

Relational Practices and Performance Contracts in Public Organizations in Kenya: A Case of Kenya Revenue Authority. Bula Hannah Orwa, PhD¹ & Esther Nambale²

¹Lecturer School of Business, Kenyatta University

²MBA(HRM) Graduate Kenyatta University, Nairobi City Kenya

Corresponding Email: Hannah.bula2014@gmail.com or hannah.bula@ku.ac.ke

Abstract

Kenya adopted Performance Contracts as a tool not only to improve performance but also to refocus the mindset of the civil service from looking within to focusing on customers and results. The push factor for introduction of performance contracts in Kenya is the assumption that institution of performance measurements, customer orientation and an increased focus towards incremental productivity and cost reduction can lead to improvements in service delivery. The purpose of this research was to examine the performance contracts application at the Kenya Revenue Authority as well as the efficacy of the instrument in improving performance. The main objective was to determine the influence of Performance Contracting processes on performance management. The study adopted descriptive design and targeted 120 employees of the organization who were based in the Head office; stratified sampling method was used. Data was collected using a questionnaire which contained both structured and unstructured questions. The data was analyzed by descriptive statistics such as mean and standard deviation. Inferential statistics such as regression was also carried out. The data analysis process was aided through a Statistical Package of Social Sciences. The data was presented using tables and graphs. The study found out that performance contract had helped improve service delivery in KRA and that majority of the employees had participated in training/ sensitization workshop on performance contracting. However there was no clarity in understanding how training needs for individual employees were arrived at.

The study also established that majority of the employees were not involved in the process of performance targets setting. The study concludes that KRA did not involve the employees in all stages of drawing work plans and this led to drawing targets that were not in line with individual roles. It was also concluded that the follow up by the top management on the implementation of the set targets was not extensive. The study recommends that the organizations should establish and adopt performance contract system that provide opportunities to the management in identifying staff training needs, identify performance targets, and improve employees' performance. There is also need for increased training and sensitization programmes and increased involvement of all the employees in the process performance contracting.

KEY WORDS: *Relational Practices, performance contracts, effectiveness, Kenya revenue Authority, Public Organizations, Kenya*

1 Introduction

In rationalization of the civil service to improve performance and productivity, the government introduced performance management strategies focused on improving performance and creating a results oriented culture in the public service (DPM, 2002). These reforms involved deepening ministerial rationalization efforts in which institutions reviewed their functions, structures and staffing with the aim of enhancing efficiency and productivity. Through this efforts, the number of employees declined from 272,000 in 1991 to 193,000 in 2002 (Ministry of Planning and National Development, 2003). While there was a reduction in size of the core of civil service by about 30%, it was noted that productivity and performance in public service was not as expected (Opiyo, 2006). Further reforms targeting performance improvement and management in the public service were required thus introducing the third phase of the public sector reforms guided by the Economic Recovery policy direction (DPM, 2004). The aim of these reforms was to enhance efficiency and effectiveness as well as integrity. In order to achieve objectives of ERS and to manage performance challenges in the public service, the government adopted Performance Contracts (PC) in public service as a strategy for improving performance. This is one element of the broader public sector reforms aimed at improving efficiency and effectiveness while reducing total costs.

A Performance Contract (PC) has been defined as a binding agreement between two or more parties for performing or refraining from performing certain act(s) over a specified period of time. It is a branch of management control systems which provide information which is intended for managers performing their jobs and to assist organizations in developing and maintaining viable patterns of behavior (CAPAM, 2005) Performance Contracting is a central element that is a part of Performance management. This means that it is part of the global movement reflecting liberation and market driven management. In liberation management, managers are relieved from the excess and often cumbersome and unnecessary rules that usually hinder quick decision making in the organization (Gianakis, 2002).

In the public sector, the debate has been more complex than a simple increment in the effectiveness of strategic management systems and a narrowing in the gap between ambitious strategies and annual planning. The main concern has been to improve external accountability and increase internal efficiency and effectiveness at the same time. In essence, performance contracting is seen as a tool for improving public budgeting, promoting a better reporting system and modernizing public management. In addition, it enhances efficiency in resource use and effectiveness in performance (Greiling, 2006).

According to GoK (2007), a Performance Contract is a management tool for measuring negotiated performance targets. It is a freely negotiated performance agreement between the Government, acting as the owner of public agency on one hand, and the management of the agency on the other hand. The Performance Contract specifies the mutual performance

obligations, intentions and the responsibilities of the two parties.

The Kenyan government acknowledges that there has been poor performance in the public sector over the years, especially in the management of public resources which has hindered economic growth (GoK, 2005). The government also recognizes through the Economic Recovery Strategy for Wealth and Employment creation (ERS) some of the factors that affect performance of the public sector. These include excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment (GOK, 2005).

1.1 Relational factors influencing implementation of Performance contract

Formulation of good policies and strategies without serious commitment and a clear path of implementation is not enough. For effective policies and strategies implementation, serious commitment from the top management must be supported by decisions regarding the staff sensitization, organizational culture, financial resources, top management commitment, and employees turnover.

All these factors will affect the implementation process of performance contracting if not properly managed. According to David (1997) organization strategies must match and fit with the multiple factors responsible for their implementation.

According to (Hill, 1997), relational practices are ways in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Successful strategy implementation therefore, must consider issues central to its implementation which include, matching work plan to strategy, training employees, monitoring and evaluating performance as well as creating a supportive organizational culture among other issues.

1.2 Kenya Revenue Authority

The Kenya Revenue Authority (KRA) is the tax collection agency of Kenya. It was formed July 1, 1995 to enhance tax collection on behalf of the Government of Kenya. It collects a number of taxes and duties, including: Value Added Tax (VAT), Excise duty, Import duty, Income tax: Pay As You Earn (PAYE), withholding tax, and Agency taxes: Standard Levy, Advance tax and NSSF. Since KRA's inception, revenue collection has increased drastically, enabling the government to provide much needed services to its citizenry like free primary education and Health Services to all. Over 90% of annual national budget funding comes from local taxes collected by the KRA (KRA, 2013).

According to Njiraini (2011), recent changes in tax policy, and the work of the KRA, have contributed to some real improvements in the Kenyan tax system. There is a clear drive to expand tax revenue in a fair and comprehensive manner and it is agreed by most international

observers that that the

KRA has had a positive impact by increasing administrative efficiency, as well as lowering levels of corruption. This has been characterized by taxation of the informal sector, reducing the high incidence of tax evasion and using information technology in support of the tax administration. To meet these three challenges the KRA has pursued a raft of measures aimed at improving the performance of the administration in line with what lenders from the developed world understand as good governance. Firstly, KRA has adopted a corporate planning approach to revenue administration. In 2003 the 2003/2004-2005/2006 Corporate Plan was launched, in which the KRA pledged to ‘not only to meet government revenue targets, but also to surpass them’.

The Plan uses the Balanced Score Card (BSC) as a performance measurement strategy along four perspectives. These includes surpassing revenue targets, increasing efficiency of internal processes, offering high quality service to the stakeholders and develop a highly motivated and professional work force (Waweru, 2004). A typical strategy map and balanced scorecard are each divided into the same four perspectives: customer, financial, internal process, and learning and growth. Indeed, it is normal for each of the strategic objectives identified on a strategy map to have associated measures on the balanced scorecard. The logic behind the perspectives holds that customer satisfaction is driven in part by fiscal responsibility and in part by customer-focused processes. Process quality is in turn driven by the organization’s ability to develop and grow its people and systems. This hierarchy is well-established, holds for most public sector organizations, and provides a useful framework for the development of scorecard measures (Kaplan & Norton, 2003). Following the corporate plan KRA introduced performance contracts in 2008 as a way of measuring performance of its employees, against negotiated targets and to hold them accountable to the office and positions they hold. This was also a way of improving efficiency and effectiveness of the organization.

1.3. Statement of the Problem

The Government of Kenya introduced Performance Contracts in the Public Service as one of the tools to improve performance. Since its introduction in 2004, when only a few State Corporations were participating, Performance Contracting is now being implemented in a majority of Ministries, Departments and Agencies (MDAs). The decision to extend its coverage to all MDAs was as a result of the benefits that were beginning to manifest in participating institutions through improved administrative and financial performance as well as improved service delivery. Ministries were for the first time being required to work towards set targets, draw out service charters with their clients and compare their performance with the best in the world. The results of these efforts were so significant that they won international recognition with various African countries wishing to learn from Kenya’s experience. However, over the last three periods of performance contracting, the public has raised dissatisfaction on the results as they do not relate to performance on the

ground as perceived and received by the public. The dissatisfaction with the performance results was not only limited to members of the public. Ministries, Departments and Agencies have also challenged the announced results (National Customer Satisfaction Survey Report, 2009).

