

**THE INFLUENCE OF PERFORMANCE CONTRACTING ON PRODUCTIVITY  
IN THE PUBLIC SECTOR: A CASE OF KENYA REVENUE AUTHORITY**

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## DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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## **DEDICATION**

I dedicate this study to the faculty of Strathmore Business School for their perpetual support to ensure successful completion of my MPPM program. Special dedication to my supervisor Prof. Dr. Joseph Odhiambo Onyango for spurring and walking with me to ensure completion of this study. To Jecinta Masila for her unwavering accountability and cheering me to focus. And to all my nephews and nieces who, through this study, I inspire them to study hard and break the ceiling.



## ABSTRACT

Public sector institutions in Kenya continue to face challenges related to efficiency, accountability, and service delivery, prompting the adoption of performance contracting as a reform strategy. This study investigated how performance contracting influences employee productivity in the public sector, using the Kenya Revenue Authority (KRA) as a case study. Specifically, the study examined the influence of target setting, staff training and development, performance appraisal systems, and stakeholder involvement on productivity outcomes within KRA. Guided by Goal Setting Theory and Equity Theory, the study explored how these components individually and collectively shape performance dynamics and organizational effectiveness. The study adopted a positivist paradigm and employed a descriptive cross-sectional research design. The target population consisted of 5,245 KRA staff based at the organization's headquarters in Nairobi, with a stratified random sample of 372 respondents drawn across twelve departments. Data was collected through structured questionnaires and analyzed using descriptive statistics, correlation, and multiple regression techniques with the aid of SPSS software. The study's reliability and validity were confirmed through pilot testing and expert review. Findings revealed that all four components of performance contracting significantly influence employee productivity. Target setting contributed to goal clarity and employee focus, while staff training and development enhanced job competence and adaptability. Performance appraisal was found to improve accountability and motivation, and stakeholder involvement strengthened transparency, employee morale, and organizational alignment. The regression analysis confirmed a positive and statistically significant relationship between each component and overall productivity. The study concludes that a holistic implementation of performance contracting anchored in inclusive target setting, continuous staff development, fair appraisal systems, and active stakeholder engagement are critical to improving public sector productivity. Recommendations include institutionalizing staff training programs, promoting participatory goal-setting practices, reinforcing performance monitoring mechanisms, and enhancing stakeholder consultation. Policy implications highlight the need for standardized performance management frameworks, increased investment in capacity building, and sustained political support for reform initiatives. The findings provide actionable insights for policymakers, practitioners, and researchers seeking to optimize performance contracting for improved public service delivery.

**Key Words:** Performance contracting, public sector, employee productivity, stakeholder, target

setting

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>i</b>
<b>ABSTRACT</b> .....	<b>ii</b>
<b>TABLE OF CONTENTS</b> .....	<b>iv</b>
<b>LIST OF FIGURES</b> .....	<b>viii</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>x</b>
<b>DEFINITION OF KEY TERMS</b> .....	<b>xi</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION TO THE STUDY</b> .....	<b>1</b>
1.1 Introduction.....	1
1.2 Background to the Study .....	1
1.3 Statement of the Problem .....	8
1.4 Research Objectives .....	10
1.4.1 General Objectives.....	10
1.4.2 Specific Objectives .....	10
1.5 Research Questions .....	10
1.6 The Scope of the Study .....	11
1.7 Significance of the Study .....	11
<b>CHAPTER TWO</b> .....	<b>13</b>
<b>LITERATURE REVIEW</b> .....	<b>13</b>
2.1 Introduction.....	13
2.2 Theoretical Review .....	13
2.2.1 Goal Setting Theory.....	13
2.2.2 Equity Theory .....	17
2.2.3 Justification and Application of Goal Setting Theory and Equity Theory .....	19
2.3 Empirical Review.....	21
2.3.1 Performance Management and Productivity .....	21
2.3.2 Target Setting and Productivity .....	24
2.3.3 Staff Training and Development and Productivity .....	25
2.3.4 Performance Appraisal and Productivity .....	29

2.3.5 Stakeholder Involvement and Productivity .....	30
2.4 Summary and Research Gaps.....	31
2.5 Conceptual Framework .....	33
2.6 Operationalization of Variables .....	35
2.7 Chapter Summary .....	36
<b>CHAPTER THREE: METHODOLOGY .....</b>	<b>37</b>
3.1 Introduction.....	37
3.2 Research philosophy .....	37
3.3 Research Design.....	38
3.4 Population and Sampling .....	38
3.4.1 Target Population.....	39
3.4.2 Sampling Design.....	40
3.5 Data Collection Methods.....	44
3.6 Data Analysis .....	44
3.7 Research Quality .....	46
3.7.2 Validity of Data .....	47
3.7.3 Reliability .....	47
3.8 Ethical Considerations .....	48
3.9 Chapter summary .....	48
<b>CHAPTER FOUR.....</b>	<b>49</b>
<b>ANALYSIS AND DISCUSSIONS OF THE FINDINGS .....</b>	<b>49</b>
4.1 Introduction.....	49
4.2 Response rate .....	49
4.3 Background information .....	51
4.4 Descriptive Analysis .....	53
4.4.1 Target setting on KRA productivity .....	53
4.4.2 Staff training and development.....	54
4.4.3 Performance appraisal on productivity .....	58
4.4.4 Key stakeholders' involvement on productivity .....	60
4.4.5 KRA Productivity .....	62

4.5 Inferential statistics .....	64
4.5.1 Correlation analysis .....	64
4.5.2 Regression analysis.....	67
4.6 Chapter Summary .....	70
<b>CHAPTER 5.....</b>	<b>71</b>
<b>DISCUSSIONS, SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS...71</b>	
5.1 Introduction.....	71
5.2 Discussion of findings.....	71
5.2.1 Target Setting on KRA Productivity.....	71
5.2.2 Staff Training and Development on KRA Productivity.....	73
5.2.3 Influence of Performance Appraisal on KRA Productivity .....	76
5.2.4 Key Stakeholder Involvement on KRA Productivity.....	79
5.3 Summary of Key findings .....	81
5.4 Conclusion .....	82
5.5 Contribution of the Study .....	83
5.5.1 Contribution to Theory .....	83
5.5.2 Contribution to Policy.....	84
5.5.3 Contribution to Practice .....	85
5.6 Limitations of the Study.....	86
5.7 Recommendations of the Study.....	87
5.7.1 Practice based recommendation.....	87
5.7.2 Recommendations for Future Studies .....	88
5.8 Chapter summary .....	89
<b>REFERENCES.....</b>	<b>90</b>
<b>APPENDIX I: CONSENT FORM FOR RESPONDENTS .....</b>	<b>100</b>
<b>APPENDIX II: RESEARCH QUESTIONNAIRE .....</b>	<b>101</b>
<b>APPENDIX III: RESEARCH BUDGET.....</b>	<b>107</b>
<b>APPENDIX IV: TIMEFRAME/WORKPLAN.....</b>	<b>108</b>
<b>APPENDIX V. INTRODUCTION LETTER.....</b>	<b>109</b>
<b>APPENDIX VI: ETHICAL REVIEW .....</b>	<b>110</b>

**APPENDIX VII: NACOSTI PERMIT .....111**  
**APPENDIX VIII: DATA COLLECTION AUTHORIZATION LETTER .....112**



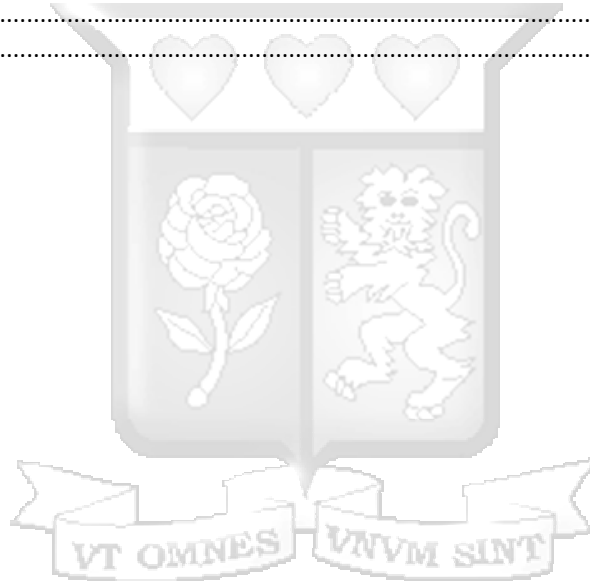
**LIST OF FIGURES**

Figure 2.1 Conceptual Framework.....27



## LIST OF TABLES

Table 1: Summary of research gaps.....	32
Table 2: Operationalization of Variables .....	35
Table 3: Target population .....	40
Table 4: Sample size .....	43
Table 5: Reliability test .....	48
Table 6: Response rate .....	50
Table 7: Background information.....	51
Table 8: Target setting on KRA productivity .....	54
Table 9: Descriptive analysis on staff training and development.....	56
Table 10: Descriptive analysis on performance appraisal on KRA productivity .....	58
Table 11: Descriptive analysis on key stakeholders' involvement.....	60
Table 12: Descriptive analysis on KRA Productivity .....	62
Table 13: Correlation matrix.....	66
Table 14: Model summary .....	67
Table 15: Anova .....	68
Table 16: Coefficients.....	70



## ABBREVIATIONS AND ACRONYMS

<b>S/No.</b>	<b>Acronym</b>	<b>Meaning in Full</b>
1.	<b>EAC</b>	East Africa Community
2.	<b>FE</b>	Freezing of Employment
3.	<b>GoK</b>	Government of Kenya
4.	<b>GPRA</b>	Government Performance and Results Act
5.	<b>KRA</b>	Kenya Revenue Authority
6.	<b>KPI</b>	Key Performance Indicators
7.	<b>KPLC</b>	Kenya Power and Lighting Company
8.	<b>MOU</b>	Memorandum of Understanding
9.	<b>NORA</b>	National Occupational Research Agenda
10.	<b>OECD</b>	Organizations for Economic Co-operation and Development
11.	<b>PC</b>	Performance Contracting
12.	<b>PSA</b>	Public Service Agreement
13.	<b>RBA</b>	Retirement Benefits Authority
14.	<b>RP</b>	Retrenchment Program
15.	<b>SAP</b>	Structural Adjustment Program
16.	<b>SMART</b>	Specific, Measurable, Achievable, Realistic, and Timely
17.	<b>SMEs</b>	Small and Medium Enterprises
18.	<b>SPSS</b>	Statistical Package for Social Sciences
19.	<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
20.	<b>USA</b>	United States of America
21.	<b>VER</b>	Voluntary Early Retirement

## DEFINITION OF KEY TERMS

**Performance contract** - a supervision tool used for gauging performance in relation to negotiated targets (Fry & Schuyler, 2015). In the setting of this research, a performance contract is a written agreement between the management of the Kenya Revenue Authority (KRA) and its workforce on how best it can attain its set targets.

**Performance contracting** - a tactic employed by an organization to realize its key objectives or goals (Fry & Schuyler, 2015). In this study, it refers to a tool used by the Kenya Revenue Authority to increase the efficiency of its staff, whereas ensuring that benefits arising from it can cover its associated costs for the good of the general public.

**Public sector** - a share of the budget comprised of the state and state-controlled establishments (Asquer, 2018). The public sector, in this case, will refer to the Kenyan civil service that encompasses public enterprises such as KRA and the public service made up of civil servants.

**Organizational productivity** - the capability of an establishment to yield the needed outcomes with a minimum expenditure of resources such as money, time, and human resources (Sheffield, 2021). In the study, this will refer to KRA's capability to meet its set targets within established timelines.

**Target setting** - the act of giving individuals targets to attain and deciding what these targets should be attained at a specific time (Lipa, 2019). Target setting in this study will encompass actions undertaken by the KRA management to ensure that its staff meets specific targets aimed at realizing its overall objectives.

**Performance appraisal** - to a regular reviewing of a worker's job performance and contribution to a firm (Lipa, 2019). In the context of the study, performance appraisal

means constant review or assessment of the performance of an employee to determine whether s/he is contributing towards the attainment of the firm's objectives both in the short and in long runs.

**Key stakeholders** – individuals or entities with significant influence or vested interest in the performance of public institutions, particularly in the implementation of performance contracting. In the context of this study, key stakeholders refer to those actors involved in the Kenya Revenue Authority's (KRA) policy execution processes, including internal participants such as senior management, departmental heads, supervisors, and employees; and external participants such as regulatory bodies (e.g., National Treasury, Public Service Commission), oversight agencies (e.g., Parliament), strategic partners (e.g., development donors), and select representatives of the public or taxpayers. Their involvement encompasses activities such as setting performance goals, contract design, monitoring, and post-implementation review.

**Staff training** - the organized way institutions offer expansion and boost the superiority of fresh and prevailing staff. It can be regarded as the methodical tactic of learning and expansion that enhances individual, group and organizational competencies (Khawaja & Nadeem, 2013). In the study, it will imply training of KRA staff to enhance their skills and competencies thereby increasing their chances of realizing the organization's set goals.

# CHAPTER ONE

## INTRODUCTION TO THE STUDY

### 1.1 Introduction

This study aimed to investigate the influence of performance contracting on the productivity of the public sector with specific reference to state corporations. This chapter introduces the study and encompasses the background to the study, statement of the problem, research objectives, research questions, significance and scope of the study, and the study's limitations.

### 1.2 Background to the Study

Performance contracting has emerged globally as a vital performance management tool, particularly in public sector reforms aimed at improving efficiency, accountability, and service delivery. Defined as a written agreement between a government and a public agency outlining responsibilities and expected outcomes, performance contracting helps bridge the gap between policy and execution. According to Alexander, Mindy, and Burton (2016), it serves as a mechanism for setting performance targets and aligning institutional outputs with national priorities. Its introduction has been central to redefining public sector management, particularly in developing countries where inefficiency and lack of accountability have plagued service delivery.

Across the globe, countries like France, the USA, and members of the OECD adopted performance contracting to address systemic inefficiencies. In Africa, Kenya has been at the forefront, integrating performance contracts in public administration since 2004. Its adoption sought to shift the culture from process-based to results-oriented management. As Kobia and Mohamed (2013) observe, performance contracting in Africa, and Kenya in

particular, represents a strategic move towards reinforcing transparency, improving governance, and enhancing the performance of public institutions.

### **1.2.1 Performance Contracting**

Performance contracting as a management tool first gained global traction through public sector reforms in France and later in the United States under the Government Performance and Results Act (1993). The approach has since expanded across various OECD countries and developing nations, including China, Korea, and Brazil, aiming to enhance government accountability and resource efficiency. In each country, performance contracting was tailored to respond to unique administrative needs and governance contexts, but the underlying principle remains the same driving productivity through clearly defined targets, timelines, and responsibilities.

