 'morale would

improve, their commitment to the organization would increase and hence there would be an increased tendency towards implementation of performance contracts.

To increase M & E to enhance implementation of performance contracts, there is need for the employees to have the targets that are specific; measurable and attainable by the organization. The M & E feedback should be given regularly to allow decision making on the implementation of performance contracts. M & E is a critical activity of performance contracting process and adequate resources should be to it to enhance implementation of performance contracts. There should be clear framework to guide and have adequate evaluation tools that can be used to enhance implementation of performance contracts in the organization. There is also need to carry out a continuous M & E to all the employees which is fair to improve implementation of performance contracts.

Areas for Further Studies

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The study contributes the body of knowledge by examining the influence of employee motivation, employee training, legal framework and monitoring and evaluation on implementation of performance contracts in state corporations in Kenya. The implementation of performance contracts in state corporations in Kenya is greatly affected by employee motivation, employee training, legal framework and monitoring and evaluation. The study contributes to the existing literature in the field of human resource management by elaborating exiting theories, models and empirical studies on implementation of performance contracts in state corporations. A longitudinal study should be carried out to monitor the relationship between demographic factors such as the age, marital status, family status, educational level and experience of employees and their implementation of performance contracts in the organization. Further, the study should explore the influence of training practices, selection process practices, employment practices and job enrichment practices to enhance implementation of performance contracts.

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