A few studies have been conducted since then especially concentrating on the implementation challenges and impact of Performance Contract. To understand the successes and challenges of implementing performance contracting in Kenya, Kobia and Mohammed (2006) carried out a survey among the civil servants and identified the problems as lack of adequate resources needed to meet targets, resources not being released on time, and unplanned transfer of staff, staff had not received training in performance contracting and lack of experience with the implementation of performance contract. Njagi (2010) did a study on the effect of performance contracting on service delivery at postal corporation of Kenya and identified reward system as the main issues; Abdub (2010) conducted a study on performance contracting and implementation challenges in district hospital in Central Kenya and found that the main issue was systematic monitoring and evaluation mechanisms; Mutisya (2010) studied the challenges facing implementation of performance contracting in the Ministry of Finance of the government of Kenya and concluded that lack of adequate resources was the main issue;

Mungai (2010) did a study on the factors that influence performance contracting in the Municipal council of Nakuru Kenya and found that there was a general lack of experience with the implementation of performance contract. On the other hand, Okeno (2011) did a study on the challenges facing performance contracting designs and implementation in the Kenya civil services and found that leadership style and performance appraisal system were the main issues while Wambua (2011) did a study on the challenges of performance contracting as a tool of strategy implementation in Betting Control And Licensing Board and found that performance measurement, monitoring and evaluation were the main issues.

While introducing performance contract in 2003, the Government indicated that performance Contract 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. (Performance Contracts Steering Committee, Sensitization Manual, 2005). Despite this acknowledgement little research had been done to determine the relational practices that influence effectiveness of performance contracts in State Corporations and their impact on performance. At KRA, no study had been undertaken to determine what factors influence implementation of performance contracts. This study therefore aimed at helping to fill this gap by evaluating the relational practices that influence effectiveness of performance contracts in public organizations in Kenya; a case of Kenya Revenue Authority.

1.4 Specific Objectives

- i. To determine the influence of work plan on effectiveness of performance contracts in public organization in Kenya
- ii. To determine the influence of employee's training on effectiveness of performance contracts in public organization in Kenya
- iii. To establish the influence of monitoring and evaluation on effectiveness of performance contracts in public organization in Kenya
- iv. To assess the influence of organization culture on effectiveness of performance contracts in public organization in Kenya

1.5 Research Questions

- i. What are the influence of work plan on effectiveness of performance contracts in public organization in Kenya
- ii. How does employee's training influence effectiveness of performance contracts in public organization in Kenya
- iii. What are the influence of monitoring and evaluation on effectiveness of performance contracts in public organization in Kenya
- iv. How does organization culture influence effectiveness of performance contracts in public organization in Kenya

2 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Stakeholders theory

A Stakeholder Approach, stakeholder management, stakeholder theory, and other variants of stakeholder analysis have occupied a great deal of managerial research. This theory posits that business relationships should include all those who may affect or be affected by a corporation (Freeman, 1984 & Clarkson, 1995). Much of the research in stakeholder theory has sought to systematically address the question of which stakeholders deserve or require management attention (Mitchell, Agle & Wood, 1997). Approaches to this question have focused on relationships between organizations and stakeholders based on exchange transactions, power dependencies, legitimacy claims, or other claims (Cummings & Doh,

2000). Researchers have attempted to integrate stakeholder theory with other managerial perspectives, particularly theories of governance and agency (Jones, 1995). Stakeholder theory is useful as both an instrumental and normative frame for assessing the role of PCs in the development and adoption of labor and environmental standards.

2.1.2 Expectancy theory

Expectancy is defined as momentary belief concerning the likelihood that a particular act will be followed by a particular outcome. Expectancies may be described in terms of their strength. Maximal strength is indicated by subjective certainty that the act will be followed by outcome, while minimal strength is indicated by the subjective certainty that the act will not be followed by the outcome. The concept of expectancy was originally formulated by Vroom (1964) and it stands for the probability that action or effort will lead to an outcome, if an individual chooses between alternatives which involve uncertain outcomes, it seems clear that one's behavior is affected not only by his preferences among these outcomes but also by the degree to which one believes these outcomes to be possible. Effort-to-performance expectancy is the starting point in the implementation of the Expectancy theory. It is a person's perception of the probability that effort will lead to successful performance. If one believes effort will lead to higher performance, this expectancy is very strong, and one is certain that the outcome will occur. If one believes the performance will be the same no matter how much effort one make, the expectancy is very low, meaning that there is no probability that the outcome will occur.

A person who thinks there is a moderate relationship between effort and subsequent performance has an adequate expectancy, and thus put maximum effort in the performance. The next stage in the Expectancy theory is performance-to-outcome expectancy, which is a person's perception of the probability that performance will lead to certain other outcomes. If a person thinks a high performer is certain to get a pay raise, this expectancy is high. On the other hand, a person who believes raises are entirely independent of the performance has a low expectancy. Thus, if a person thinks performance has some bearing on the prospects for a pay raise, his or her expectancy is adequate. In a work setting, several performance-to-outcome expectancies are relevant because several outcomes might logically result from performance. Each outcome, then, has its own expectancy (Griffin, 2007) and Kireru & Bula (2014).

2.1.3 Agency theory

Eisenhardt, (1985) explains how to best organize relationships in which one party (the principal) determines the work, which another party (the agent) undertakes. The agency problem is to determine the optimal contract for the agent's service. The principal-agent relationships should reflect efficient organization of information and risk-bearing costs. The human assumptions to be considered are self- interest, bounded rationality and risk aversion,

while at organizational level the assumptions to be analyzed are the goal conflict among participants and the information asymmetry. This links the agency theory to organizational theory, studying whole organizations, how they adapt, and the strategies and structures that guide them. The theory further considers both agency and organizational theory to be rational, information based, efficiency oriented, concerned with determinants of control strategy and distinguish between two types of performance evaluation control: behavior based and outcome based.

Kenya has adopted a theoretically sound institutional arrangement. The vetting of Performance Contracts at the beginning of the year and the evaluation of agency performance at the end of the year is done by a group of independent professionals. This is in keeping with international best practice. However, it appears that the members of this ad-hoc task force who do the evaluation at the beginning of the year are not the same as those who do the evaluation at the end of the year. This needs to be corrected as the persons who do the evaluation must fully understand the rationale for the target setting. Also, target setting involves a lot of investment of time in understanding the agency. Thus, there are economies of scale in doing both tasks (Domberger, 1998).

Most of the literature reviewed is mostly from different countries whose strategic approach and strategic footing is different from that of Kenya. Further, the studies do not centre into the issue of effectiveness of performance contracts per se. The studies done in Kenya have also not looked on the issue of challenges in the process and are done in other areas other than the KRA. Thus, there is a research gap on the effectiveness of performance contracts on management of Kenya Revenue Authority which this study seeks to fill.

2.2 Conceptual framework

The conceptual framework is derived from the theoretical review and reflects on the relational practices and the effectiveness of performance contracts in public organizations in Kenya. The independent variables in this study were work planning, employee training and performance monitoring and evaluation and organization culture. These relational practices are believed to influence the effectiveness of performance contract in public organizations in Kenya.