In Africa, performance contracting was introduced to reverse public sector inefficiencies. Countries such as Kenya, Ghana, and Nigeria began adopting the model in response to poor service delivery and widespread mismanagement. Kenya's early commitment led to the institutionalization of performance contracts across ministries, departments, and agencies (MDAs). The key focus was to establish a results-driven public service that is transparent, responsive, and aligned with citizen needs and national development goals. This approach has evolved into an essential component of Kenya's governance reforms.

### **1.2.2 Productivity in the Public Sector**

Productivity in the public sector refers to the efficiency with which public employees and institutions deliver services relative to the resources utilized (Morrow, 2021). It encompasses output per employee, service quality, timeliness, and responsiveness. In

public institutions like the Kenya Revenue Authority (KRA), productivity reflects not just task completion, but how effectively tasks are executed against set performance indicators. Neill (2019) emphasizes that aligning employee goals with institutional objectives, coupled with coaching and constructive feedback, greatly enhances employee satisfaction and organizational output. High productivity is no longer solely tied to strict supervision but is increasingly associated with enabling environments, capacity-building initiatives, and inclusive performance strategies.

Performance contracting has been identified as a key productivity enhancer in the public sector, with four major components often highlighted: target setting, staff training, performance appraisal, and stakeholder involvement (Mbua & Sarisar, 2013). However, stakeholder involvement must be clearly defined and limited to those actors who hold significant influence or interest in public sector performance. These key stakeholders typically include internal actors such as senior managers, departmental heads, union representatives, and frontline staff; and external actors like regulatory bodies (e.g., National Treasury or Public Service Commission), oversight agencies (e.g., Parliament), strategic partners (e.g., development donors), and select taxpayer representatives (Kamau & Wanjiru, 2023). Broad, undefined engagement is neither practical nor strategic. Involving these key stakeholders at stages such as performance goal formulation, contract design, monitoring, and post-implementation review helps align accountability mechanisms and institutional trust (Kiptoo & Ng'eno, 2023).

Target setting, as a performance contracting pillar, requires a bottom-up approach to encourage employee ownership and commitment. Studies show that when targets are imposed without employee input, they often lack practicality or morale-boosting potential

(Gakure et al., 2013). Similarly, performance appraisal systems must offer more than compliance metrics and they should promote developmental feedback and guide career progression. When employees receive regular, balanced appraisals, they gain clarity on expectations and can align their performance with strategic objectives (Stringer & Shantapriyan, 2013).

Moreover, staff training remains critical in addressing skill gaps and boosting confidence. Effective training programs, especially those aligned with current and emerging operational demands, foster innovation and increase output quality (Khawaja & Nadeem, 2013). In institutions like KRA, which deal with dynamic tax regimes and compliance procedures, capacity building is essential for agility and efficiency. Ultimately, productivity in the public sector is a multidimensional outcome shaped by deliberate planning, investment in human capital, and strategic stakeholder engagement where only relevant actors are included to optimize impact and coordination.

### **1.2.3 Performance Contracting in the Kenyan Public Sector**

Since independence, the Kenyan public sector has undergone several reforms aimed at enhancing efficiency, transparency, and service delivery. However, many of these reforms, such as the Structural Adjustment Program and Voluntary Early Retirement, yielded limited results. The public sector continued to be plagued by bureaucratic inefficiencies, low staff morale, and poor service delivery. Performance contracting introduced in 2005 marked a turning point by promoting a culture of accountability, linking performance to rewards, and institutionalizing strategic planning.

Performance contracting in Kenya was introduced as part of broad public sector reforms aimed at improving service delivery, promoting accountability, and enhancing the efficiency of government institutions. According to Mbua and Sarisar (2013), Kenya's public sector was historically characterized by inefficiency, with a management system focused more on compliance than on results. The absence of clear and well-formulated objectives further hindered effective performance assessment (Aluvisia, 2016). These challenges necessitated the adoption of reforms beginning in 1993, culminating in the implementation of performance contracting in 2004 as part of the government's Economic Recovery Strategy for Wealth and Employment Creation (2003–2007) (Nganyi, Shigogodi, & Owano, 2014).

In the Kenyan context, a performance contract is a negotiated agreement between the government and a public agency, specifying annual performance targets against which institutional performance is measured. The concept, rooted in Cabinet Memorandum CAB (90), sought to instill a performance-oriented culture in public service by encouraging behavioral change, ethical conduct, and results-driven work practices (Nganyi et al., 2014). The 2004 pilot phase required managers to sign performance contracts aligned with national priorities and commit to regular evaluation and reporting.

The objectives of performance contracting included promoting a results-based culture, enhancing accountability at all levels of government, linking rewards to measurable performance, and addressing declining service quality in public institutions (Mbua & Sarisar, 2013). Implementation guidelines required regular performance reviews, alignment with institutional strategic plans, and integration of human resource systems such as recruitment, staff development, and performance appraisal. Additionally, public

agencies were required to develop and publish citizen service delivery charters to enhance transparency and citizen engagement (GoK, 2020).

One of the most significant success factors in the implementation of performance contracting in Kenya has been top leadership commitment. The support of high-ranking officials, especially from the Presidency and National Treasury, has ensured consistent policy direction and compliance across Ministries, Departments, and Agencies (MDAs). This political will is critical for legitimizing reform and mobilizing institutional cooperation (Mutahaba, 2011; Kobia & Mohammed, 2006). The second success factor is the institutionalization of monitoring and evaluation (M&E). Quarterly reviews, annual evaluations, and public ranking of MDAs have created a structured feedback mechanism that enables timely performance improvements (Muriu, 2013). The National Treasury (2020) notes that self-reporting frameworks introduced under performance contracting have helped MDAs track their own progress against set targets, fostering internal accountability.

Capacity building and staff training have also contributed to the success of performance contracting. Kobia and Mohammed (2006) report that training workshops and sensitization programs significantly improved the ability of public servants to understand and implement performance-based systems. By equipping staff with the skills to interpret and act on performance data, the reform has enhanced implementation fidelity and reduced resistance to change. Another success factor is the alignment of performance contracts with institutional strategic goals. As Gakure, Muriu, and Orwa (2013) emphasize, when targets reflect an institution's mission and vision, employees can see the direct relevance of their roles, which improves motivation and focus. This alignment ensures that departmental and

individual objectives contribute meaningfully to national development plans and policy goals.

Furthermore, the introduction of citizen service delivery charters has played a crucial role in enhancing public accountability. By committing to measurable service standards and timelines, public agencies are held directly accountable to citizens. This public-facing mechanism encourages responsiveness and transparency, improving service delivery outcomes (Wamalwa & Omolo, 2020).

Despite initial successes, challenges remain. Reports by the National Treasury highlight varying degrees of compliance across institutions. Issues such as weak monitoring frameworks, limited political will at county levels, and resource constraints hinder the full realization of performance contracting objectives. According to the National Treasury (2021), challenges such as lack of accountability among top county leadership, patronage in staff appointments, and inadequate resource allocation have limited the effectiveness of performance contracting in devolved units. Additionally, there is often a lack of goodwill from county officials and staff, which undermines the reform's objectives.

Nonetheless, the Kenyan government has continued to promote performance contracting by expanding its scope to cover nearly all public institutions, including constitutional commissions and independent offices. The government's focus has remained on strengthening internal performance frameworks, increasing transparency, and improving service delivery outcomes through consistent evaluation and capacity building (National Treasury, 2020). Where effectively implemented, performance contracts have contributed

to improvements in public sector productivity, fostering a shift toward performance-based governance in Kenya.

#### **1.2.4 The Kenya Revenue Authority (KRA)**

The Kenya Revenue Authority (KRA), established under the Kenya Revenue Authority Act (Cap 469) in 1995, is the principal agency mandated to collect and account for government revenue. Its vision is to transform Kenya through innovative and customer-centric tax administration, while its mission centers on building trust to foster tax compliance. KRA operates across five regions and manages various departments including customs, domestic taxes, and investigations. The authority plays a crucial role in national development by ensuring steady revenue flow to fund public services.

KRA has embraced performance contracting to improve revenue collection and internal efficiency. While the authority has recorded significant revenue growth over the years, it has also faced shortfalls in meeting some revenue targets. Performance contracts have helped in aligning staff performance with institutional goals, promoting professionalism, and enhancing accountability. However, like other public institutions, KRA faces challenges such as human resource constraints, resistance to change, and political interference. Understanding how performance contracting influences productivity at KRA is key to assessing its overall effectiveness in the public sector.

#### **1.3 Statement of the Problem**

Although performance contracting has become a key tool for enhancing accountability and efficiency in public institutions, its effect on employee productivity remains uneven, particularly in developing countries. Globally, organizations have increasingly adopted

performance-based management systems to improve service delivery and align employee efforts with institutional goals (OECD, 2021). In the Kenyan public sector, performance contracting has been promoted as a strategy to reform inefficient practices, foster professionalism, and boost overall productivity. Despite these intentions, issues such as limited employee involvement in target setting, weak appraisal mechanisms, and inconsistent training continue to undermine its effectiveness (Nyabira, 2023; Wanyama & Njeru, 2022).

Specifically, in the Kenya Revenue Authority (KRA), while performance contracts have contributed to improved revenue collection, there is insufficient evidence linking them to broader productivity outcomes. KRA's performance contracting score in the 2017/2018 financial year was reported at 45–50%, reflecting significant underperformance in key areas like staff development and stakeholder engagement (Songok, 2018). More recent observations suggest persistent concerns over absenteeism, delayed service delivery, and poor accountability mechanisms (Ng'eno & Kiptoo, 2023). Existing literature has primarily focused on performance contract implementation challenges (Nthiga, 2020; Ang'anyo & Mbatha, 2019) or isolated factors like training or appraisals, with few studies investigating the integrated effect of target setting, staff development, performance appraisal, and stakeholder participation on productivity. This study thus sought to bridge this gap by examining how performance contracting, through these four dimensions, influences employee productivity at KRA.

## **1.4 Research Objectives**

### **1.4.1 General Objectives**

The general objective of this research sought to investigate the influence of performance contracting on the productivity of state corporations.

### **1.4.2 Specific Objectives**

The specific objectives of the study were:

- i. To investigate the influence of target setting on the productivity of the Kenya Revenue Authority.
- ii. To investigate the influence of staff training and development on the productivity of the Kenya Revenue Authority.
- iii. To explore the influence of performance appraisal system on the productivity of the Kenya Revenue Authority.
- iv. To examine the influence of stakeholder involvement on the productivity of the Kenya Revenue Authority.

## **1.5 Research Questions**

- i. To what extent does target setting influence the productivity of the Kenya Revenue Authority?
- ii. To what extent does staff training and development influence the productivity of the Kenya Revenue Authority?
- iii. To what extent does performance appraisal influence the productivity of the Kenya Revenue Authority?

- iv. To what extent does influence of stakeholder involvement influence the productivity of the Kenya Revenue Authority?

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

The study focused on investigating the influence of performance contracting on the productivity of the Kenya Revenue Authority (KRA). The research was conducted at various KRA offices within Nairobi, including Sameer Business Park, which handles customs and trade facilitation; Ushuru Pension Towers in Westlands, focused on tax-related services; Times Tower, the central office for tax administration and compliance; KESRA Centre, dedicated to training and capacity building in tax administration; the Inland Container Depot (ICD) in Embakasi, which manages customs clearance for goods transported via rail and road; Wilson Airport, overseeing customs operations for domestic and international air cargo; and Jomo Kenyatta International Airport (JKIA), which is critical for customs operations on imports and exports through Kenya's largest international airport. These strategically selected sites represented diverse operational areas within KRA, providing a comprehensive perspective on how performance contracting influences productivity across different functions and further representing all staff across various regions in Kenya. This approach ensured access to varied departmental insights, enriching the depth, robustness, and generalizability of the study findings.

### **1.7 Significance of the Study**

The study findings were significant to three major groups: policymakers, tax administrators, and researchers, as they provided insights into key aspects affecting the productivity of the Kenya Revenue Authority (KRA).

For policymakers, the study revealed that target setting plays a crucial role in enhancing KRA's productivity. Clear, realistic, and well-communicated targets were found to improve employee motivation and efficiency. Additionally, the findings on staff training and development emphasized the need for continuous capacity-building programs to equip employees with relevant skills, ensuring better service delivery and compliance enforcement. Moreover, insights on the performance appraisal system highlighted the importance of structured evaluations in improving employee accountability and aligning individual goals with organizational objectives. Lastly, findings on stakeholder involvement demonstrated that engaging taxpayers, businesses, and other key players fosters transparency, trust, and voluntary compliance, ultimately enhancing revenue collection.

For tax administrators, the findings provided practical recommendations for improving internal processes. Effective target setting was linked to increased performance, while training programs were found to bridge skill gaps, leading to better tax administration. The study also emphasized the need for a fair and transparent performance appraisal system to boost morale and job satisfaction. Furthermore, stakeholder involvement emerged as a key driver of improved taxpayer engagement, highlighting the need for enhanced communication and collaboration.

For researchers, the study contributed to literature on public finance and human resource management by providing empirical data on the relationship between target setting, staff training, performance appraisals, and stakeholder involvement in tax administration. These findings serve as a foundation for further research on optimizing public sector productivity and improving tax compliance strategies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter highlights the theoretical works that support the study's objectives. It also focusses on the existing empirical literature as per the aims of the research. The conceptual framework and summarized research gaps identified from the existing literature are also encompassed in the section.

#### **2.2 Theoretical Review**

The researcher anchored the investigation on the premises of performance contracting models namely the goal setting theory. The goal setting theory was the main anchor for the primary research question. Equity theory also formed the secondary anchor for other research questions. The researcher examined the sentiments presented in these theories to understand their relationship and applicability in the study

##### **2.2.1 Goal Setting Theory**

Goal setting is an encouraging practice expansively utilized by establishments to direct individuals' energies at the workplace and offer a standard of evaluating efficiency (Lunenberg, 2010). Edwin Locke hypothesized goal setting hypothesis in the 1968. Goal setting is a mental hypothesis of inspiration because people got desires which can be regarded as unequivocal objectives they aim to attain (Locke & Latham, 1990). Goal setting hypothesis was created through modern hierarchical brain exploration more than twenty-five years, in light of nearly 400 labs and ground explorations (Locke, 2002). Redmond (2015) noted that the model begun with the fundamental efforts of Kurt Lewin

and has gotten essentially advanced by Dr. Edwin Locke and his colleague Latham, who begun objective-setting exploration in the 1960s. Kurt Lewins' underlying effort on the level of want acted as the footing to the furthestmost investigated and unshakable exertion enthusiasm speculation - the goal setting hypothesis (Levy, 2013). Objective setting speculation underlines the occupation of express, moving execution targets and workers' obligation to those objectives as crucial triggers of inspiration and by extension worker performance (Newstrom, 2011).