Key Relational Practices

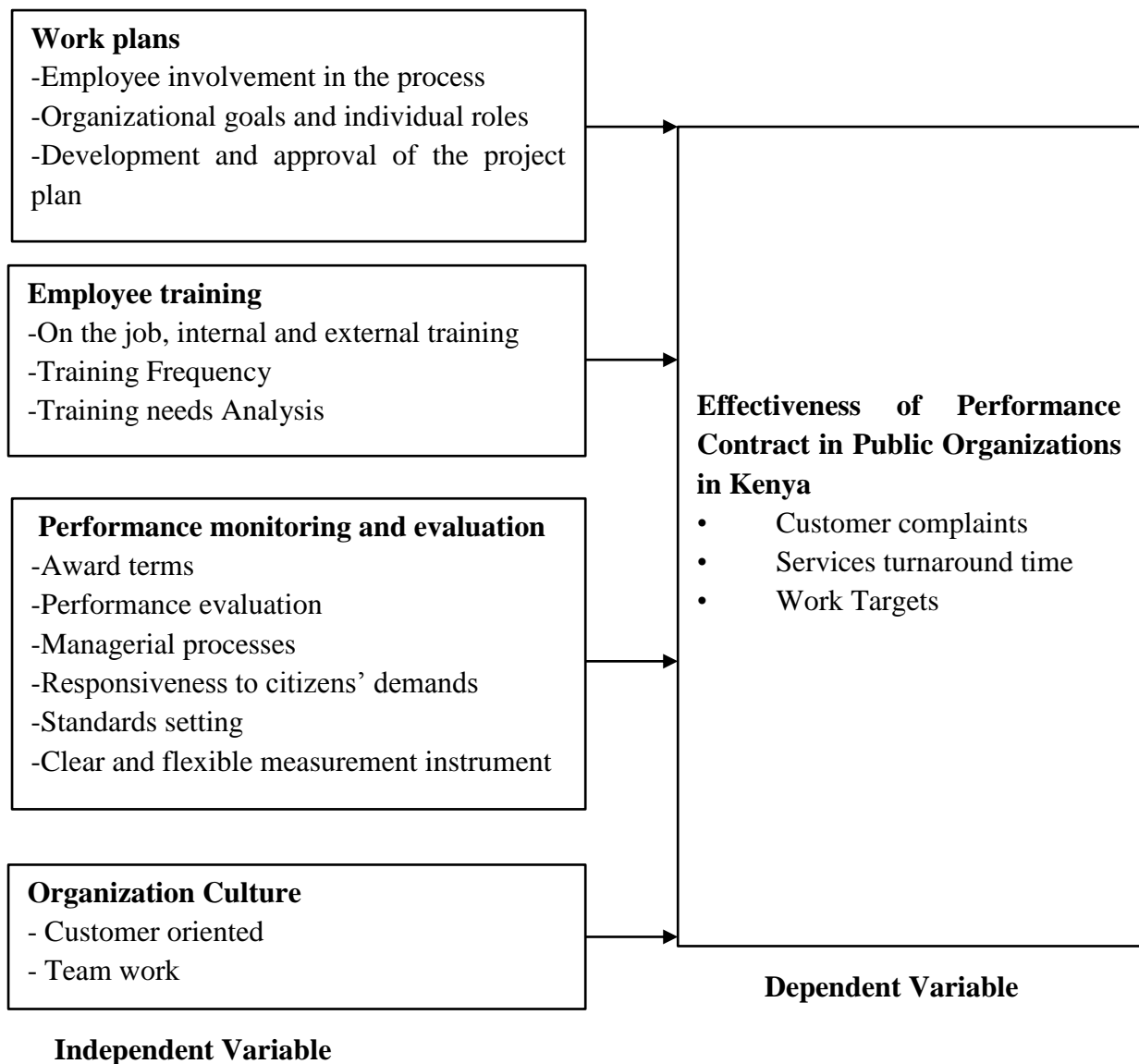


Figure 2.1: Conceptual Framework

3 Research Methodology

3.1 Research Design

The study employed a descriptive survey design which according to Mugenda and Mugenda (2003) collects data in order to answer questions concerning the current status of the subject of study.

Descriptive research design enables the researcher to generalize the findings to a larger

population

(Mugenda & Mugenda, 2003). The descriptive research design approach has been credited due to the fact that it allows analysis and relations of variables

3.2 Target Population and Sampling

The target population of the study was KRA employees working in the headquarters Nairobi, who had signed Performance Contracts between the periods 2008 to 2013. There are five key departments in the organization, namely; Human Resource Management, Finance department, Domestic Taxes, Customs services and Information & Communication Technology Departments. The population size was 1200.

According to Mugenda and Mugenda (1999), for social sciences researches, the minimum sample size should be 30 respondents equivalent to 10% of 300 respondents. Stratified random sampling will be used to select a 10% representative sample from all the departments amounting to 120 respondents. A staff list was obtained from the administration and consent obtained from the Human Resource department in conducting the research. A Simple random sampling was used in picking the actual respondents from the department.

Table 3.2 Sample size

Department	Number of employee	Multiplier	Sample size
Human Resource Management	120	.1	12
Finance Departments	150	.1	15
Domestic Taxes Department	550	.1	55
Information & Communication Technology Departments	130	.1	13
Custom Service Department	250	.1	25
Total	1200		120

Source (Researcher, 2014)

3.3 Data Collection Tools

Primary and secondary data was used in the study. Primary data was collected using questionnaires. The advantage of the questionnaire is that it can be issued to a large number of people at the same time (Fraenkel & Wallen, 2000). Both close ended and open ended questions were used since they were easy to use, analyze and capture data. Secondary data was collected through literature review and from other documents such as strategic plans, previous performance contracts and customer and employee satisfaction surveys. The questionnaires were administered using a drop and pick later method.

3.4 Validity of Research Instruments

Validity indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). The questionnaire was well structured to ensure that it remained focused, accurate and consistent in the course of the study. The content validity of the research instruments was established by seeking opinions of experts in the field of study especially my supervisor and making the minor amendments and corrections. This was assured through consultations between the researcher and the supervisor giving guidelines. Validity of the data gathering tool enhances the correctness, fluency, flow and neatness of the questionnaires (Kothari, 2004).

3.5 Reliability of Research Instruments

Reliability was increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. The researcher selected a pilot group of 5 individuals from the target population to test the reliability of the research instruments. In order to test the reliability of the instruments, internal consistency techniques were applied using Cronbach's Alpha. Coefficient of above 0.7 is a common rule that indicates acceptable reliability (Babbie, 2011). Reliability coefficient of 0.7 and above was accepted in this study

3.6 Data Collection Procedure

The questionnaires were self-administered by the researcher through drop and pick later method. To enhance response rate the researcher conducted several phone calls to remind the respondents on the need to fill the questionnaires.

4 Data Analysis & Findings

Filled up questionnaires were checked thoroughly for completeness. Only duly filled instruments by the respondents were used. The researcher used both qualitative and quantitative data analysis technique to analyze the collected data. The descriptive statistics which comprised of frequency tables and graphs were used to analyze quantitative data. Data was analyzed with the help of statistical package for social science in order to get frequency tables and percentages. The data was presented using tables for ease of comparison and understanding. Content analysis was used for data that was qualitative in nature or aspect of the data collected from the open ended questions and discussion guide. The following regression model was used, it took the following form.

Where: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$.

Where Y is the dependent variable, β_0 is the regression coefficient/constant/Y-intercept, β_1 , β_2 , β_3 , β_4 are the slopes of the regression equation.

- Y= Effectiveness of performance contracts
- X₁= Work plans
- X₂= Employees training
- X₃= Monitoring and evaluation
- X₄= Organization culture
- e= Error term

{ β_i , i = 1,2,3,4,5} = the co-efficient representing the various independent variables

{X_i, i = 1,2,3,4,5} = values of the various independent (covariates) variables

4.1 Response Rate

The study targeted 120 respondents from five key departments in KRA headquarters Nairobi, whereby a total of 89 questionnaires were successfully filled in time for data analysis. This represented 74.2% of the total respondents.

Table 4.1 Response Rate

Response Rate	Frequency	Percentage
Actual Response Rate	89	74.2
None Response	31	25.8
Total	120	100.0

Source: Researcher, 2014

According to Mugenda and Mugenda (2003).50 percent response rate is adequate, 60 percent good and above 70 percent rated very well. The response rate of 74.2% was therefore considered appropriate to derive the inferences regarding the objectives of the research.

4.2 Gender of the Respondents

This section shows the distribution of respondents by gender. The findings are presented in Figure 4.1 below.

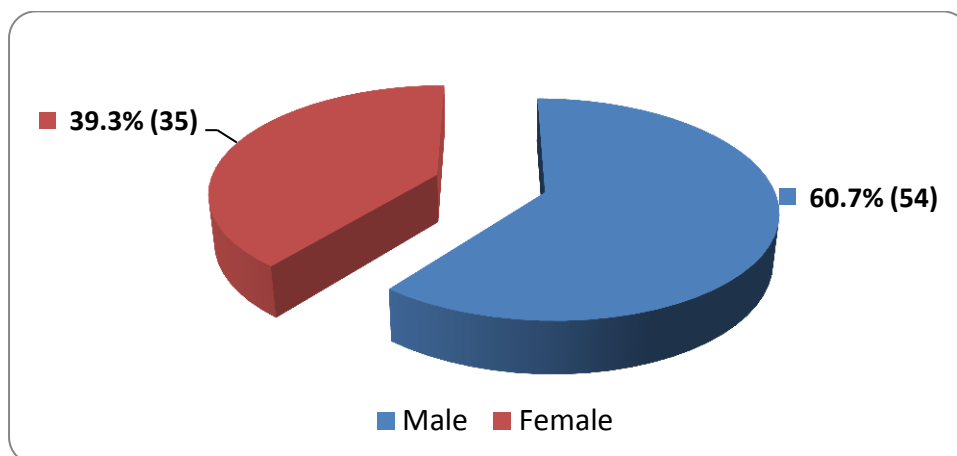


Figure 4.1: Gender of the Respondents

Source: Researcher, 2014

The study findings in Figure 4.1 shows that majority of the respondents (60.7%) were male while 39.3% were female. This shows that both genders were presented in the study and also shows that KRA is an equal opportunity employer.

4.3 Age of the Respondents

Results shows that 76.4% of the respondents were between 31-40 years of age, 13.5% were between 40-50 years of age, 5.6% were between 20-30 years of age while 4.5% were above 50 years of age.

4.4 Work Experience at KRA

Table 4.2 Work Experience at KRA

No. of Years	Frequency	Percent
1-5yrs	22	24.7
6-10yrs	51	57.3
11yrs and Above	16	18.0
Total	89	100.0

Source: Researcher, 2014

Results in table 4.2 shows that 57.3% of the respondents had worked in the organization for 6-10 years, 24.7% of the respondents had worked in the organization for 1-5 years while 18% revealed that they had worked for 11 years and above. This shows that majority of the respondents had worked in the organization since the inception of the performance contracts in the year 2008, thus they understand how relational practices affect the performance

contract in the organization hence high reliability of the study results.

4.5 Level of Education

On the level of education, the study shows that majority of the respondents (54%) had reached university level, 38.2% had reached post graduate level while 6.7% of the respondents had reached college level. This shows that majority of the employees in KRA were highly educated hence it increases the reliability of the information given. Results in Table 4.2 show that majority of the respondents (67.4%) of the respondents were low level managers, 29.2% were middle level managers while 3.4% of the respondents were senior managers.

Table 4.3 Position Held in the Organization

Position	Frequency	Percent
Senior manager	3	3.4
Middle level manager	26	29.2
Low level manager	60	67.4
Total	89	100.0

Source: Researcher, 2014

Low level management are the majority as shown in Table 4-3 registering 67.4%. This is explained by the fact that most work is done at the implementation of Performance Contract stage which houses the lower level management at KRA.

4.6 Nature of KRA's Performance Contract System

The respondents were asked to indicate how frequent they signed performance contracts at the KRA. The responses are presented below.

Table 4.4 Frequency of the Performance Contract

Duration	Frequency	Percent
Yearly	89	100.0
Total	89	100.0

Source: Researcher, 2014

Results in table 4.4 show that all the respondents overwhelmingly agreed that they signed the performance contracts yearly. This shows that KRA is committed to ensuring and enhancing employee performance.

4.7 Understanding the Details in the Performance Contract

The respondents were asked to indicate whether they understood all the details in the performance contract. The results are presented in figure 4.4 below. The study shows that majority of the respondents

(78.7%) indicated that they understood all the details in the performance contract. However, 21.3% of the respondents revealed that they did not understand all the details in the performance contract.

The study inquired from the respondents whether they were comfortable with the terms of the performance contract. The study findings show that majority of the respondents (57.3%) reported that they were not comfortable with the terms of the performance contract. However, 42.7% of the respondents reported that they were comfortable with the terms. The study further sought to establish whether service delivery had improved as a result of the performance contract in KRA (Table 4.5).

The study findings show that majority of the respondents (62.9%) reported that performance contract had helped improve service delivery in KRA. However, 37.1% reported that service delivery had not improved as a result of the performance contract.

4.7.1 Tools to Meet Targets Set Out in the Performance Contract

In this section, the study sought to establish whether the employees had been provided with sufficient tools to meet targets set out in the performance contract. The study findings show that an overwhelming 85.4% of the respondents indicated that they had not been provided with sufficient tools to meet targets set out in the performance contract. Only 14.6% of the respondents who reported that they had been provided with sufficient tools to meet targets set out. This is in line with Akaranga (2008) who revealed that members of staff are not sufficiently involved in drawing up contracts, a task which is largely still the work of managers. This means that performance goals are often perceived as being imposed from above rather than a collective thought process.

4.7.2 Effect of Performance Contracting in the Organization

In this section, the study sought to establish the extent to which performance contracting had improved various operational aspects in the organization. A scale of 1-5 was used to interpret the results of the study. The scores “not at all” and “low extent” were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq \text{low extent} \leq 2.5$). The scores of ‘moderate extent’ were equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{moderate extent} \leq 3.5$). The score of “great extent” and “very great extent” represented were equivalent to 3.6 to 5.0 on the Likert scale which means that the agreement was to a great extent.

Table 4.5 Effect of Performance Contracting in KRA

Effects	Mean	Std. Deviation
Reduction in customer complaints	2.74	0.886
Delays in services have reduced	2.94	0.891
Customer satisfaction index has reduced	2.94	0.789
Increase in customer compliments	2.91	0.887
Staff are able to offer better services	3.00	0.884
Customer queries are handled faster	3.09	0.949
Faster services	3.08	1.014
Customers enjoy greater convenience and control	2.89	0.910
Faster response to customer enquiries and problems	3.08	0.968

Source: Researcher, 2014

The study shows that majority of the respondents agreed to a moderate extent that performance contracting reduced customer complaints (2.74), customers enjoyed greater convenience and control (2.89), increased customer compliments (2.91), delays in services had reduced (2.94), and customer satisfaction index had reduced (2.94). Moreover, the respondents agreed to a moderate extent that performance contracting had ensured that staff was able to offer better services, there was faster response to customer enquiries and problems, and that customer queries were handled faster; this is represented by the mean scores of 3.00, 3.08 and 3.09 respectively.

4.7.3 Work Plans and Performance Contracting

In this section, the study shows the respondents agreement in regard statements on work plans and performance contacting in KRA. A five point likert scale was used to analyse the whereby the mean scores of “strongly disagree” and “disagree” were represented by mean score equivalent to 1 to 2.5 on the Likert scale ($1 \leq \text{disagree} \leq 2.5$). The scores of ‘not sure’ were equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq \text{not sure} \leq 3.5$) while the scores of “agree” and “strongly agree” were represented by a mean score of $3.6 \leq \text{agree} \leq 5.0$ on the likert scale. The results are presented in Table 4.6.

Table 4.6: Work Plans and Performance Contracting

Statements	Mean	Std. Deviation
KRA employees are involved in all stages of drawing work plans	2.72	1.168
Targets in the work plan aid in achievement of PC targets	3.33	1.053
Targets draw from clear organizational goals and individual roles	3.21	.994
Work plans encourage teamwork	3.43	1.075
Work plans are specific, measurable, achievable and realistic and time bound	3.40	1.165

Source: Researcher, 2014

The study findings show that majority of the respondents reported that they were not sure whether

KRA employees were involved in all stages of drawing work plans and whether targets were drawn from clear organizational goals and individual role; this is shown by mean scores of 2.72 and 3.21 respectively. The respondents also indicated that they were not sure whether targets in the work plan aided in achievement of PC targets; whether work plans were specific, measurable, achievable and realistic and time bound; and whether work plans encouraged teamwork; this is shown by mean scores of 3.33, 3.40 and 3.43 respectively. According to Korir (2005) work planning provides a way of coordinating the work that needs to be done with an emphasis on continuous improvement and innovation. Therkildsen (2001) also asserts that in order to be understood and achievable, the work plan needs to include criteria for measuring success as well as defining the roles of both staff member and manager in achieving the plan's goals and furthering the aim of the system.

4.7.4 Employee Training/sensitization Workshop on Performance Contracting

The respondents were asked whether they had ever participated in any training or sensitization workshop on performance contracting. The study shows that 71.9% reported that they participated in training or sensitization workshop on performance contracting. However, 28.1% revealed that they had not participated in any training or sensitization workshop on performance contracting. This shows that majority of the respondents had participated in training or workshops on performance contract. According to OECD (1999) training is a key determinant in performance contract related activities. Training also improves managers' ability to take advantage of the opportunities that can add value to the institutions' day to day operations.