Kurose (2013) noted that goal setting hypothesis has directed the improvement of a vast grouping of careful investigation on workplace incentive, and it is well beyond what might be expected to be the prevalent perspective in the contemporary world. Lunenberg (2010) demonstrated that objective drafting is the secret enlightenment for all critical hypotheses of effort incentive which include Vroom's VIE speculation, Hierarchy of Needs theory by Maslow, motivation theory by Herzberg, or Bandura's social mental speculation (Lee & Lee, 2022). Objective setting has been perceived as probably the best procedure for modifying workplace conduct (Skinner, 2010). Objective setting speculation is a design for handling the associations amid incentive, direct, and execution (Kurose, 2013). Bosses usually recognize objective setting as a method for improving and supporting efficiency (Dubrin, 2012).

Locke and Latham's objective setting premise holds that scarce circumstances are principally significant in fruitful completion of targets. These encompass objective realization and obligation, objective fastidiousness, objective anxiety, and input (Redmond, 2015). Objective drafting supposition holds that for staffs to be enthused with their work, aims should be clear, explicit, achievable, and easy to evaluate (Riggio, 2014).

Intentions can be described as goals for imminent completing that assist workers with zeroing in on events of more remarkable meaning to an establishment. Objectives additionally sustain improved anticipation of the designation of elementary assets, such as time cash and energy, and help sketch the worth of steady exertion. They can likewise revitalize the planning of event frames for goal achievement. Examination of goal drafting has likewise engrossed on the importance of keeping workers fixated on aims, for minus such responsibility, it is impossible that goal drafting will be encouraging (Riggio, 2014; Gomez *et al.*, 2015).

Stakeholder involvement as one of the performance contracting tenets is, according to this theory, crucial in the attainment of a firm's goals. therefore, goal setting theory argues that if workers get involved in goal setting, then there are high chances of them feeling to be part of the company and put more effort to ensure it realizes its set targets.

Objective setting assumes a fundamental role in choosing the accomplishment or disillusionment in goal drafting. There is a critical goal presentation connection when folks are fixated on their aims (Locke & Latham, 2002). Aim setting can be described as one's connotation with or avowal to show up at an aim and the psychological, bursting with feeling, and direct smithereens of the course of aim attempt (Bipp & Kleingeld, 2011). Locke and Latham (2002) ponder that objective requirement is the extent of endorsement one purposes to realize a documented objective.

Acceptance of goal is the initial phase in making inspiration as per Locke and Latham (2002). Basically, throwing objectives to staffs may not make them feel obligated to them, particularly assuming that the aim will be challenging to realize (Lunenberg, 2010). Responsibility is more noteworthy and applicable when testing the purpose (Locke &

Latham, 2006). The idea that objective responsibility messes with the objective exhibition relationship has clear natural allure objective setting cannot be anticipated to work assuming objectives will be promptly deserted at the earliest sensing of problems (Kurose, 2013). A considerable tactic for acknowledgment is to permit representatives to take part in the aim drafting course. Overall, collaboration in the goal laying out process will enhance staff responsibility (Lunenberg, 2010). Acknowledgment as a stage is significant and upholds the objective setting process, which is one of the essential variables of the proposed study.

Two fundamental features that assist in developing objective obligation are importance and self-ampleness (Locke & Latham, 2002). As shown by Locke and Latham (2006), self-suitability immensely redesigns aim obligation and unique ways exist to help trailblazers arouse the self-ampleness of their juniors: one, by confirming tolerable readiness to upsurge power that grants accomplishment practices; two, by work exhibiting or looking for representations with which the folk can perceive, and three, through powerful communiqué that conveys conviction that the folk can realize the aim (Latham, 2007). Prominence implies the features which render accomplishing a target huge, comprising the typical consequences (Locke & Latham, 2002). There exist different approaches to convincing folks that objective satisfaction is major for instance, truly focusing on the goal in this way redesigning devotion, likely considering the way that it renders one's exercising an issue of greatness in their point of view as well of others (Fried & Slowik, 2004).

The second factor of aim drafting is task difficulty. Upsetting and unequivocal objectives result in preferable execution over one's targets or basic aims and this designs the focal point of the efficiency cycle (Bipp & Kleingeld, 2011). Objective speculation proposes that

the genuine goal gives the principal force (Cole & Kelly, 2011). Aims should be set adequately great to invigorate tip top execution, but low with the end result of being realistic (Latham, 2007). The focal matter is that a aim ought not be inconvenient as well as unambiguous for it to advance completing (Lunenbergh, 2010). As Kurose (2013) opines, execution increases with the level of goal inconvenience, granting the particular attempting to attain the aim is centered around achieving it in that capacity. Aims that are too basic or too irksome disapprovingly affect inspiration and completion and, in this manner, one must advance workable aims, doable, and testing (Redmond, 2015). The best incentive and execution are achieved with fairly problematic targets that are accessible, but difficult as Locke & Latham (2002) assert.

This theory was relevant for this study because it is premised on three fundamental aspects of worker motivation and employee performance that closely relate to the study's variables. For instance, the theory highlights the crucial role played by stakeholder or worker involvement on goal attainment. It also underscores the crucial role target setting and performance appraisal play in enhancing goal attainment. The theory was thus applicable to the study since the study aimed to assess how performance contracting components such as target setting, stakeholder or worker involvement and performance appraisal influenced productivity in various corporations.

### **2.2.2 Equity Theory**

John Adams Stacey developed the theory in the 1960s. Equity theory highlights the association amidst the discernment of impartiality and employee enthusiasm. According to Stacey, it is the nature of individuals to value fair treatment and as a consequence some of the most successful businesspeople have recognized this and thus structured their

workplace in a way that promotes fairness and reward employees as per their contributions to the overall success of the company (Adams, 1965). Effective supervisors make use of the observations to manage people's productivity by inspiring their staff through constructive strengthening and evaluating them fairly.

The theory also underscores the influence of employee perception of fairness of his efforts at work on his motivation. A worker usually feels contented with the result of his effort, plus his salary, when it matches the efforts, he thinks to have put into the task. If a worker perceives that his or her colleagues get good pay for doing little, s/he characteristically turns less interested to work hard. Bosses create a prolific work setting by collaborative job necessities visibly and developing fair-minded and reliable efficiency purposes for all personnel.

To avoid overpaying or underpaying, the equity theory argues that managers use performance appraisals to ensure they reward and compensate the employees according to what they offer the company (Adams, 1965). To remain enthused, staffs should classically manage to offer effort to their recital plans, adjust their targets if circumstances change, and pursue career development prospects (Arslan & Staub, 2012). Sometimes managers find it hard to balance between promoting equitable decision making and improving their companies' performance. To help them motivate employees accordingly, they use performance appraisal measures such as calibration of ratings and measurement of performance. These are some of the components of performance contracting that can aid in the improvement of worker productivity.

This theory was relevant to the study because it argues that managers can make use of performance appraisal techniques to determine the right way of rewarding or motivating

their employees. Further, to improve productivity, the managers can aim to develop the capabilities of their staff through training and development as a way of motivating them. The theory was applicable to the current study because it is based on performance appraisal, training and development, and stakeholder involvement components of performance contracting.

### **2.2.3 Justification and Application of Goal Setting Theory and Equity Theory**

Both Goal Setting Theory and Equity Theory are directly aligned with the elements of performance contracting, which form the core focus of this study. These theories are employed in tandem because they provide complementary perspectives on employee motivation, target achievement, fairness, and performance outcomes. Goal Setting Theory emphasizes the importance of setting clear, specific, and challenging goals to drive employee motivation and performance. It highlights the role of performance appraisal in measuring progress towards these goals and adjusting strategies accordingly. Equity Theory, on the other hand, is based on the principle of fairness and how perceived equity in inputs (such as effort, time, and qualifications) and outputs (such as recognition, rewards, and promotions) affects employee satisfaction and motivation. The theory further stresses the significance of fair appraisal systems and appropriate reward mechanisms in influencing employee behavior and output.

The justification for using both theories is grounded in their ability to inform the four specific research objectives of this study. First objective, to determine the effect of performance target setting on employee performance in the public sector in Kenya, Goal Setting Theory posits that the presence of clear and specific targets enhances employee

focus, effort, and performance. The theory suggests that employees are more motivated when they participate in goal setting and when those goals are challenging yet attainable. Equity Theory supports this objective by addressing how fairness in setting targets like consistent standards across employees or departments can influence perceptions of justice and, consequently, performance. Second objective, to assess the influence of performance appraisal on employee performance in the public sector in Kenya, both theories contribute. Goal Setting Theory views performance appraisals as essential feedback mechanisms that help employees track their progress toward set goals. Appraisals can lead to re-evaluation and reinforcement of goals, keeping performance aligned with organizational expectations. Equity Theory adds that the fairness and transparency of the appraisal process are critical for maintaining employee motivation in that when employees feel they are appraised unfairly, their performance and engagement can decline.

Third objective, to evaluate the effect of employee training on performance in the public sector in Kenya, this objective aligns well with both theories. Goal Setting Theory argues that employee training is necessary to equip individuals with the competencies required to achieve set goals. Well-trained employees are more capable of setting and meeting performance expectations. Equity Theory adds that offering training opportunities is a form of investment in employees that, when distributed equitably, reinforces a sense of fairness and organizational support, which enhances morale and productivity. Fourth objective, to assess the effect of reward systems on employee performance in the public sector in Kenya, Equity Theory is most directly applicable, as it centers on the relationship between employee inputs and rewards. Employees assess fairness by comparing their input-output ratio with that of their peers. Unfair reward systems lead to dissatisfaction and reduced

performance. Goal Setting Theory complements this by suggesting that linking rewards to the achievement of specific goals increases motivation and commitment to those goals.

Previous studies have successfully combined these two theories to support similar objectives. For example, Murerwa (2020) applied both theories to evaluate how performance contracting affects employees in insurance firms. Mati et al. (2020) used Goal Setting Theory to examine how objective drafting affects employee productivity, while Tanner (2020) emphasized the role of Equity Theory in employee motivation and organizational performance. Otuko et al. (2013) integrated both theories in their analysis of training impacts at Mumias Sugar Company, demonstrating how the theories jointly enhanced the understanding of performance dynamics. In sum, both Goal Setting and Equity Theories are critical in guiding this study, as they comprehensively address all four research objectives by explaining how goal clarity, fair treatment, motivation, and resource investment influence employee performance in the Kenyan public sector.

### **2.3 Empirical Review**

This section presents a review of existing empirical studies related to performance contracting and its influence on organizational productivity. It examines previous research findings on target setting, staff training and development, performance appraisal, and stakeholder involvement, providing a foundation for the current study.

#### **2.3.1 Performance Management and Productivity**

Mwenda (2013) highlighted four influencers of productivity as being reward and motivation, communication, participation and job satisfaction. In addition to these, other four principles can be utilized to improve workplace productivity. These principles include

systematically designing each job, scientifically selecting and training workers, cooperating closely with workers (through training, coaching and providing necessary work tools) and dividing work equally among employees and management. Apart from those, there are other important factors mentioned that if utilized would improve employee productivity (Mwenda, 2013). These include involving employees in decision making, rewarding employees and providing them chances to grow within the organization, effective communication with clear channels set, giving employees greater sense of purpose by having clear work procedures and ensuring that employees understand how their role contributes to the overall strategy achievement.

Mwenda (2013) researched on factors prompting employee turnover at Jertec Academy Nairobi and recognized that teachers were leaving due to poor pay, problems with management because they did not communicate clearly, lack of career advancement, lack of training and advancement and a poor work setting with insufficient working tools. The discoveries in this study demonstrated that correspondence was one component that impacts representative efficiency. Legitimate communication from top supervisor to center supervision and subordinate staff is essential in improving work accomplishment. How much essential correspondence in many associations is enormous with both composed and oral correspondence being utilized in type of hierarchical correspondence. In any case, voluminous data is no assurance to comprehension and there is still a lot to be attained in the arena of communication techniques. The outcomes of the study appeared to concur with those that contend that correspondence ought to be two ways so it can give data to work on comprehension and obligation and to propel staff. One of the elements affecting staff

execution was staff inspiration. A roused workforce is fundamental in the execution of duties subsequently can help in the accomplishing of an association's objectives.

Aonda (2014) researched the impact of staff insight on performance supervision and worker efficacy in the Kenyan hotel sector. Findings summarized that worker perception of execution the executives' drives will continuously influence the manner in which they view their commitments towards work. The perception will form the framework of reference by which representatives settle on the following game plan in any daily practice. The choice will decide if the action remains improved, remains the same or is done ineffectively. Performance supervision drives are intended to guarantee focus on what is significant for a movement or routine to triumph. Nonetheless, the progress of any of these drives will rely heavily on how the worker sees the drives (planning, correspondence, management of crisis and formalization of schedules) as being helpful bearing in mind the anticipated results (task completion, idealness in following through with responsibilities and nature of result).

Muia (2017) researched worker's perception on the efficiency of performance management practices at Harambee Sacco. His conclusion was that performance contracting practices are very essential to both the firm and the workers. It results in staff pledging, fostering ability, boosting skills, and permitting workers to handle emerging and advancing technologies. These features have been able to stimulate workers and enhanced their assurance. The staff can ensure performance progress, meet the desired targets, and provide quality amenities by being artistic and innovative. Hence, the association benefits through enhanced service delivery to its clients. This shows that staffs are esteemed resources that have to be conferred all the performance supervision activities such as goal or target setting,

performance appraisal, stakeholder involvement, training and development, and succession management to progress their performance. By using goal setting as the base of recital supervision, there is a high impact on idea generation that has the least effect in employee participation and goal setting. Performance management improved the efficiency of communication of organizational objectives.

### **2.3.2 Target Setting and Productivity**

Lipa (2019) defines target setting as the act of assigning individuals targets to attain and deciding what these targets should be at any time. Setting targets has become part of organizational management processes that determine their productivity. Target setting has played a vital part in hovering standards in various public institutions. Setting of targets has enabled companies to set right their targets and objectives and ensure that all efforts from employees are geared towards attaining the set targets.