Table 4.7: Number of Trainings Participated

Number of Times	Frequency	Percent
1	46	71.9
2	11	17.2
4	3	4.7
More Than Once	4	6.2
Total	64	100.0

Source: Researcher, 2014

Out of those who reported that they had participated in training or sensitization workshop on performance contracting, majority (71.9%) indicated that they had participated once. On the other hand, 17.2% indicated that they participated in the training twice, 4.7% indicated they had participated for four time while 6.2% indicated that they had participated more than

once. This is also in line with OECD (1999) who also supports frequent employee training performance contracting and revealed that every employee in an organization possesses natural or innate abilities that if developed and nurtured could lead to improved work performance and a greater level of job satisfaction.

Training and Performance Contract in KRA

Table 4.8: Extent of agreement on Training and Performance Contract in KRA

	Mean	Std. Deviation
Training provided by KRA improves employee skills in order to surpass their targets	3.52	1.129
Training combines the job, internal and external training	3.42	1.036
Staff are involved and consulted in coming up with training needs	2.75	1.170
There is clarity in understanding how training needs for individual employees are arrived at	2.36	.915

Source: Researcher, 2014

Results in Table 4.11 shows the respondents were neutral on whether the staff were involved and consulted in coming up with training needs; whether the training combined the job, internal and external training and on whether training provided by KRA improved employee skills in order to surpass their targets; this is shown by mean scores of 2.75, 3.42 and 3.52 respectively. However, the respondents disagreed that there was clarity in understanding how training needs for individual employees are arrived at, as shown by a mean score of 2.36 on the likert scale. According to Catalanello and Redding (2003), training function enables managers to plan strategically, to think strategically and to understand key strategic issues. Training also enables managers to be involved in the formulation of strategic plans directly, through personal participation or indirectly through senior management. It also enables managers to identify and implement training programmes that explicitly support strategic plans thereby establishing a competitive advantage rooted in employee competence.

4.7.6 Follow-up to Implement the Set targets

The study here sought to find out whether there follow up by the top management in regard to the implementation of the set targets. The study shows that majority of the respondents (60.7%) revealed that there was follow up by the top management on the implementation of the set targets in KRA. However, 39.3% of the respondents were of the opinion that there was no follow up by the top management.

4.7.7 Analyzing Performance of Past Period in PC

The study sought to establish from the respondents how often they met to analyze the performance of the past period within each cycle of performance contracting. The study findings show that 43.8% of the respondents indicated that they met monthly while 39.3% reported that they met semi-annually to analyze the performance of the past period within each cycle of performance contracting. On the other hand, 16.9% of the respondents indicated that they met quarterly to analyze the performance of the past period.

4.7.8 Monitoring and Evaluation and Performance Contract in KRA

The study sought to establish the influence of monitoring and evaluation on effectiveness of performance contracts in KRA. A five point likert scale was used to analyse the whereby the mean scores and standard deviation were used to interpret the results.

Table 4.9: Monitoring and Evaluation and Performance Contract in KRA

Statements	Mean	Std. Deviation
Monitoring and evaluation is conducted on an on-going basis	3.16	.903
Evaluation reviews are well communicated to all employees	2.70	1.005
Service recipients are actively involved M&E	2.44	.993
Customer reviews are useful in improving performance	3.65	1.088
Methods of evaluation on performance contracting are well understood	2.84	.964
Evaluation system in performance contracting is fair to all	2.37	.922
There is feedback of monitoring and evaluation results	2.53	.975

Source: Researcher, 2014

The study findings show that the respondents disagreed that the evaluation system in performance contracting was fair to all. The respondents also disagreed that service recipients were actively involved in M&E and that there was feedback of monitoring and evaluation results; this is shown by mean scores of 2.37, 2.44 and 2.53 respectively. On the other hand, the respondents were neutral on whether customer reviews were useful in improving performance; methods of evaluation on performance contracting were well understood; whether evaluation reviews were well communicated to all employees; and also neutral on whether monitoring and evaluation was conducted on an on-going basis. This is 2.70, 2.84, 3.16 and 3.65 shown by mean scores on the likert scale. According to Armstrong and Baron (2004), monitoring and evaluation help management identify the employees that are exceeding or failing to meet performance expectations and institute the corresponding action. Monitoring will mean consistently measuring performance and providing ongoing feedback to employees on their progress towards achieving standards and performance targets. Organization Culture

4.7.9 Involvement in the Process of Performance Targets Setting

The respondents were asked to indicate whether they were involved in the process of performance targets setting. A majority of the respondents (77.5%) reported that they were not involved in the process of performance targets setting. Only 22.5% of the respondents revealed that they were involved in the process of setting performance targets. This shows that KRA culture was that it did not involve employees in the in the process of performance targets setting. This contradicts the findings of Mehta and Krishnan (2004) who revealed that a strong organizational culture enhances integration and coordination within the organization. Culture gives members of the organization the ability to develop a collective identity and guides them in their daily business relationships, execution of tasks, communication and decision making. If done correctly, organizational values become part of individual values through which the individual will follow them unconsciously.

Out of those who revealed that they were involved in the process of setting performance targets; majority (65%) reported that their views were taken of. However, 35% of the respondents revealed that their views were not taken care of in the process of setting performance targets. According to Kobia and Mohammed (2006) all the stakeholders should be involved in the various stages of the PC process; this includes consultation in the design stage, representation of the private sector during workshops and formulation of contracts.

4.7.10 Extent Organization Culture influences the Implementation of Performance Contracting

In this section the respondents were asked to indicate the extent to which organization culture influences the implementation of performance contracting in the departments in KRA. The study findings show that 40.4% of the respondents indicated that organization culture influenced the implementation of performance contracting in the departments to some extent. On the other hand, 16.9% revealed that organization culture influenced the implementation of performance contracting to a small extent while 4.5% indicated to no extent. However, 28.1% of the respondents indicated that it influenced implementation of performance contracting to a high extent while 10.1% indicated that it influenced to a very high extent. This is in line with studies by Pirayeh, Mahdari and Nematpour, (2011); and Ahmadi, Salamzadeh, Daraei and Akbari, (2012) also found a positive link between organizational culture and strategy implementation and its effectiveness.

4.7.11 Making Organization Culture More Effective

The respondents were asked their opinion on how to make organization culture more effective to improve the implementation of performance contracting in KRA. The respondents stated that the organization culture could be made more effective by involving all the parties in the process performance contracting especially in setting targets, involve all

in the decision making, allowing for negotiations when contracting and focusing on issues affecting the employees and give clear communication. Other respondents indicated that it could be improved by sharing information, encouraging implementation of feedback provided by staff, coaching and monitoring of all staff and giving appropriate awards. Moreover, the respondents recommended that the evaluation based on PC should be objective not subjective and that there is need to have culture change campaign in the organization to encourage the staff to change their attitudes towards performance management system.

4.8 Benefits of Applying the PC at KRA

On the benefits of applying the performance contracting at KRA, the respondents stated that it led to achievement of targets and encouraged better performance, helped in measuring performance and it provided clear goals and objectives-everybody is aware of their role and how to achieve; that is, it gave clear focus on expectation which made employees focus on what they were supposed to achieve. The respondents further indicated that the PC gave some sense of direction for what to be done and achieved (guided employees roles and expectations), enhanced fairness, increased individual responsibility on achieving targets, improved on service delivery and made sure that officers answerable to tasks bestowed on them. However, a few of the respondents revealed that the PC had not brought any benefits.

4.9 Challenges Encountered in the Process of PC Application

The study also sought to find out the challenges encountered in the process of application of PC in KRA. The respondents stated that lack of involvement in the process at different levels to achieve goals and make decisions, lack of objectivity in PC and lack of measurable targets (some targets not realistic) were some of the major challenges experienced. The respondents indicated that the employees felt that the PC was based on what the senior management wants without involving all the staffs; they felt like it was just a mere formality. The respondents further indicated that there was no adequate support provided to the employees in achieving the targets, the evaluation criteria not clear and that the feedback from the PC was only used as harassment tool and not to reward employees. The respondents added that the transfer of employees during the year of contract was affecting the effectiveness of evaluation against PC. However, some of the respondents indicated that there were no challenges in the process of application of PC in KRA and that the officers involved were trying harder to meet the PC expectations.

4.10 Multiple Regression Analysis

A multivariate regression model was applied to determine the form of relationship between Effectiveness of performance contracts in Kenya Revenue Authority and the predictors: organization culture, monitoring and evaluation, employee training, work plans. The results

are presented below.

Table 4.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.792 (a)	0.627	0.554	0.289

a Predictors: (Constant), organization culture, monitoring and evaluation, employee training, Work plans

Source: Researcher, 2014

The Adjusted R² is the coefficient of determination and tells us how the dependent variable varies with the independent variables. The results in Table 4.16 show an adjusted R² value of 0.554. This implies that there was a variation of 55.4% between the effectiveness performance contracts in Kenya Revenue Authority and the variables: organization culture, monitoring and evaluation, employee training, work plans. This is to mean that the predictors: organization culture, monitoring and evaluation, employee training, work plans explained 55.4% of the effectiveness performance contracts in Kenya Revenue Authority.

Table 4.11: ANOVA- Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.700	4	3.175	4.733	0.002(a)
	Residual	56.356	84	0.671		
	Total	69.056	88			

a Predictors: (Constant), organization culture, monitoring and evaluation, employee training, Work plans

b Dependent Variable: Effectiveness of performance contracts

Source: Researcher, 2014

The study used ANOVA to establish the appropriateness of the regression model to give reliable results. An f-significance value of $p=0.002$ was established. This shows that the regression model has a less than 0.002 likelihood (probability) of giving a wrong prediction. Hence the regression model has a confidence interval of 95%.

Table 4.12: Coefficients Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.087	0.401		2.713	0.008
	Work plans	0.037	0.084	0.049	0.442	0.660
	Training	0.213	0.081	0.272	2.627	0.010
	Monitoring and evaluation	0.242	0.106	0.246	2.289	0.025
	Organization culture	0.003	0.006	0.045	3.447	0.046

Source: Researcher, 2014

A Dependent Variable: Effectiveness of performance contracts

Results in Table 4.12 above shows that there is a positive relationship between effectiveness of performance contracts and all the predictors as predictors as shown: work plans ($\beta = 0.037$), training ($\beta = 0.213$), monitoring and evaluation ($\beta = 0.242$), organization culture ($\beta = 0.003$). The following regression equation was established:

$$Y = 1.087 + 0.037X_1 + 0.213X_2 + 0.242 X_3 + 0.003X_4$$

The study further found out that there is a significant relationship between the effectiveness of performance contracts and three of the variable as shown: training ($p=0.010<0.05$), monitoring and evaluation ($p=0.025<0.05$) and organization culture ($p=0.046<0.05$). This therefore implies that training monitoring and evaluation, and organization culture critical in enhancing effectiveness of performance contracts. A unit increase in either of these variables would definitely increase or improve the effectiveness of performance contracts.

4.11 Summary of Findings

On the nature of KRA's performance contract system, the study found out that performance contracts in KRA were signed the yearly and majority of the respondents acknowledged that they understood all the details in the performance contract. However, on the other hand, majority of the respondents reported that they were not comfortable with the terms of the performance contract. The study also found out that performance contract had helped improve service delivery in KRA as reported by majority of the respondents. However, majority of the respondents indicated that they had been provided with sufficient tools to meet targets set out in the performance contract. On the effect of performance contracting in the organization, majority of the respondents agreed to a moderate extent that performance contracting reduced customer complaints, customers enjoyed greater convenience and

control, increased customer compliments, delays in services had reduced, customer satisfaction index had reduced, performance contracting had ensured that staff was able to offer better services, there was faster response to customer enquiries and problems, and that customer queries were handled faster.

On how the work plan influenced the effectiveness of performance contracts in KRA, majority of the respondents reported that they were not sure whether KRA employees were involved in all stages of drawing work plans and whether targets were drawn from clear organizational goals and individual roles.

The respondents were also not sure whether targets in the work plan aided in achievement of PC targets; whether work plans were specific, measurable, achievable and realistic and time bound; and whether work plans encouraged teamwork. Based on the findings, it implies that members of staff were not sufficiently involved in drawing up contracts, a task which may largely still be the work of managers. This means that performance goals are often perceived as being imposed from above rather than a collective thought process. According to Korir (2005), work planning provides a way of coordinating the work that needs to be done with an emphasis on continuous improvement and innovation. Therkildsen (2001) also asserts that in order to be understood and achievable, the workplan needs to include criteria for measuring success as well as defining the roles of both staff member and manager in achieving the plan's goals and furthering the aim of the system.

On training the study found out that majority of the employees had participated in training or sensitization workshop on performance contracting at least once. A number of employees had participated more than once but a few had not participated in any training or sensitization workshop on performance contracting. The study findings also show that majority of the employees agreed that the training and sensitization workshops offered on implementation of performance contracting were necessary. This is in line with the findings of Catalanello and Redding (2003) who revealed that training function enables managers to plan strategically, to think strategically and to understand key strategic issues. Training also enables managers to be involved in the formulation of strategic plans directly, through personal participation or indirectly through senior management. It also enables managers to identify and implement training programmes that explicitly support strategic plans thereby establishing a competitive advantage rooted in employee competence.

On the influence of employee's training on effectiveness of performance contracts in public organization in KRA, the study findings shows the respondents were neutral on whether the staff were involved and consulted in coming up with training needs; whether the training combined the job, internal and external training and on whether training provided by KRA improved employee skills in order to surpass their targets. However, the respondents disagreed that there was clarity in understanding how training needs for individual employees are arrived at. According to OECD (1999) training is a key determinant in performance

contract related activities. Training improves managers' ability to take advantage of the opportunities that can add value to the institutions' day to day operations. OECD revealed that every employee in an organization possesses natural or innate abilities that if developed and nurtured could lead to improved work performance and a greater level of job satisfaction.

On monitoring and evaluation, majority of the respondents revealed that there was follow up by the top management on the implementation of the set targets in KRA. This is in line with the findings of Armstrong and Baron (2004) who revealed that the manager and the staff member should periodically evaluate the staff member's performance and the achievement of the objectives in the work plan as well as the agreed training and development plan. This phase should then feed into the next cycle of the performance management process.

The study also shows that the respondents disagreed that the evaluation system in performance contracting was fair to all. The respondents also disagreed that service recipients were actively involved in M&E and that there was feedback of monitoring and evaluation results. However, the respondents were neutral on whether customer reviews were useful in improving performance; on whether the methods of evaluation on performance contracting were well understood; on whether evaluation reviews were well communicated to all employees; and also neutral on whether monitoring and evaluation was conducted on an on-going basis.

This implies that there is need for more improved monitoring and evaluation, according to Armstrong and Baron (2004) monitoring and evaluation would help the management identify the employees that are exceeding or failing to meet performance expectations and institute the corresponding action. Monitoring will mean consistently measuring performance and providing ongoing feedback to employees on their progress towards achieving standards and performance targets. They further indicate that under performance monitoring, the staff member provides regular feedback to the manager on their progress towards the achievements of the agreed performance objectives. The manager provides regular formal and informal feedback on their assessment of the staff member's achievements.

On organization culture, the study found out that majority of the employees reported that they were not involved in the process of performance targets setting. However, out of those who revealed that they were involved in the process of setting performance targets; majority reported that their views were taken of. While most of the respondents indicated that organization culture influenced the implementation of performance contracting in the departments to some extent; a significant number indicated that it influenced implementation of performance contracting to a high extent. According to Mehta and Krishnan (2004), a strong organizational culture enhances integration and coordination within the organization. Culture gives members of the organization the ability to develop a collective identity and guides them in their daily business relationships, execution of tasks, communication and decision making. If done correctly, organizational values become part of individual values

through which the individual will follow them unconsciously.

The respondents recommended that organization culture could be made more effective to improve the implementation of performance contracting in KRA by involving all the parties in the process performance contracting especially in setting targets and in the decision making and also by giving clear communication, sharing information/feedback, and also encouraging implementation of feedback provided by staff. The respondents also recommended that the evaluation based on PC should be objective not subjective and that there is need to have culture change campaign in the organization to encourage the staff to change their attitudes towards performance management system. Mehta and Krishnan (2004), found that strong cultures help leaders to be more charismatic and influential.