In a study on performance appraisals, practices and employee productivity in Kenya, Munguti and Kanyanjua (2017) noted that target setting, and performance appraisal played a key role in improving workers' productivity in Savannah Cement Company. These findings supported an early study by Kenyoru *et al.* (2015) which underscored the crucial role played by proper target setting in improving employee performance. Kenyoru *et al.* (2015) noted that target setting had a significant positive relationship with organizational performance as a component of performance contracting.

Gosnell, List and Metcalfe (2015) studied the influence of supervision practices on worker output in the airline industry and noted that target setting was one of the significant elements of management practice. Their findings indicated that target setting was positively correlated with employee productivity for airline captains. The researchers also

revealed that other supervision activities were also absolutely associated with employee performance. However, the researchers were limited by access to more information from the airlines staff due to normal restrictions hence used a small sample for the study.

In a study on the part played by objective setting in swaying worker productivity in commercial banks in Meru County, Mati *et al.* (2020) found out that objective setting was positively and pointedly connected to worker productivity of commercial banks. The researcher also revealed that target setting was vital in the accomplishment of the objectives of most commercial banks in Meru County and by extension Kenya. Overall, most of the studies exhibited a positive and noteworthy link to employees' productivity.

### **2.3.3 Staff Training and Development and Productivity**

Staff training is an arranged cycle to change disposition, information or skill conduct through growth opportunity (Khawaja & Nadeem, 2013). It targets accomplishing successful implementation in an activity or scope of exercises. Its motivation in work circumstances is to foster the singular capacities and fulfill the association's current and future labor supply needs. Training should have a goal. It very well may be characterized so long as that the advancing requirements of the association and the gatherings and people have been methodically recognized and dissected.

Training refers to the efficient adjustment of staff behavior through the process of learning because of arranged insight, proper guidance and schooling. Training centers on a particular area of work and mainly focuses on specific tasks. The preparation guidelines are derived from the gig economy's expected set of responsibilities or assignment necessities. In his paper on the determinants of gig entrepreneurs and the vital role gig economy will play in the future of work, Onyango (2022) notes that it will only succeed in

influencing the future of work if it survives the upswing of demand in the labor market. Khawaja & Nadeem (2013) nonetheless argued that training can only be provided in the presence of a gap in expert knowledge and a need to improve work performance

Training in associations is the essential apparatus that can work on employees' presentation and efficiency. Training should be methodical and well arranged. Orderly preparation is explicitly intended to address the issues related to lack of proper training and inaccessible knowledge as Kurland (2018) argues.

Organizations can stay up with the latest and most recent information and abilities for maintaining their business through on-line e-training programs, which save a large sum of money via training through the internet. Better improvement of mechanical abilities, alongside making the most recent innovation accessible in the association, go far in transforming a test into a cutting - edge trailblazer that will assist the association with bettering contend in this quick moving, techno-driven business environment, as per Kurland (2018).

Execution guidelines regarding quality, result, and information include breaking down what the person has to be aware of. It very well might be proficient, specialized or business information. On the other hand, it very well might be about the business, monetary, or market climate; the materials or hardware to be utilized or the techniques to be followed; or the clients, associates and subordinates the person is in touch with and the elements that influence their way of behaving. On the other hand, it might allude to the issues that happen and how they ought to be managed. According to Gordon (2017), there exists a need to assess the workers' abilities in accordance with the goals of an organization. This implies what the worker ought to engage in assuming outcomes are to be accomplished and

information is to be utilized successfully. Continued training or other impartation of experience logically fabricates abilities. They might be manual, scholarly or mental, perceptual or social.

Training and improvement of staffs in an association incorporate the utilization of methodical and arranged training approaches, taking on a strategy of consistent turn of events, making association, and guaranteeing that all preparing exercises are execution related. Preparing should have a reason that can be characterized provided that the association's advancing requirements and the gathering and people inside it have been efficiently distinguished and investigated. Training needs assessment is halfway worried about characterizing the hole between what is going on and what ought to be occur. It is the contrast between what individuals know and can do and what they ought to be aware and have the option to do. According to Kurland (2018), lack of training can result in undesirable consequences for an organization hence the need to ensure that proper plans are put in place to regularly train employees. Regular training not only refreshes the minds of employees but can also result in increased worker productivity in the long run.

At least one of the accompanying assortments of data for a training need assessment: dissecting polls and mentalities reviews issues to representatives, talking with directors and bosses about their own or their subordinates preparing and improvement needs. Gordon (2017) contends that the main reason for training of staff is to improve the competencies and skills of workers and impart relevant information to them to ensure that they are ready for additional and perhaps extra challenging tasks.

Regardless of financial plan limits, worker preparing and improvement can in any case be achieved by utilizing strategies that do not need extra subsidizing, like hands on training,

rotational tasks, training, and tutoring. This is pleasing for reasons unknown, to be costlier to the associations that do not develop their staffs because of low efficiency.

Murerwa (2020) investigated the impact of performance contracting on worker performance and found out that staff training and development significantly influenced insurance workers' performance in Kenya. The researcher utilized a descriptive survey method to conduct the study where data was collected from 49 respondents using questionnaires and then qualitatively and quantitatively analyzed to draw findings. The findings correlated with those of Shiamwana *et al.* (2014) who studied the influence of career training on worker productivity in Kakamega County. The study noted that new workers need some form of training before they can start working on their duties and companies that prioritize training of workers realize increased productivity.

In another study, Otuko *et al.* (2013) discovered that training has to be tied to organizational goals for it to assist the firm in attaining its goals. They discovered that if training is only thrown at workers without any form of coordination, it might not assist them since it will not equip them with the requisite skills. Firms that prioritize employee training that is tailored according to their objectives would easily realize the important role of training and as such, the study discovered a positive correlation amid training and development and worker productivity.

Khalumba (2012) noted in his investigation on profitable banks in Kenya that absence of actual exercise and advancement and profession growth plans undesirably influenced the pecuniary presentation of profitable banks. The researcher underscored the significance of career advancement plans, training and progression in improving the performance improvement of commercial banks in the country

### 2.3.4 Performance Appraisal and Productivity

Performance appraisal provides an amazing chance for the manager and subordinate to perceive and concur upon individual training necessities and pay plans. Performance evaluation is seen as a device used to start learning exercises that are coordinated towards the securing of explicit information and abilities pertinent to the association for its present and future requirements. For an establishment that makes attempts to comprehend its goals, training and fostering of its workforce is crucial to ensure that they are the most qualified to assist it in pursuing the realization of those core goals (Gordon, 2017).

Kurland (2018) and Gordon (2017) contend that employees in a company ought to be always granted an assessment on their productivity and functionality skills. At the point when criticism is conveyed decidedly, it goes quite far to persuade the workers and help in distinguishing individual profession formative plans. In this light, employees can aspire to better their abilities and skills to ensure that they assist the organization in attaining its key objectives as Kurland (2018) asserts.

Otuko *et al.* (2013) studied the influence of training scopes on worker's presentation at Mumias Sugar Company and discovered a constructive correlation amid performance appraisal and worker productivity. Murerwa (2013) also supported Otuko *et al.*'s findings by revealing a close connection between performance appraisal and insurance firms' employee performance.

In their work on the efficacy of presentation contracting in communal institutions, Mbuthia *et al.* (2014) revealed a notable correlation between performance appraisal and effective public institutions. The study noted that public institutions with proper worker performance appraisal systems seemed to achieve their objectives as opposed to those that did not have

an effective appraisal system. This underscored the importance of having effective appraisal systems for all public institutions.

### **2.3.5 Stakeholder Involvement and Productivity**

Stakeholder involvement is associated with several objectives or benefits, including social, economic, ethical, and psychological. Economic benefits of staffs, job fulfilment and consequent job recital thus increases productivity as a result of cooperation amidst the juniors and managements, which in turn results in enhanced output (Shirley, 2017).

Workers' anticipation perception is impacted by self-esteem, self-efficiency, person's achievement at the task, aid gotten from supervisors and subordinate info essential in completing the task, and good material and apparatus for working.

Research indicates that involving workers on all aspects of target or goal setting makes them feel part of the organization and thus makes them feel like they own the goals.

Workers often feel appreciated and valued when the management engages them in decision making processes. However, not all decisions require that all workers get involved as some require the input of top managers. Stakeholder involvement goes beyond involving only workers in decision making but rather engaging all stakeholders in the company's running.

Some of the most notable stakeholders include investors, local communities, governments, shareholders, suppliers and customers (Bourne, 2016). Managers must, therefore, make efforts to ensure that they fully engage their stakeholders as part of improving their firms' productivity.

Kenyoru et al. (2015) studied backer rendezvous and structural performance in Kenya Power and Lighting Company. Their findings indicated that the components of stakeholder involvement such as customer recognition, employee decision making engagement,

employee investment, customer relations management and customization of products had a significant positive correlation with the performance of the corporation. This underscored the important role stakeholder involvement plays in enhancing the productivity of state corporations.

The study's outcomes reinforced similar studies by Jooste (2019) on backer rendezvous and business presentation for designated SMEs in Gauteng and Berebon & Sorbarikor (2020), which showed the crucial role of stakeholder engagement in performance improvement for companies.

Branch (2015) instigated research on participative management and staff and stakeholder involvement in which he noted that participative management is significantly correlated with firm productivity. Participative management involves how a company manages its relationship with workers and other stakeholders. It addresses central issues of governance within establishments and the role of staffs and external investors in all levels of structural decision making. The study revealed that participative management positively correlated with stakeholder motivation and consequently organizational productivity.

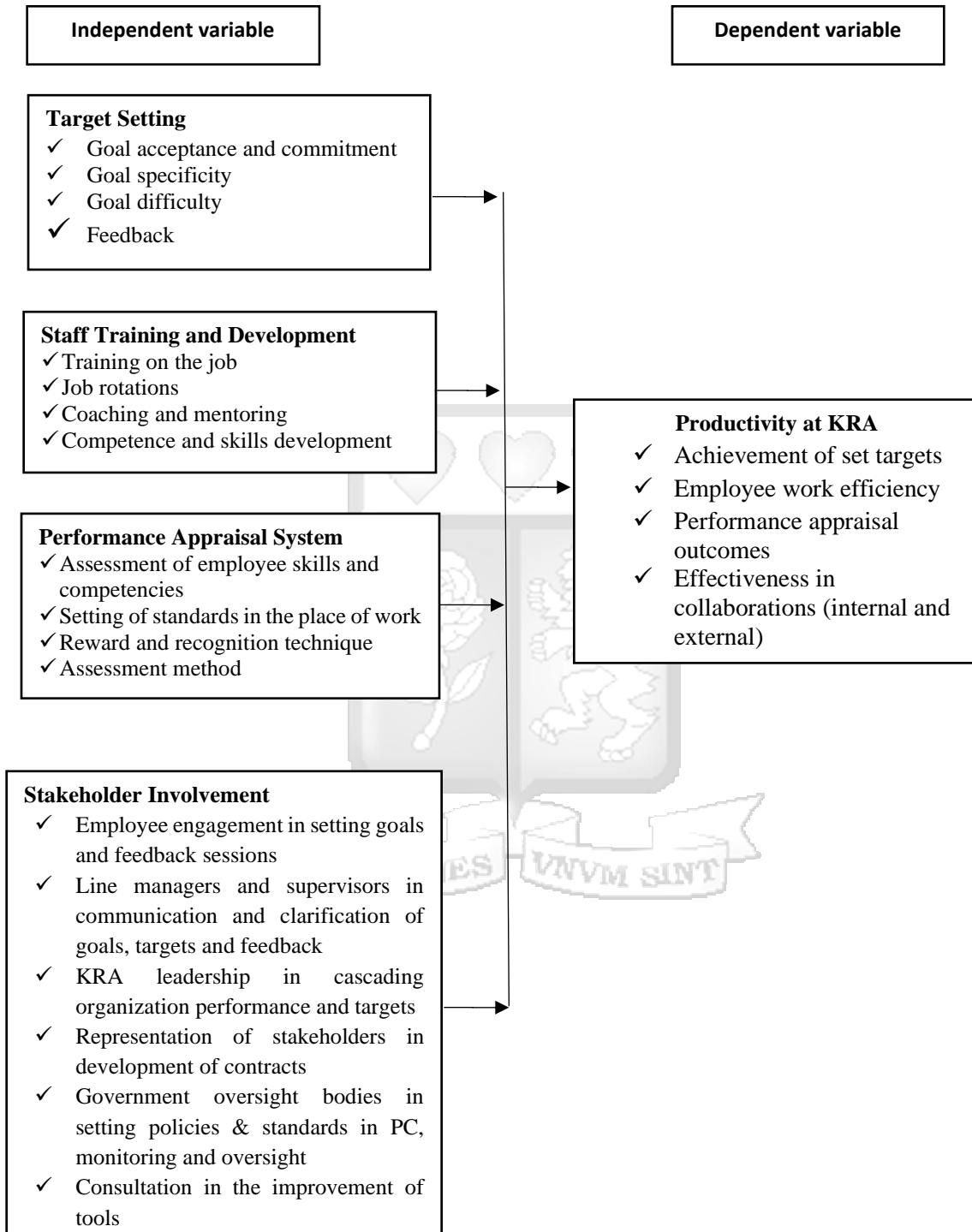
#### **2.4 Summary and Research Gaps**

Most studies focused on training, rewards, and general performance management but overlooked key elements of performance contracting such as target setting and performance appraisal. None combined all four variables (target setting, training and development, performance appraisal, and key stakeholder involvement) to assess their effect on productivity at KRA. This study addresses that gap by examining the combined influence of these components on KRA's productivity.