The study recommended that, to create a strong organizational culture, it is important that leadership promotes what the organization believes is correct behavior. Ahmadi et al.; 2007) also agrees with the above authors and revealed that a well-established culture of teamwork would make it easier for the organization to achieve its goals and therefore recommended that culture should become a top priority in BPR in order to move the whole organization to desirable ends.

On the benefits achieved from performance contracting in KRA, the study found out that it had led to achievement of targets and encouraged better performance, helped in measuring performance and it provided clear goals and objectives-everybody is aware of their role and how to achieve; that is, it gave clear focus on expectation which made employees focus on what they were supposed to achieve. It have also guided employees' roles and expectations, enhanced fairness, increased individual responsibility on achieving targets and improved on service delivery.

The study also established that the organization had encountered challenges in the process of application of PC in KRA. Some of the challenges identified includes lack of involvement in the process at different levels (as setting targets and decision making), lack of objectivity in PC, lack of measurable targets, inadequate support provided to the employees in achieving the targets, lack of clear evaluation criteria and transfer of employees during the year of contract was affecting the effectiveness of evaluation against PC. Some of these challenges can be mitigated hen all the stakeholders are involved as recommended by Kobia and Mohammed (2006) who revealed that all the stakeholders should be involved in the various stages of the PC process. This includes consultation in the design stage, representation of the private sector during workshops and formulation of contracts. They should also be involved in the implementation of PC through evaluation and improvement of tools evaluation.

5 Conclusions

The study concludes that KRA did not involve the employees in all stages of drawing work plans and this led to drawing targets that were not in line with individual roles. In this regard, the work plan did not guarantee the achievement of PC targets and the employees feel that the work plans were not specific, measurable, achievable, and realistic and time bound. Although majority of the employees had participated in training/ sensitization workshop on performance contracting and acknowledged that the training and sensitization workshops offered on implementation of performance contracting were necessary. However, there was no clarity in understanding how training needs for individual employees were arrived at; hence the need to consult when in coming up with training needs and ensure that the training combines the job, internal and external training to improve employee skills in order to surpass their targets. The study also concludes that although there was follow up by the top management on the implementation of the set targets in KRA, it was not extensive. The employees felt that the evaluation system in performance contracting was not fair to all, the service recipients were not actively involved in M&E and that there was no feedback from the monitoring and evaluation exercise. It is vital for evaluation reviews to be well communicated to all employees. Organization culture influenced the implementation of performance contracting in the organization to some extent and it could be made more effective in improve the implementation of performance contracting by involving all the parties in the process performance contracting in setting targets and in the decision making and sharing information/feedback from the PC with the entire staff.

Reference

- Abdub H.B. (2010). Performance Contracting And Implementation Challenges in District Hospital In Central Kenya Counties. Unpublished MA thesis. University of Nairobi
- Ahmad, H., Francis, A., &Zairi, M. (2007). Business Process Reengineering: Critical success factors in higher education. *Business Process Management Journal*, 13(3), 451-469.
- Ahmadi, S., Salamzadeh, Y., Daraei, M., &Akbari, J. (2012). Relationship between organizational culture and strategy implementation: typologies and dimensions. *Global Business and Management Research: An International Journal*.
- Akaranga, E. M. (2008). The Process and Effects of Performance Contracting in Kenyan Public Sector, MBA Project; United States International University (USIU), Nairobi.
- Alvesson, M. (1990).On the Popularity of Organizational Culture.*Acta Sociologica*, 33(1), 31-49.
- Andrews G. (1987). The new competitive landscape, *Strategic Management Journal*, 16, 7-19.
- Anthony, R.N. and Young, D.W. (1984). *Management control in nonprofit organizations* (3rd ed.). Homewood: Richard D. Irwin.
- Aosa, E. (2000). *Development of Strategic Management: An Historical Perspective*. University of Nairobi.
- Armstrong, M. (2006). *Performance Management: Key Strategies and Practical guidelines*, (3rd ed.). MPG Books Ltd., Bodmin, Cornwall.
- Armstrong, M. and Baron, A. (2004). *Managing performance: performance management in action*: Chartered Institute of Personnel and Development, London.
- Babbie, E. (2011). *The Basics of Social Research* (5th ed.). Belmont, California, USA: Cengage Learning.
- Balogun, M. J. (2003). *Performance Management and Agency Governance for Africa Development: The search for common cause on Excellence in the Public Service*. UNCEA, Addis Ababa.
- Bell, K. (1997). *Accruals accounting in the public sector: a road not always taken*, Queen's University Management School, Belfast.
- Clarkson, M.B.E. (1995). A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance." *Academy of Management Review*, 20 (1), 92-106.
- CAPAM (2005). *In Pursuit of Excellence: Developing and Maintaining A High Quality Public Service. A Report on a CAPAM High-Level Seminar on Commonwealth Training and Development Institutes*, October, 2005.
- Cummings, J. L. &Doh, J. P. (2000)., *Identifying Who Matters: Mapping Key Players in Multiple Environments*, *California Management Review*, 42, 83-104.
- Directorate of Personnel Management (2002b). *Guidelines On Introducing Performance Improvement Programmes In The Public Service*: Government Printer, Nairobi.
- Directorate of Personnel Management (2002c). *Guidelines On Deepening Ministerial Rationalization*: Government Printer, Nairobi.
- Directorate of Personnel Management (2002d). *Sensitization/ Training Manual On The*

- Strategy For Performance Improvement In The Public Service: Government Printer, Nairobi.
- Directorate of Personnel Management, (2004). Targeted Voluntary Early Retirement Scheme 2004-2008: Government Printer, Nairobi.
- Desson, K., & Clouthier, J. (2010). Organizational culture - When does it matter? Symposium on International Safeguards, International Atomic Energy Agency, (pp. 1-9). Vienna.
- Farnham, D. & Horton, S. (1993). The New Public Service Managerialism: An Assessment' in: Managing the New Public Services, Farnham, D. and Horton, S. (eds). Macmillan, England.
- Gay T. (1992). Federal Emergency Management Agency. 2004-10-18. Retrieved 2011-12-02.
- Gieves, J. (2000). Introductions: the origins of organizational development. *Journal of Management Development*, 19(5), 345-447.
- Gianakis, G. (2002). The promise of public sector performance measurement: anodyne or placebo?, *Public Administration Quarterly*, 26, 34-64.
- GOK, (2003). Economic Recovery Strategy for wealth and Employment Creation 2003-2007: Government Printer, Nairobi.
- GOK, (2004). Economic Survey 2004: Government Printer, Nairobi.
- GOK, (2005). Ministry Human Resources Development Strategy: Government Printer, Nairobi.
- GOK, (2006). Results for Kenyans: Capacity Building Programme for Transforming the Public Service, Public Service Reform and Development Secretariat, December, 2006: Government Printer, Nairobi.
- GOK, (2009). National Customer Satisfaction Survey Report, 2009: Government Printer, Nairobi.
- Gore, A. (1996). The Best-Kept Secrets in Government: A Report to President Bill Clinton, Washington DC:
- Grapinet, G. (2006). Public Sector Performance Contracting in France: A Case Study of Performance contracting and the Management of Local Services of the Directorate General for Taxes, OECD, PUMA.
- Greiling, D. (2006). Performance measurement: a remedy for increasing the efficiency of Public services. *International Journal of Productivity and Performance Management*, 55 (6) 448-465.
- Habermas.L. (2005). Performance Contract and Management published MSA thesis, Makerere University. Uganda 50 – 56.
- Hair, J. J., Celsi, M. W., Money, A. H., Samouel, P., & Page, M. J. (2011). *Essentials of Business Research Methods* (2nd ed.). Newyork, USA: M.E. Sharpe Inc.
- Hatry, H. (2006). *Performance Measurement: Getting Results*, (2nd ed.): The Urban Institute, Washington, DC
- Hill C. & Jones G. (1997). *Strategic Management Theory: An Integrated Approach*, Houghton Mifflin Company, (5th ed.). New York,
- Hill, M. & Gillespie, K. (1996). Social Control of Civil Service Systems, in Bekke, Perry and Toonen (eds), *Civil Service Systems in a Comparative Perspective*, Indiana