**Table 1: Summary of research gaps**

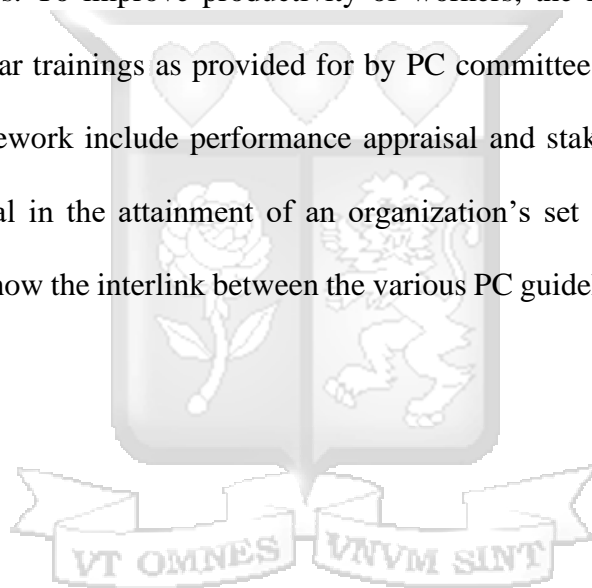
<b>Author(s)</b>	<b>Study</b>	<b>Findings</b>	<b>Research gap</b>	<b>How this study will fill the gap</b>
Lipa (2019)	<i>Effect of Target Setting on Productivity</i>	Target setting improves employee focus, aligns objectives with organizational goals, and enhances performance.	Focused on private institutions, ignoring public sector context like KRA; did not assess impact on national revenue authorities.	This study investigates target setting within KRA and its influence on productivity (Objective i), bridging the contextual gap through a public sector lens.
Murerwa (2020)	<i>Training and Productivity in Insurance Firms</i>	Staff development led to higher skill levels and performance improvement.	Focus was on private insurance sector; lacked attention to public tax institutions and omitted strategic alignment.	This study explores staff training and development at KRA (Objective ii), examining how training affects productivity in a public tax authority context.
Otuko et al. (2013)	<i>Appraisal and Training in Mumias Sugar Company</i>	Training and effective appraisal systems boost morale and performance.	The study was in a private company; lacked generalizability to public agencies and did not isolate appraisal from training	This study isolates the influence of performance appraisal systems at KRA (Objective iii) to address both contextual and conceptual gaps.
Kenyoru et al. (2015)	<i>Stakeholder Involvement and Service Delivery at KPLC</i>	Stakeholder engagement led to improved transparency, satisfaction, and service delivery.	While KPLC is state-owned, it operates commercially; study did not link stakeholder involvement to organizational productivity.	This study examines stakeholder involvement within KRA and its impact on productivity (Objective iv), bridging the conceptual gap between engagement and performance.
Muia (2017)	<i>Worker Perceptions on Performance Management at Harambee Sacco</i>	Employees who understood performance goals showed higher motivation and output.	Study focused on employee attitudes rather than measurable productivity; limited to SACCOs.	This study directly links performance contracting elements (target setting, appraisal, training) to productivity metrics at KRA, addressing both measurement and contextual gaps (Objectives i–iii).
Mwenda (2013)	<i>Factors Influencing Productivity in an Academic Institution</i>	Training, clear goals, and supportive leadership led to higher productivity.	Focused on academic settings with limited policy enforcement like in public agencies; did not examine performance contracts.	This study examines performance contracting tools like training and target setting in a policy-driven public agency (KRA) (Objectives i & ii), bridging both conceptual and contextual gaps.

## 2.5 Conceptual Framework



**Figure 1: Conceptual Framework**

The conceptual framework shown in Figure 2.1 shows the hypothesized relationship between the independent variables and the dependent variable of the study. It indicates how the independent variables of the study are expected to influence the study's dependent variable. The independent variables are comprised of the performance contracting guidelines suggested in the PC frameworks. For instance, one of the PC guidelines is target setting which comprises of a firm setting targets to be attained by workers within a specified period. Furthermore, training and development of staff is another PC guideline required of employers. To improve productivity of workers, the management ought to engage them in regular trainings as provided for by PC committee. Other PC guidelines provided in the framework include performance appraisal and stakeholder involvement, which are also crucial in the attainment of an organization's set goals. Therefore, this framework tends to show the interlink between the various PC guidelines and performance of workers.



## 2.6 Operationalization of Variables

Table 2 demonstrates the study's variables and how they were operationalized.

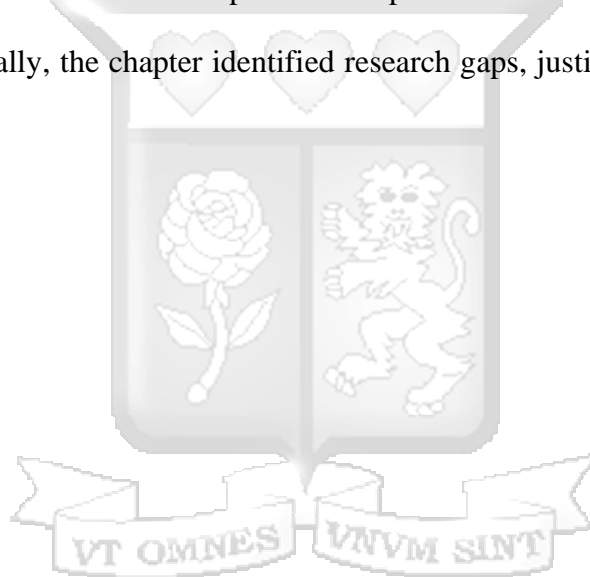
**Table 2: Operationalization of Variables**

Variable	Type	Indicators	Scale	Item in Questionnaire	Supporting Literature
Target setting	Independent	<ul style="list-style-type: none"> <li>✓ Goal acceptance and commitment</li> <li>✓ Goal specificity</li> <li>✓ Goal difficulty</li> <li>✓ Feedback</li> </ul>	Likert Scale	Section 2 Question 1-5	Munguti and Kanyanjua (2017); Kenyoru <i>et al.</i> (2015)
Staff Training and development	Independent	<ul style="list-style-type: none"> <li>✓ Training on the job</li> <li>✓ Job rotations</li> <li>✓ Coaching and mentoring</li> <li>✓ Competence and skills development</li> </ul>	Likert Scale	Section 3 Question 1-5	Murerwa (2020); Otuko <i>et al.</i> (2013).
Performance appraisal	Independent	<ul style="list-style-type: none"> <li>✓ Assessment of employee skills and competencies</li> <li>✓ Setting standards</li> <li>✓ Reward and recognition</li> <li>✓ Assessment method</li> </ul>	Likert Scale	Section 4 Question 1-4	Otuko <i>et al.</i> (2013); Mbutia <i>et al.</i> (2014).
Stakeholder involvement	Independent	<ul style="list-style-type: none"> <li>✓ Consultation in the design stage</li> <li>✓ Representation of contracts</li> <li>✓ Execution of performance contracting</li> <li>✓ Consultation in the improvement of tools</li> </ul>	Likert Scale	Section 5 Question 1-4	Kenyoru <i>et al.</i> (2015); Bourne, (2016).
Productivity of state corporations	Dependent	<ul style="list-style-type: none"> <li>✓ Service or operations efficiency</li> <li>✓ Customer satisfaction</li> <li>✓ Achievement of targets</li> </ul>	Likert Scale	Section 6 Question 1-4	Mwenda (2013); Muriu <i>et al.</i> (2013)

Source: Author (2024)

## 2.7 Chapter Summary

This chapter provided a review of literature related to the study, focusing on theoretical and empirical perspectives on performance contracting and productivity. It introduced the Goal Setting Theory and Equity Theory as the theoretical foundations, explaining their relevance to target setting, performance appraisal, staff training, and stakeholder involvement. The empirical review examined previous studies on these variables, highlighting key findings and gaps in existing research. The conceptual framework illustrated the hypothesized relationships between performance contracting components and productivity. Finally, the chapter identified research gaps, justifying the need for the current study.



## CHAPTER THREE: METHODOLOGY

### 3.1 Introduction

This chapter describes the methodology utilized in conducting this study. It comprises of sections such as the research design adopted by the study, target population, sample size and sampling procedure, research instruments, data collection procedure, and how the data was analyzed.

### 3.2 Research philosophy

This study is grounded in the positivist research philosophy, which aligns with the quantitative nature of the research. Positivism assumes that reality is objective and measurable, and that knowledge can be derived through observable and quantifiable data. Given that the study seeks to examine the influence of performance contracting components such as target setting, staff training and development, performance appraisal, and stakeholder involvement on productivity at the Kenya Revenue Authority (KRA), positivism provides a suitable foundation for measuring these relationships statistically.

The positivist approach supports a deductive reasoning process, beginning with theory and hypotheses, followed by data collection and analysis to test these hypotheses. This informs the use of a descriptive and explanatory research design, relying on structured questionnaires to gather data from KRA employees. The approach enables the use of statistical tools such as regression analysis to test relationships and draw generalizable conclusions. Thus, the positivist paradigm ensures objectivity, reliability, and validity in assessing the impact of performance contracting on productivity.

### 3.3 Research Design

The researcher utilized a descriptive cross-sectional research design to conduct this study, which focused on investigating the influence of performance contracting on the productivity of the Kenya Revenue Authority (KRA). This design was particularly appropriate as it enabled the researcher to capture measurable data regarding the relationship between performance contracting and productivity across multiple departments within KRA at a specific point in time. The choice to employ a purely quantitative approach, as opposed to incorporating qualitative or mixed-methods designs, was necessitated by the nature of the study and the operational context of KRA. Performance contracting, as a structured and results-driven framework, inherently lends itself to quantitative analysis, allowing for an evaluation of productivity using metrics, indicators, and employee responses that can be statistically measured and analyzed.

Furthermore, KRA's work environment involves handling highly sensitive and confidential information related to tax collection, compliance, and revenue policy enforcement. Qualitative data collection methods, such as interviews or focus groups, could compromise the confidentiality of this information or create discomfort among participants when discussing potentially sensitive performance-related topics. By relying on a quantitative design with structured questionnaires, the study ensured anonymity and minimized the risk of exposing sensitive operational details while maintaining the trust and confidence of the respondents. Additionally, the descriptive cross-sectional design was efficient and non-disruptive, aligning with the high-paced, sensitive nature of KRA's work environment. Qualitative methods would have required significant time and logistical resources, potentially interrupting critical operations. In contrast, the quantitative approach

allowed the researcher to collect data from a large sample within a short timeframe without interfering with KRA's productivity or daily activities.

Lastly, the study's focus on examining productivity outcomes through performance contracting necessitated a design that could generate empirical evidence to support actionable recommendations. The quantitative approach provided a structured and objective means to measure and analyze the impact of performance contracting on productivity, ensuring the findings were aligned with the study's title and objectives. This approach reinforced the study's goal of generating valid, reliable, and generalizable insights into KRA's performance contracting framework.

### **3.4 Population and Sampling**

#### **3.4.1 Target Population**

Smith (2004) defines a population as the entire group of individuals or subjects from which a study sample can be drawn. According to the Kenya Revenue Authority (KRA) Revised Corporate Plan 2021/2022-2023/2024, KRA had a staff establishment of 10,267, with 5,245 stationed at its Nairobi offices. These offices include Sameer Business Park, Ushuru Pension Towers in Westlands, Times Tower, KESRA Centre, Inland Container Depot (ICD) in Embakasi, Wilson Airport, and Jomo Kenyatta International Airport (JKIA). Collectively, these locations represent diverse operational units, such as customs, tax administration, trade facilitation, and training, which are critical to the Authority's performance contracting processes. Additionally, KRA maintains forty-one established tax offices, forty-three service centres, and fifty-two Huduma centres across the country. Table

3 provides a breakdown of KRA’s total staff establishment, and the number of employees stationed at its Nairobi offices as of 2022:

**Table 3: Target population**

S/No.	Department/Division	Total staffs at	Total staffs at KRA
		KRA	Nairobi
1.	CG Executive Office and Operations	57	22
2.	Domestic Taxes Department	3,646	1,888
3.	Customs and Border Control	3,326	2,034
4.	Corporate Support Services	1,423	347
5.	Strategy, Innovation and Risk Management	411	234
6.	Internal Audit	54	46
7.	Intelligence and Strategic Operations	248	87
8.	Investigations and Enforcement	204	133
9.	Legal Services and Board Coordination	176	120
10.	Kenya School of Revenue Administration	167	70
11.	Marketing and Communication	493	218
12.	Supply Chain Management	62	46
<b>Total</b>		<b>10267</b>	<b>5245</b>

Source: KRA Revised Corporate Plan (2022).

### 3.4.2 Sampling Design

This section describes the sampling design used in the study, outlining the techniques and procedures for selecting participants. It explains the rationale behind the chosen sampling method to ensure a representative sample for accurate data collection and analysis.

### **3.4.2.1 Sampling Frame**

The study sample comprised of twelve categories of participants and, therefore, had twelve strata. The first strata comprised of CG Executive Office and Operations staff. The second strata included employees working under the Domestic Taxes Department (DTD), while the third strata comprised of Customs and Border Control staff. Fourth strata consisted of workers from Corporate Support Services division while the fifth strata consisted of employees Strategy, Innovation & Risk Management Department (SIRM). The sixth strata consisted of workers from the internal audit unit and the seventh strata consisted of employees from Intelligence and Strategic Operations department. Strata eight and nine comprised of workers from the Investigations and Enforcement and Legal Services and Board Coordination divisions respectively. The tenth strata comprised of staff from the Kenya School of Revenue Administration while the eleventh and twelfth strata consisted of staff from Marketing and Communication and Supply Chain Management divisions respectively.

### **3.4.2.2 Sampling technique and Size**

A sample comprises all the respondents selected to represent the entire population (Mugenda & Mugenda, 2018). This study employed stratified random sampling to obtain a representative sample from the target population. The stratification was based on the organizational structure of the Kenya Revenue Authority (KRA), where departments or divisions served as distinct strata. This approach was deemed appropriate because KRA comprises diverse functional units and hierarchical staff categories, each contributing differently to the performance contracting process. Stratified sampling thus enabled

proportionate representation across different subgroups, minimizing sampling bias and enhancing the validity and generalizability of the findings.