- University Press, Bloomington.
- Hirschman, A.O. (1980). *Exit, voice and loyalty: responses to decline in firms, organizations and states*. Cambridge: Harvard University Press.
- Hope, K. R. (2001). *The New Public Management: Context and Practice in Africa*, *International Public Management Journal*, 4 (2).
- Hughes, O.E. (1998). *Public Management and Administration: An Introduction*, (2nd ed.): Macmillan, Basingstoke.
- Jones, L. & Thompson, F. (2007). *From Bureaucracy to Hyperarchy in Netcentric and Quick Learning Organizations: Exploring Future Management Practice*. Information Age
- Jones, T. M. (1995). *Instrumental Stakeholder Theory: A Synthesis of Ethics and Economics*, *Academy of Management Review*, 20 (2), 404.
- Kernaghan, K. and Siegel, D. (1999). *Public Administration in Canada: International Thomson Publishing, Scarborough*.
- Kervasdoue, J. (2007). *Rating and Evaluating Health Systems: Reinforcing the Partisan Spirit or Investigating the Public Good?* Paper prepared for the IPMN Workshop, 'Ranking and Rating Public Services', Worcester College, Oxford, 7-9 August.
- Kiema P. (2009). *Factors affecting the implementation of performance contracting in the public universities in Kenya*. Unpublished MA thesis. University of Nairobi.
- Kiragu, K & Mutahaba, G. (Ed.) (2005). *Public Service Reform in Eastern and Southern Africa: Issues and Challenges*.
- Kireru J. and Bula H.O. (2014) *An Empirical Study of Challenges Affecting Implementation of Talent Management in the Public Sector in Kenya: A Case of Kenya Broadcasting Corporation*. *Journal of Humanities and Social Science*. Vol. 4 No. 7; May 2014, 217
- Kobia, M. & Mohammed, N. (2006). *The Kenyan Experience with Performance Contracting: Discussion Paper*, 28th AAPAM Annual Roundtable Conference, Arusha, Tanzania.
- Lienert, I. (2003). *Civil Service Reform in Africa: Mixed Results After 10 Years*. *International Monetary Fund. Finance and Development*, 35 (2)
- Luo, Y. and Peng M (1999). *Learning to compete in a transitional economy: experience, environment, and performance*. *Journal of International Business Studies*, 30, 269-295.
- Mantere, S. (2000). *Sense making in Strategy Implementation*. Master Thesis, Helsinki University of Technology, Finland.
- McKelvey, Richard D. and Palfrey, Thomas, R. (1996). *A Statistical Theory of Equilibrium in Games*, *Japanese Economic Review*, 47 (2), 186-209.
- Miller, D., & Friesen, P.H. (1983). *Strategic-making and environment: The third link*. *Strategic Management Journal*, 4, 221-235.
- Minogue, Martin (1998) *Changing the State: Concepts and Practice in the Reform of the Public Sector*, 17-37 in M. Minogue, C. Polidano and D. Hulme, eds, *Beyond the New Public Management: Changing Ideas and Practices in Governance*. Cheltenham: Edward Elgar.
- Mitchell, R. K., Agle, B. R., Wood, D. J. (1997). *Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts*,

- Academy of Management Review, 22 (4), 853-886.
- Mugenda, O. M & Mugenda, A. G (1999). *Research Methods: Quantitative and Qualitative approaches*. Nairobi, Acts Press.
- Mungai J.M. (2010). *Factors That Influence Performance Contracting In The Municipal council of Nakuru Kenya*. Unpublished MA thesis. University of Nairobi.
- Muralidharan, R. (1997). *Strategic Control for Fast-moving Markets: Updating the Strategy and Monitoring the Performance*, *Long Range Planning*, 30 (1), 64-73.
- Mutisya T. K. (2010). *Challenges facing Implementation Of Performance Contracting In The Ministry Of Finance Of The Government Of Kenya*. Unpublished MA thesis. University of Nairobi.
- Njagi A. (2010). *Effect Of Performance Contracting On Service Delivery At Postal Corporation Of Kenya*. Unpublished MA thesis. University of Nairobi.
- Obong'o, S. O. (2000). *Transferring New Public Management to Developing Countries: The Case of Civil Service Reforms in Kenya*. M. A. (Econ) Dissertation, IDPM Manchester.
- OECD (1997). *In search of Results: Performance Management Practices in Ten OECD Countries*. Paris: Public Management Committee, OECD.
- OECD (1999) *Performance Contracting: Lessons from Performance Contracting Case Studies: A Framework for Performance Contracting*, (PUMA/PAC [99]2), OECD.
- Okeno J. O. (2011). *The Challenges Facing Performance Contracting Designs And Implementation In The Kenya Civil Services*. Unpublished MA thesis. University of Nairobi.
- Opiyo, H. (2006). *Civil Service Reform Policy in Kenya: A review of the Retrenchment Strategy: Discussion Paper Series: Institute of Policy Analysis and Research*.
- Palfrey, C., C. Phillips, P. Thomas & D. Edward. (1992). *Policy evaluation in the public sector*. Hants: Avebury.
- Performance Contracts Steering Committee, Kenya, (2005). *Sensitization/Training manual on Performance Contracts in the Public Service*. Government Printer.
- Poister, Theodore H. (2003). *Measuring Performance in Public and Non-profit Organizations*: Jossey-Bass, San Francisco.
- Pollitt, C. (1988). *Bringing consumers into performance measurement*, *Policy and Politics*, 16, 77- 87.
- Porter, M. E. (1983). *Industrial and the evolution of concept for strategic planning: The new learning*. *Managerial and Decision Economics*, 4(3), 172-180.
- Pirayeh, N., Mahdari, A. M., & Nematpour, A. M. (2011). *Study of Organizational Culture Influence (Based on Dennison's Model) on Effectiveness of Human Resources in Karun Oil & Gas Production Company*. *Australian Journal of Basic and Applied Sciences*, 5(9), 1886- 1895.
- Rashid, M. Z., Sambasiavn, M., & AdbulRahhman, A. (2004). *The influence of organizational culture on attitudes towards organizational change*. *Leadership & Organizational Development Journal*, 25(2), 161-179.

- Rhodes, R.A.W. (1987). Developing the public service orientation, or let's add a soupcon of political theory, *Local Government Studies* (May-June), 63-73.
- Saunders, M., Phillip, L., & Thornhill, A. (2003). *Research methods for business students*. Harlow, England: Prentice Hall.
- Schwella, E. (1988). *The Relationship between Public Administration and Business Management and Administration: A Public Administration Viewpoint*. South African Administration: Past, Present and Future, Ower Burgess, Pinetow.
- Schein, E. H. (2004). *Organizational culture and leadership* (3rd ed.). San Francisco: John Willey & Sons.
- Sean, C. (2009). Important Performance Management Tasks That Often Are Forgotten; <http://www.hrmguide.com/performance/5-tasks.ht.as> viewed on 10/10/2011.
- Shirley, M. (1998). *Public Policy for Private Sector; Why performance contracts for state owned enterprises haven't worked*. Policy Research Working Paper 1769. World Bank, Development Research Group, Washington, D.C.
- Smith, P. (1993). Outcome-related performance indicators and organizational control in the public sector, *British Journal of Management*, 4 (135), 5-.58
- Steiner, G.A., (1983). *Formal Strategic Planning in the United States Today*. *Long Range Planning*, 16 (3) 12-17.
- Stewart, J. and Ranson, R. (1994). *Management in the public domain*, 54-70, in D. Therkildsen, O. (2001). *Efficiency, Accountability and Implementation, Public Sector reform in East and Southern Africa, Democracy, Governance and Human Rights Programme Paper, Number 3, UNRISD*. Geneva.
- Trivedi, P. (2000). *How to Evaluate Performance of Government Agency: A manual for Practitioners*. World Bank.
- Van Buul, M. (2010). *Successful Straregy Implementation: A job for the Internal Auditor?* Master Thesis, University of Amsterdam, Netherlands.
- Wambua L. (2011). *Challenges Of Performance Contracting As A Tool Of Strategy Implementation Betting Control and Licensing Board*. Unpublished MA- Thesis. University of Nairobi.
- Waweru, M. G. (2004), *Address to the 16th Annual General Meeting of the members of the Federation of Kenya Employers, Rift Valley Branch in Nakuru, March*
- World Bank, (2003). *Building Institutions for Markets* (World Development Report 2004). Oxford University Press, Oxford, U.K.
- World Bank, (2007). *A Decade of Measuring the Quality of Governance: Governance Matters 2007- Worldwide Governance Indicators, 1996 to 2006*. World Bank.