The target population comprised 5,245 employees based at various KRA offices within Nairobi, including Sameer Business Park, Ushuru Pension Towers in Westlands, Times Tower, KESRA Centre, the Inland Container Depot (ICD) in Embakasi, Wilson Airport, and Jomo Kenyatta International Airport (JKIA). These locations were strategically selected to capture a wide range of functions and processes related to performance contracting. For instance, Sameer Business Park focuses on customs and trade facilitation, while JKIA and Wilson Airport oversee customs operations for air cargo. Times Tower serves as the central hub for tax administration and compliance, and the KESRA Centre specializes in training and capacity building. This broad coverage of KRA offices ensured the inclusion of diverse perspectives and functions, enriching the study's data and enabling comprehensive analysis. The sample size was determined using Yamane's (1967) formula for calculating sample size from a finite population. Mugenda and Mugenda (2018) recommend a sample size of 10% to 30% of the target population for a representative study, further supporting the adequacy of the calculated sample.

$$n = N / 1 + N(e^2)$$

Whereby; -

**n** = sample size

**N** = Total population

**1** = constant

$e^2$ =estimated standard error equal to 5% for confidence level of 95%.

$$n = \frac{N}{1 + N(e)^2}$$

$$n=372$$

To determine the sample size for each group, the researcher proportionally allocated the total sample size of 372 respondents as shown in table 4 based on the percentage distribution of staff in each department. The formula used was:

$$\text{Sample for each department} = \left( \frac{\text{Departmental staff}}{\text{Total staff}} \right) \text{Totalsample size}$$

**Table 4: Sample size**

S/No.	Department/Division	Total population	Sample size
1.	CG Executive Office and Operations	22	2
2.	Domestic Taxes Department	1,888	134
3.	Customs and Border Control	2,034	144
4.	Corporate Support Services	347	25
5.	Strategy, Innovation and Risk Management	234	17
6.	Internal Audit	46	3
7.	Intelligence and Strategic Operations	87	6
8.	Investigations and Enforcement	133	9
9.	Legal Services and Board Coordination	120	9
10.	Kenya School of Revenue Administration	70	5
11.	Marketing and Communication	218	15
12.	Supply Chain Management	46	3
<b>Total</b>		<b>5,245</b>	<b>372</b>

### **3.5 Data Collection Methods**

Primary data for the study was collected using self-administered structured questionnaires consisting of closed-ended questions (Appendix II). The questionnaires were designed based on the study objectives and targeted KRA employees as per the sample outlined in Table 3.3. Closed-ended questions were chosen for their ability to facilitate standardized responses, ease of data coding and analysis, and to minimize respondent bias (Curtis & Tuzo, 2016). To collect the data, the researcher employed a hybrid approach involving both physical drop-and-pick and email-based distribution of the questionnaires. This method was adopted to accommodate respondents' preferences and ensure maximum response rate, especially considering the busy schedules of KRA staff. For departments accessible within the KRA Head Office, printed questionnaires were hand-delivered and collected later. For respondents working remotely or in departments preferring digital communication, the questionnaire was shared electronically via official KRA emails, accompanied by a brief cover letter explaining the purpose of the study and guaranteeing confidentiality.

A five-point Likert scale was used for all attitudinal and perception-based questions, with responses ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The Likert scale was selected for its ability to capture varying degrees of agreement, provide nuanced data, and allow respondents to express neutrality where appropriate. Furthermore, the use of a Likert scale facilitated straightforward quantitative analysis, such as calculating means and standard deviations, which aligns with the study's quantitative design.

### **3.6 Data Analysis**

Collected data was analyzed using Statistical Package for Social Sciences (SPSS) version 16.0. In the analysis, descriptive statistics in terms of means, standard deviation and

frequencies were computed to provide distribution of variables as they presented themselves. The researcher also conducted a correlation analysis to investigate the direction and strength of association between the study's variables. Multiple regression analysis was used to analyze the impact of the independent variables on the dependent one. This is because the analysis can easily test the nature of relationship existing amidst the independent and dependent variables of a study as Selvam (2017) notes. The regression model for the study was therefore as follows.

$$Y = \beta_0 + \beta_1TS + \beta_2STD + \beta_3PA + \beta_4SI + \varepsilon$$

Where  $y$  = productivity of KRA

$\beta_0$  = is the Y-intercept

$\beta_{1-4}$  = slopes of the regression lines

**TS** = Target Setting

**STD** = Staff Training and Development

**PA** = Performance appraisal

**SI** = Stakeholders Involvement

$\varepsilon$  = error term

The study determined the composite variables in the model by conducting multicollinearity, normality and autocorrelation tests. The tests were used to show if there is any correlation amidst the variables of the study as well as the strength of correlation if any exists. Parametric estimation technique was used to estimate the value of coefficients in the model.

### **3.7 Research Quality**

#### **3.7.1 Pilot study**

A pilot study was conducted to pre-test the research instrument and evaluate its suitability before the main data collection. The pilot aimed to assess the clarity, relevance, reliability, and validity of the questionnaire items in capturing the key constructs of the study (target setting, staff training and development, performance appraisal, and stakeholder involvement, and their influence on productivity).

The pilot involved 10% of the sample size, drawn from KRA staff who were not part of the main study sample, but shared similar characteristics with the target population. This approach helped identify ambiguous or redundant items, test the average time needed to complete the questionnaire, and detect potential logistical or technical challenges in administering the tool.

Based on the pilot feedback, minor revisions were made to improve the clarity of questions and ensure alignment with the study objectives. The data from the pilot study were also used to calculate Cronbach's Alpha to test internal consistency reliability, which resulted in a coefficient of 0.651 which was within the acceptable threshold for exploratory studies.

This confirmed that the instrument was sufficiently reliable for the main study. Conducting the pilot thus enhanced the credibility and trustworthiness of the instrument and ensured that the final questionnaire would generate valid and consistent data in the context of evaluating performance contracting within KRA.

### **3.7.2 Validity of Data**

Validity refers to the extent to which the data collection instrument accurately measures what it is intended to measure and reflects the concept under investigation (Selvam, 2017). To ensure content validity, the questionnaire items were carefully designed based on the study objectives (target setting, staff training and development, performance appraisal, and stakeholder involvement) and their influence on productivity. The instrument was also subjected to expert review by academic supervisors to assess the clarity, relevance, and appropriateness of the items. Their feedback was used to refine and revise the instrument before full-scale administration. To enhance construct validity, the questions were structured around operational definitions of the study variables, and care was taken to avoid ambiguity and double-barrelled items. Additionally, pilot testing was conducted with a small representative sample of KRA employees who were not part of the final study sample, to assess whether the questions effectively captured the intended constructs.

### **3.7.3 Reliability**

Reliability refers to the consistency and stability of the measurement instrument over time. In this study, internal consistency reliability was tested using Cronbach's Alpha coefficient. This test measures how closely related a set of items are as a group, which is appropriate for Likert-type scale items. A Cronbach's Alpha value of 0.651 was obtained for the overall questionnaire. According to Nunnally (1978), a coefficient above 0.6 is considered acceptable for exploratory research, indicating that the items were reliably measuring the underlying constructs. This suggests that the instrument had adequate internal consistency

and was dependable for data collection. The reliability test for the study variables was .651 thus falling within the acceptable reliability threshold as shown in table 5.

**Table 5: Reliability test**

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.651	5

### **3.8 Ethical Considerations**

Patton (2015) notes that ethical consideration is crucial in every phase of the research process. Before undertaking the study, the researcher will seek for permission and approval from Strathmore University's Institutional Review Board (IRB). The investigator will also seek consent from the KRA staff that will respond to the questions. They will be informed of their free will to withdraw from the study at any point if they wish to. To maintain confidentiality of the respondents, anonymity will be observed by not requiring respondents to indicate their names or details that may reveal their identity.

### **3.9 Chapter summary**

This chapter outlined the research design, target population, sampling techniques, data collection methods, data analysis techniques, and ethical considerations employed in the study.

## CHAPTER FOUR

### ANALYSIS AND DISCUSSIONS OF THE FINDINGS

#### 4.1 Introduction

Chapter Four presents the findings, analysis, and interpretation of data collected during the study. The chapter presents the study results of the analysis of data collected through structured questionnaire (as shown in appendix 1) from (n=372) respondents across all KRA departments in Kenya. This chapter was structured to address the research objectives and questions, providing a comprehensive understanding of the influence of various factors on KRA staff productivity. The findings are derived from quantitative data, which were systematically analyzed to uncover patterns, relationships, and insights. The chapter begins by presenting the demographic characteristics of the respondents to establish the context of the workforce profile, including gender, age, education levels, and job positions. It then delves into the results of descriptive and inferential analyses, examining the relationships between key variables and their implications. Additionally, relevant statistical models and tests are employed to validate the findings and ensure their reliability. The findings form a foundation for study discussions, conclusions and recommendation for chapter 5

#### 4.2 Response rate

Table 6 presents the response rate of the study. Out of the 372 distributed questionnaires, 77 were fully filled and returned, representing the usable responses for analysis. This translates to a response rate of 20.7% (77/372). Additionally, 10 questionnaires (2.7%) were returned but were either half-filled or spoilt, making them unusable for the study.

A total of 33 questionnaires (8.9%) were returned completely blank, indicating either a lack of willingness to participate or possible challenges in understanding the questionnaire.

The majority, 252 questionnaires (67.7%), were not returned despite follow-ups, this might be due to barriers such as lack of time, disinterest, or difficulty in accessing the target respondents, confidentiality concerns and institutional constraints. Furthermore, Sauermann and Roach (2013) found that response rates in occupational studies, particularly among government employees and security personnel, tend to be lower due to the nature of their work, confidentiality concerns, and institutional constraints. Their study emphasized that even response rates as low as 15%-25% could still yield meaningful insights if the sample represents the target population effectively.

Despite the low response rate, a response rate above 20% is generally acceptable in social sciences research, particularly in studies involving busy professionals such as police officers among others. Several studies support the justification of the obtained response rate. Baruch and Holtom (2008) conducted a meta-analysis of survey response rates in organizational research and found that the average response rate for individual-level surveys was 52%, while for organizational-level surveys, it was 35.7%. This suggests that response rates below 50% are common, especially in studies involving professionals with demanding schedules.

**Table 6: Response rate**

<b>Item/status</b>	<b>Freq</b>
Filled and returned	77
Filled halfway/Spoilt	10
Not filled but returned/Blank returns	33
Not returned even after following up	252
<b>Total</b>	<b>372</b>

### 4.3 Background information

The research sought to establish the general demographic information on the respondents in respect to their place of work, designation, number of years worked and education level among others as shown in table 7

**Table 7: Background information**

Variable		Frequency	Percentage%
<b>Gender</b>	Male	30	39.0%
	Female	47	61.0%
<b>Age</b>	20-30 yrs	12	15.6%
	31-40 yrs	12	15.6%
	41-50 yrs	43	55.8%
	Over 50 yrs	10	13.0%
<b>Highest level of education</b>	Diploma	13	16.9%
	Undergraduate	51	66.2%
	Postgraduate	12	15.6%
	PhD	1	1.3%
<b>Position</b>	Graduate trainee	4	5.2%
	Staff	43	55.8%
	Middle level manager	29	37.7%
	Top level manager	1	1.3%
<b>Years of experience</b>	1-5	34	44.2%
	6-10	28	36.4%
	11-15	12	15.6%
	More than 15 years	3	3.95%
<b>Department/Division</b>	CG Executive Office Operations	0	0.0%
	Domestic Tax Department	27	35.1%
	Customs and Border Control	19	24.7%
	Corporate Support Services	0	0.0%
	Strategy, Innovation and Risk Management	2	2.6%
	Internal Audit	1	1.3%
	Investigation and enforcement	2	2.6%
	Legal services and Board coordination	1	1.35%
	Kenya School of Revenue Administration	24	31.2%
	Marketing and Communication	1	1.3%
	Supply Chain management	0	0.0%
		<b>(N)=77</b>	<b>(%) =100</b>

The demographic data summarized in Table 7 revealed key insights that have implications for the study's variables (target setting, training and development, performance appraisal, and key stakeholder involvement).

A majority of respondents were female (61%), suggesting a gender-inclusive work environment at KRA. While gender was not a direct variable in the study, inclusive representation may influence the fairness and acceptance of performance contracting practices such as performance appraisal and stakeholder engagement, as more inclusive environments often lead to better participatory processes.

The age distribution showed that 55.8% of respondents were between 41-50 years, indicating a predominantly middle-aged workforce. This demographic likely brings maturity and organizational familiarity, which can enhance buy-in during target setting and performance evaluations, as older employees may have deeper institutional knowledge and stability necessary for sustained performance.

In terms of educational qualifications, 66.2% held undergraduate degrees and 15.6% had postgraduate degrees. A well-educated workforce is essential for effective implementation of performance contracts. Specifically, this supports the second objective of the study, as employees with higher education levels are more likely to appreciate and benefit from structured training and development programs. Moreover, a higher education level suggests that employees can understand and respond effectively to performance targets and appraisal systems.

Regarding work experience, 44.2% of respondents had 1- 5 years of experience, and 36.4% had 6 - 10 years. This mix of early-career and mid-career employees implies that a significant portion of the workforce is still developing professionally. This finding is particularly relevant to the performance appraisal system objective, as newer employees

may require more frequent and supportive feedback mechanisms to align their performance with organizational goals.

In terms of job roles, most respondents were staff-level employees (55.8%) and middle-level managers (37.7%). Since these roles are typically more involved in operational work, they are crucial to the implementation of performance contracts, especially in terms of setting realistic targets and participating in performance reviews. This supports the first and third objectives of the study.

Finally, departmental representation was highest from the Domestic Tax Department (35.1%) and Kenya School of Revenue Administration (31.2%). These are key units in the core mandate of the organization, meaning their input is vital in assessing how performance contracting influences organizational productivity. Their responses provide credible insights, particularly concerning the involvement of internal stakeholders in performance processes, aligning with the fourth objective of the study.

#### **4.4 Descriptive Analysis**

The descriptive analysis for this research was carried out using measures such as means, standard deviation and Coefficient of Variation (%). This was selected as the most suitable method of summarizing the responses received from the Likert scale statements.

##### **4.4.1 Target setting on KRA productivity**

The first objective of the study sought to explore the influence of target setting on KRA productivity through descriptive analysis. Target setting is a critical organizational practice that provides employees with clear goals and expectations, aligning individual efforts with institutional objectives. Descriptive statistics offer an initial understanding of the

perceptions and practices surrounding target setting within the organization, helping to establish a baseline for further inferential analysis as shown in table 8

**Table 8: Target setting on KRA productivity**

	N	Mean	Std Dev	Coefficient of Variation (%)
The management of KRA involves you when setting targets for your department/unit	77	3.221	.7543	23.42
I highly accept goals as set out by our department/unit and I am greatly committed to them.	77	3.455	1.5091	43.67
Specific and realistic goals are usually set in my department /unit	77	3.623	1.2570	34.69
Goals set in our department/unit are not difficult to understand and act on.	77	3.117	1.5302	49.11
Departmental heads allow feedback regarding various goals set by their department.	77	3.325	1.2716	38.26
<b>Overall mean score</b>	77	3.348	1.264	37.76

The findings presented in Table 8 summarize the descriptive analysis of target setting on KRA productivity. The results provide insights into the perceptions of employees regarding target setting within the organization.

The findings highlight employee perceptions of target-setting practices at KRA and their role in the performance contracting process. Responses indicate a moderate level of agreement overall, with a mean score of 3.348 across the items measured. Employees generally acknowledge some degree of involvement in target-setting within their departments, reflected by a mean score of 3.221. However, the low coefficient of variation (23.42%) suggests consistency in responses, indicating that while participation is recognized, it may not be sufficiently robust to elicit widespread enthusiasm. This

observation underscores the need for greater inclusivity in the target-setting process to enhance employee ownership of departmental goals.

When evaluating goal acceptance and commitment, the mean score of 3.455 suggests moderate alignment with departmental objectives. However, the relatively high coefficient of variation (43.67%) points to differences in individual perceptions, possibly stemming from variations in how goals align with employees' professional aspirations or perceived feasibility. Similarly, while many employees view departmental goals as specific and realistic, as evidenced by a mean score of 3.623, the moderate variation (34.69%) implies that this clarity is not consistently experienced across the organization.

Clarity and actionability of goals, a critical component for productivity, received the lowest mean score of 3.117 and displayed the highest variability (49.11%). This result signals significant disparities in how goals are communicated and understood by employees, which could hinder their ability to execute tasks effectively. Furthermore, feedback mechanisms within departments received mixed perceptions, with a mean score of 3.325 and a variation of 38.26%. While some employees recognize opportunities for feedback, the inconsistency suggests that these channels may not be uniformly accessible or utilized.

These findings reveal that while target-setting practices at KRA demonstrate some strengths, such as the perceived specificity and realism of goals, challenges remain in terms of inclusivity, clarity, and communication. Addressing these gaps is critical for optimizing the performance contracting framework, as well-defined and participatory target-setting processes are essential for aligning employee efforts with organizational objectives and

enhancing productivity. The variability in perceptions underscores the importance of tailored interventions to ensure consistency and effectiveness across all departments.

#### 4.4.2 Staff training and development

The second objective of the study sought to examine the influence of staff training and development on KRA productivity through descriptive analysis. Training and development initiatives, such as on-the-job training, job rotations, coaching, and mentoring, are essential for building employee competencies, fostering engagement, and enhancing organizational performance. Descriptive statistics provide insights into employees' perceptions and experiences regarding these practices, offering a foundation for understanding their role in driving productivity. Table 9 summarizes the responses on staff training and development, highlighting the degree to which these initiatives are implemented and their perceived impact on employee skill development and overall productivity.

**Table 9: Descriptive analysis on staff training and development**

	N	Mean	Std Dev	Coefficient of Variation (%)
I am continuously trained on the job in order to improve my level of skills and competencies.	77	3.280	.8147	24.84
There are regular job rotations in my department/unit as a means of enhancing our productivity and minimize boredom.	77	3.091	1.3877	44.89
There is regular coaching and mentoring in my department/unit.	77	3.078	1.4213	46.18
I personally have a coach or mentor.	77	3.065	1.3987	45.64
I feel that my department/unit has done exceptionally well in developing my skills and competences.	77	3.587	.8775	24.48
<b>Overall mean score</b>	<b>77</b>	<b>3.220</b>	<b>1.180</b>	<b>36.64</b>

The findings presented in Table 9 summarize the descriptive analysis of staff training and development on KRA productivity. The results provide insights into employees' perceptions regarding the effectiveness of training and development initiatives within the organization.

The overall mean score for staff training and development at KRA was 3.220, with a standard deviation of 1.180 and a coefficient of variation of 36.64%. This suggests a moderate level of agreement among respondents regarding the effectiveness of training and development programs, with notable variability in responses.

The statement with the highest mean score was "I feel that my department/unit has done exceptionally well in developing my skills and competences" (Mean = 3.587, SD = 0.8775, CV = 24.48%). This indicates that majority of respondents believe their department provides effective skill development opportunities. The relatively low coefficient of variation suggests a higher level of consensus on this aspect. Conversely, the statement "I personally have a coach or mentor" had the lowest mean score (Mean = 3.065, SD = 1.3987, CV = 45.64%), implying that while some employees have access to mentorship, others do not. The high coefficient of variation suggests considerable differences in mentorship experiences across departments.

Similarly, "There is regular coaching and mentoring in my department/unit" (Mean = 3.078, SD = 1.4213, CV = 46.18%) and "There are regular job rotations in my department/unit as a means of enhancing our productivity and minimizing boredom" (Mean = 3.091, SD = 1.3877, CV = 44.89%) both received relatively lower mean scores, highlighting potential inconsistencies in the implementation of these training and

development initiatives. The high variation indicates that while some employees benefit from these programs, others may not have the same opportunities. The statement "I am continuously trained on the job in order to improve my level of skills and competencies" had a mean of 3.280, a standard deviation of 0.8147, and a CV of 24.84%, suggesting that on-the-job training is relatively more consistent compared to other training methods.

#### 4.4.3 Performance appraisal on productivity

The third objective of the study sought to examine the influence of performance appraisal on KRA productivity through descriptive analysis. Performance appraisal is a key human resource practice aimed at evaluating employee performance, fostering accountability, and motivating staff through recognition and rewards. Table 10 provides an overview of employees' perceptions of the performance appraisal processes in their departments and its contribution to productivity at KRA.

**Table 10: Descriptive analysis on performance appraisal on KRA productivity**

	N	Mean	Std Dev	Coefficient of Variation (%)
My department/unit regularly assesses our level of skills and competencies as staff.	77	3.039	1.4276	46.97
My department is regularly involved in setting of standards to be adhered to in the place of work	77	3.221	1.2207	37.89
Reward and recognition techniques are clearly set out and applied in my department/unit	77	2.701	1.3961	51.71
My department regularly appraises and rewards hardworking staff using clearly set guidelines	77	3.130	1.3509	43.16
Performance appraisal is a significant influencer of my level of productivity as a KRA staff.	77	2.870	1.3214	46.04
<b>Overall mean score</b>	<b>77</b>	<b>2.992</b>	<b>1.343</b>	<b>44.89</b>

The findings presented in Table 10 summarize the descriptive analysis of performance appraisal on productivity at KRA. The results provide insights into employees' perceptions regarding performance appraisal practices and their impact on productivity.

The overall mean score for performance appraisal and recognition at KRA was 2.992, with a standard deviation of 1.343 and a coefficient of variation of 44.89%. This suggests a moderate perception of the effectiveness of appraisal and recognition systems, with significant variability in responses among employees. The statement with the highest mean score was "My department is regularly involved in setting of standards to be adhered to in the place of work" (Mean = 3.221, SD = 1.2207, CV = 37.89%). This indicates that respondents generally acknowledge their department's role in establishing work standards, with a moderate level of agreement and relatively lower variability.

On the other hand, the statement "Reward and recognition techniques are clearly set out and applied in my department/unit" had the lowest mean score (Mean = 2.701, SD = 1.3961, CV = 51.71%), suggesting dissatisfaction or inconsistency in the application of reward systems. The high coefficient of variation indicates that experiences with reward and recognition differ widely among staff members.

Similarly, "Performance appraisal is a significant influencer of my level of productivity as a KRA staff" (Mean = 2.870, SD = 1.3214, CV = 46.04%) and "My department/unit regularly assesses our level of skills and competencies as staff" (Mean = 3.039, SD = 1.4276, CV = 46.97%) received relatively lower mean scores, reflecting mixed perceptions about the effectiveness of performance evaluations in influencing productivity. The high variation suggests that while some employees perceive these processes positively, others

may find them inadequate or inconsistent. The statement "My department regularly appraises and rewards hardworking staff using clearly set guidelines" had a mean of 3.130, a standard deviation of 1.3509, and a CV of 43.16%, indicating that while performance appraisals exist, their implementation and fairness may vary across departments.

#### 4.4.4 Key stakeholders' involvement on productivity

The fourth objective of the study sought to examine the influence of stakeholder involvement on productivity at KRA. Stakeholder involvement is a critical component of organizational decision-making, fostering inclusivity, collaboration, and shared ownership in processes such as performance contracting. The descriptive analysis summarized in Table 11 highlights employees' perceptions regarding the extent and impact of stakeholder involvement on productivity.

**Table 11: Descriptive analysis on key stakeholders' involvement**

	N	Mean	Std Dev	Coefficient of Variation (%)
There is regular consultation of all stakeholders during the design stage of PC at KRA.	77	3.429	1.1968	34.90
KRA management permits representation of all stakeholders in all committees or board meetings that engage in the development of performance contracts.	77	3.221	.7543	23.42
KRA management permits regular participation of all stakeholders in the implementation of PCs	77	3.000	1.4049	46.83
There is constant and persistent consultation of all stakeholders in the improvement of tools for PC at KRA	77	3.156	.8122	25.74
Stakeholder involvement is a significant influencer of my level of productivity as a KRA staff	77	3.442	.9527	27.69
<b>Overall mean score</b>	77	3.250	1.024	31.52

The findings in Table 11 summarize the descriptive analysis of stakeholder involvement on productivity at KRA. The results highlight the perceptions of employees regarding stakeholder engagement in organizational processes and its impact on productivity.

The overall mean score for stakeholder involvement in performance contracting at KRA was 3.250, with a standard deviation of 1.024 and a coefficient of variation of 31.52%. This indicates a moderate level of agreement among employees regarding the inclusion of stakeholders in performance contracting, with some variability in perceptions.

The highest-rated statement was "Stakeholder involvement is a significant influencer of my level of productivity as a KRA staff" (Mean = 3.442, SD = .9527, CV = 27.69%). This suggests that employees recognize the importance of stakeholder participation in enhancing their productivity, with relatively low variability in responses. Conversely, "KRA management permits regular participation of all stakeholders in the implementation of performance contracts" had the lowest mean score (Mean = 3.000, SD = 1.4049, CV = 46.83%), indicating mixed perceptions regarding stakeholder participation in implementation. The high coefficient of variation suggests that experiences with stakeholder involvement in this phase vary significantly among employees. The statement "There is regular consultation of all stakeholders during the design stage of performance contracts at KRA" received a mean score of 3.429, standard deviation of 1.1968, and a CV of 34.90%, reflecting moderate agreement that stakeholders are consulted in the design process, though responses varied. Similarly, "KRA management permits representation of all stakeholders in all committees or board meetings that engage in the development of performance contracts" had a mean of 3.221, SD of .7543, and the lowest CV of 23.42%,

suggesting that while stakeholder representation is acknowledged, responses were more consistent compared to other aspects.

The statement "There is constant and persistent consultation of all stakeholders in the improvement of tools for performance contracting at KRA" (Mean = 3.156, SD = .8122, CV = 25.74%) reflects a moderate perception of ongoing stakeholder engagement in refining performance contracting tools. Overall, the findings indicate that while stakeholder involvement in performance contracting at KRA is recognized, there is inconsistency in perceptions regarding its effectiveness, particularly in the implementation phase. The relatively high variation in responses suggests that stakeholder participation may not be uniformly applied across different departments or units. Strengthening consistency in stakeholder engagement could enhance the overall effectiveness of performance contracting at KRA.

#### 4.4.5 KRA Productivity

The findings presented in Table 12 summarize the descriptive analysis of KRA productivity. This section explores the perceptions of employees regarding the operational efficiency, service delivery, and customer satisfaction levels within KRA over the past year. By analyzing responses to statements addressing these key productivity indicators, the table provides a baseline understanding of the organization's overall performance.

**Table 12: Descriptive analysis on KRA Productivity**

	N	Mean	Std Dev	Coefficient of Variation (%)
The operational efficiency and provision of services by KRA has improved to a great extent in the last one year.	77	3.506	1.3340	38.05

I can rank KRA's service delivery at 80 out of 100.	77	3.455	1.5091	43.68
The organization completes its key deliverables within the set timelines.	77	3.623	1.2570	34.70
My department consistently meets operational output expectations.	77	3.117	1.5302	49.09
Target attainment in my department or unit can be said to be 70% and above.	77	3.325	1.2716	38.24
<b>Overall mean score</b>		3.405	1.380	40.54

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The findings in Table 12 summarize the descriptive analysis of KRA productivity. The results provide insights into employees' perceptions regarding the organization's operational efficiency, service delivery, customer satisfaction, and target attainment.

The overall mean score for KRA productivity was 3.405, with a standard deviation of 1.380 and a coefficient of variation of 40.54%. This indicates a moderate level of agreement among employees regarding improvements in productivity, with noticeable variability in responses. The highest-rated statement was "The level of customer satisfaction on the services offered by my department has greatly improved in the last one year" (Mean = 3.623, SD = 1.2570, CV = 34.70%). This suggests that employees perceive a significant improvement in customer satisfaction, with relatively lower variation in responses compared to other indicators.

Conversely, the statement "Customer satisfaction on KRA services has improved by 50% or more" had the lowest mean score (Mean = 3.117, SD = 1.5302, CV = 49.09%), indicating mixed opinions on the extent of customer satisfaction improvements. The high coefficient of variation suggests that perspectives on this metric vary widely across different departments or units. The statement "The operational efficiency and provision of services

by KRA has improved to a great extent in the last one year" received a mean score of 3.506, standard deviation of 1.3340, and a CV of 38.05%, reflecting moderate agreement on improvements in efficiency and service provision, though responses varied.

Similarly, "I can rank KRA's service delivery at 80 out of 100" had a mean of 3.455, SD of 1.5091, and a relatively high CV of 43.68%, indicating that while service delivery is rated fairly well, opinions on this aspect are highly varied. The statement "Target attainment in my department or unit can be said to be 70% and above" (Mean = 3.325, SD = 1.2716, CV = 38.24%) reflects moderate perceptions of target achievement within KRA departments.

Overall, the findings suggest that while there is general agreement on improvements in KRA's productivity, perceptions on specific areas such as customer satisfaction and service delivery vary significantly. The high coefficient of variation in some responses indicates that improvements may not be uniform across all departments. Addressing these inconsistencies through targeted interventions could enhance overall productivity and service delivery at KRA.

#### **4.5 Inferential statistics**

This section presents the inferential statistical analysis used to determine the relationships and effects between the independent variables and the dependent variable. Techniques such as correlation and regression testing were employed to draw conclusions and generalize from the sampled data to the broader population.

##### **4.5.1 Correlation analysis**

Correlation analysis examines the strength and direction of the relationship between two variables. This statistical method helps identify whether changes in one variable are

associated with changes in another, providing insights into potential dependencies or patterns in the data. Table 13 below presents the correlation analysis of the study variables.



**Table 13: Correlation matrix**

		Correlations				
		Target setting	Staff training and development	Performance appraisal	Key stakeholders' involvement	KRA productivity
Target setting	Pearson Correlation	1	.172	.307**	.276*	.939**
	Sig. (2-tailed)		.135	.007	.015	.000
	N	77	77	77	77	77
Staff training and development	Pearson Correlation	.172	1	.202	.121	.135
	Sig. (2-tailed)	.135		.077	.293	.243
	N	77	77	77	77	77
Performance appraisal	Pearson Correlation	.307**	.202	1	.000	.244*
	Sig. (2-tailed)	.007	.077		.997	.033
	N	77	77	77	77	77
Key stakeholders' involvement	Pearson Correlation	.276*	.121	.000	1	.318**
	Sig. (2-tailed)	.015	.293	.997		.005
	N	77	77	77	77	77
KRA productivity	Pearson Correlation	.939**	.135	.244*	.318**	1
	Sig. (2-tailed)	.000	.243	.033	.005	
	N	77	77	77	77	77

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
 \* . Correlation is significant at the 0.05 level (2-tailed).

Table 13 presents the results of correlation analysis between the predictor variables and KRA productivity. The findings indicate a positive and significant association between the target setting and KRA productivity (Rh=0.939, p=0.000). Additionally, a positive and significant association was observed between performance appraisal and KRA productivity (Rh=0.244, p=0.033). Similarly, Key stakeholders' involvement was positively and significantly associated with KRA productivity (Rh=0.318, p=0.005). A positive and significant association was also established between target setting and performance appraisal (Rh=0.307, p=0.007). Furthermore, target setting was positively and significantly associated with key stakeholders' involvement (Rh=0.276, p=0.015). On the other hand, no significant associations were found between staff training and development and KRA

productivity ( $R_h=0.135$ ,  $p=0.243$ ), nor between staff training and development with other variables in the study.

#### 4.5.2 Regression analysis

Regression analysis is a statistical method used to model the relationship between a dependent variable and one or more independent variables. It provides insights into how predictor variables influence the outcome variable, enabling researchers to make predictions and assess the strength and significance of these relationships as shown in table 14.

**Table 14: Model summary**

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.942 <sup>a</sup>	.887	.881	.28927

The results in the table 14 demonstrate the combined effects of various predictors Target Setting, Staff Training and Development, Performance Appraisal, and Key stakeholders' involvement on KRA productivity. The model summary shows an R-value of 0.942, indicating a very strong positive correlation between the combined predictors and KRA productivity. Additionally, the R Square value of 0.887 suggests that 88.7% of the variance in KRA productivity was explained by the predictors included in the model. The Adjusted R Square of 0.881 further supports the high explanatory power, even when accounting for the number of predictors.

#### 4.5.2.1 Anova

The ANOVA results revealed an F-value of 141.418 with a significance level of .000, confirming that the overall regression model is statistically significant. This indicates that the predictors collectively have a significant effect on KRA productivity. The findings align with earlier studies, such as those by Locke and Latham (2019), which emphasize the critical role of well-defined target setting in enhancing organizational productivity as shown on table 15

**Table 15: Anova**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.333	4	11.833	141.418	.000 <sup>b</sup>
	Residual	6.025	72	.084		
	Total	53.358	76			

#### 4.5.2.2 Coefficients

The coefficients table 16 provides further insight into the contribution of each predictor. The constant value of -0.377 was not statistically significant (Sig = .189), implying that without the influence of the predictors, KRA productivity would not significantly differ from zero. Among the predictors, Target Setting stood out as the most significant and impactful, with an unstandardized coefficient (B) of 1.095 and a standardized Beta of 0.938 (Sig = .000). This indicates that a one-unit increase in Target Setting leads to a 1.095-unit increase in KRA productivity. This finding is supported by research from Mone and London (2022), which suggests that clear and attainable targets enhance motivation and

performance outcomes. Staff Training and Development, however, has an unstandardized coefficient of -0.029 and is not statistically significant (Sig = .526), suggesting that its effect on KRA productivity is negligible. Similar findings were reported by Colquitt et al. (2020), who argue that while training is crucial for skill development, its impact on immediate productivity outcomes may vary depending on contextual factors. Similarly, Performance Appraisal, with a coefficient of -0.047 (Sig = .356), does not have a significant impact on KRA productivity. This aligns with studies by Pulakos et al. (2019), which suggest that poorly implemented appraisal systems may have minimal or even negative effects on organizational performance. Lastly, Key stakeholders' involvement shows a positive coefficient of 0.107 but is also not statistically significant (Sig = .141). While this contradicts studies that highlight the value of stakeholder involvement in decision-making (e.g., Freeman et al., 2021), it could suggest that its impact in this context is indirect or moderated by other factors.

In conclusion, the findings highlight that among the predictors, Target Setting was the most significant and impactful determinant of KRA productivity, explaining the majority of its variance. The other predictors Staff Training and Development, Performance Appraisal, and Key Stakeholders' Involvement do not have significant individual effects when combined with Target Setting in the model. This suggests that efforts to improve Target Setting are likely to yield the most substantial improvements in productivity.

**Table 16: Coefficients**

<b>Coefficients<sup>a</sup></b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized T</b>	<b>Sig.</b>	
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	-.377	.284		-1.326	.189
Target setting	1.095	.051	.938	21.493	.000
1 Staff training and development	-.029	.046	-.026	-.637	.526
Performance appraisal	-.047	.050	-.039	-.929	.356
Key stakeholders' involvement	.107	.072	.062	1.490	.141

a. Dependent Variable: KRA productivity

b. Predictors: (Constant), Key Stakeholders' involvement, Performance appraisal, Staff training and development, Target setting

#### **4.6 Chapter Summary**

Chapter 4 focused on presenting the results of the study, organized around the key objectives. The chapter provided detailed descriptive and inferential analyses for each independent variable target setting, staff training and development, performance appraisal, and stakeholder involvement and their relationship to KRA productivity. Data was summarized in tables and interpreted to establish patterns and insights based on the study's objectives.

## CHAPTER 5

### DISCUSSIONS, SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents a discussion of the study's key findings, followed by a summary, conclusions, and recommendations. The discussions interpret the results in relation to existing literature and the study's objectives, focusing on the influence of target setting, staff training and development, performance appraisal, and stakeholder involvement on KRA productivity. The summary provides an overview of the major results, highlighting significant trends and insights. The conclusions synthesize these findings, outlining their implications for KRA's productivity enhancement. Finally, the recommendations offer practical strategies for improving productivity, grounded in the study's results. The chapter also identifies areas for future research to build upon these insights, ensuring a more comprehensive understanding of productivity strategies within public organizations.

#### 5.2 Discussion of findings

This section presents discussion of the study's key findings in relation to existing literature and research objectives. It examines the impact of target setting, staff training, performance appraisal, and stakeholder involvement on productivity at the Kenya Revenue Authority (KRA).

##### 5.2.1 Target Setting on KRA Productivity

The findings of this study demonstrate that target setting is a significant driver of productivity at the Kenya Revenue Authority (KRA). Employees consistently indicated that clear and well-communicated targets enhance goal clarity and focus, which in turn motivates higher performance. This aligns strongly with Locke and Latham's (1990) Goal-

Setting Theory, which argues that specific, challenging goals produce better outcomes than vague or easy ones. The high level of agreement on the effectiveness of goal-setting frameworks at KRA reinforces the theory's applicability in public sector organizations.

This study's results resonate with previous research, such as Githinji and Kariuki (2022), who reported a 45% productivity improvement in Kenyan public institutions due to structured goal-setting, and Nyambane and Makori (2021), who found similar productivity gains in the banking sector. These findings validate the critical role of goal-setting frameworks in enhancing operational efficiency and achieving performance targets.

Moreover, the data revealed that while target setting is broadly implemented, some challenges remain—particularly the misalignment between individual targets and broader organizational goals. Employees expressed concerns about occasional disconnects in goal communication and integration, which can reduce motivation and effectiveness. This observation underscores the importance of participatory target-setting processes and ongoing feedback, as advocated by Gollwitzer and Sheeran (2006), to balance ambition with attainability and sustain engagement.

The study also confirms insights from Performance Contracting Theory, which highlights the necessity of linking individual performance agreements to organizational objectives to improve accountability and productivity. The practice of drafting and monitoring targets within KRA's performance contracts serves as a powerful tool to drive institutional success.

However, the study acknowledges the limitations and risks associated with target setting. As noted by Chebet and Kiprono (2021), poor communication and limited employee

involvement in goal-setting can nullify productivity gains. Similarly, Koech and Too (2020) highlighted how overly ambitious targets may lead to employee burnout, a caution consistent with Dweck and Leggett's (1988) concept that unrealistic goals without adequate support can reduce motivation.

Comparative studies in the African context further reinforce these findings. Njuguna and Wanjohi (2022) found that Kenyan government parastatals with structured goal-setting frameworks outperformed counterparts by 50% in meeting benchmarks, while Osei and Boateng (2020) observed a 34% increase in efficiency in Ghanaian state enterprises through participatory goal-setting. These regional studies provide valuable contextual support for the current findings at KRA.

Despite the overwhelmingly positive role of target setting, this study emphasizes that it should not be a rigid, one-size-fits-all process. The mixed results suggest that flexibility, employee participation, and regular feedback are essential to optimize productivity outcomes. For instance, Hassan and Juma (2022) demonstrated that involving employees in setting targets increased commitment by 27%, highlighting the motivational benefits of inclusive practices.

### **5.2.2 Staff Training and Development on KRA Productivity**

The study found that staff training and development at KRA is moderately impactful, with varying perceptions about its effectiveness in driving organizational productivity. Employees acknowledged that training is valuable in enhancing job-related skills, especially when it is relevant to their specific roles. However, there was an observed gap between the training programs offered and the strategic goals of the organization. While

training sessions were noted to occur frequently, their application to daily tasks and long-term institutional outcomes appeared limited.

These findings are consistent with Otuko et al. (2019), who argued that training programs must be systematic and goal-oriented to yield measurable productivity gains. Similarly, Karanja and Omondi (2021) found that employees in Kenya's public sector recognized the importance of training but often felt that the content lacked direct applicability to practical work environments. Wekesa and Wanjiru (2020) also highlighted that many public institutions tend to offer generalized training sessions that do not focus on industry-specific skill sets, which diminishes the effectiveness of these initiatives.

From a theoretical lens, this misalignment weakens the capacity of training to support organizational performance. According to Goal-Setting Theory (Locke & Latham, 1990), developmental interventions such as training should be closely tied to clear performance goals to enhance motivation and effectiveness. In cases where training is detached from operational expectations, its influence on performance is diminished. Performance Contracting Theory also reinforces this by emphasizing that performance outcomes are best achieved when individual development efforts are aligned with clearly defined institutional targets.

The study further observed that although staff training was positively perceived, its direct influence on productivity at KRA was limited. This aligns with Kimani and Nyamu (2021), who found that inadequate alignment between training initiatives and organizational objectives significantly constrained their impact on performance in public institutions across East Africa. Similarly, Mwangi and Kihara (2020) observed that in Kenya's banking

sector, the lack of job-specific training content reduced employee engagement and measurable performance improvements.

Wanjohi and Wekesa (2022) also found that targeted training in Kenyan health facilities yielded only marginal productivity improvements, reinforcing the notion that training must be designed with organizational priorities in mind. Mugambi and Wafula (2022) cautioned that many institutions focus heavily on technical skills, often neglecting the development of essential soft skills like communication, teamwork, and problem-solving, which are crucial for enhancing organizational performance and cohesion.

Despite these concerns, there are positive examples that illustrate the potential of well-designed training. Onyango and Mutuku (2021) reported that in Kenyan ICT companies, where training programs were tailored to evolving industry needs, there was a marked improvement in employee performance. Likewise, Koech and Langat (2022) highlighted that continuous professional development in the manufacturing sector led to better alignment between staff capabilities and operational demands.

The findings of this study further align with Nwankwo and Udeh (2021), who found that in Nigerian revenue agencies, employees felt that training was detached from their functional responsibilities, thereby having minimal impact on productivity. This calls into question the strategic planning behind such training efforts. Mbugua and Otieno (2021) also observed that in many Kenyan government agencies, training programs are often conducted as a compliance requirement rather than a meaningful investment in staff development, reducing their effectiveness.

Gollwitzer and Sheeran (2006) contend that for training programs to lead to tangible performance outcomes, they must be deeply integrated into the organization's performance goals, regularly evaluated, and responsive to emerging operational needs. This position is supported by Hassan and Juma (2022), who emphasized that the lack of continuous assessment and adaptation of training programs in Tanzanian public institutions significantly weakened their long-term benefits.

Njuguna and Wanjohi (2022) also found that public organizations that conduct structured training needs assessments tend to report significantly higher improvements in employee competency and organizational outcomes. These findings reinforce the importance of grounding training initiatives in both current and future organizational demands.

Globally, institutions that have prioritized tailored training frameworks show better results. Torrance (2021) reported that government institutions in the UK that implemented customized training strategies experienced notable improvements in service delivery. Similarly, Kim and Lee (2020) observed that South Korean public service organizations that invested in structured and goal-oriented training saw a substantial rise in employee competency and overall efficiency.

### **5.2.3 Influence of Performance Appraisal on KRA Productivity**

The study established that performance appraisal practices at KRA are largely perceived as effective by employees. Feedback provision during appraisals emerged as the most positively regarded aspect, followed closely by the perceived fairness of the appraisal process. However, some respondents raised concerns about the consistency in how appraisals are conducted across departments, suggesting room for improvement in

standardizing the process. These findings indicate that while appraisal mechanisms are appreciated for their role in promoting transparency and employee development, inconsistencies in their execution can undermine their intended impact.

These observations align with the principles of Locke and Latham's Goal-Setting Theory, which posits that feedback is essential in motivating employees and aligning performance with organizational expectations. When performance feedback is timely, relevant, and linked to individual goals, it reinforces accountability and continuous improvement. This is further supported by Performance Contracting Theory, which emphasizes the value of ongoing performance reviews in promoting alignment between employee output and strategic institutional objectives.

The study's findings are corroborated by Mbuthia et al., (2020), who highlighted that performance appraisals enhance accountability and motivation among employees, thus contributing positively to organizational productivity. Kariuki and Mwaniki (2022) emphasized that structured feedback mechanisms within appraisals contribute to stronger employee engagement, especially in the public sector. Similarly, Mugambi and Wambugu (2021) found that continuous assessment within appraisal frameworks improved both employee satisfaction and work efficiency in Kenyan parastatals.

The study also noted that the perceived effectiveness of appraisals is dependent on the fairness and consistency with which they are implemented. This is echoed in the findings of Mwangi and Otieno (2021), who reported that well-structured and transparent appraisal systems led to improved organizational productivity in Kenyan public institutions. Waweru and Kihara (2020) similarly observed that when performance reviews are accompanied by

timely feedback and aligned with employee goals, they enhance individual accountability and reinforce collective performance.

From a global perspective, Brown and Benson (2021) observed that in Australian public sector institutions, transparent performance appraisal processes significantly improved productivity. This underscores the universal importance of fairness and clarity in employee evaluations. The literature also reveals, however, that performance appraisal systems can fall short if poorly implemented. Chege and Wanjiru (2021) found that inconsistently applied appraisal policies reduced employee morale and eroded trust in the performance management system, thereby diminishing its effectiveness. Githaiga and Musyoka (2020) warned that overly bureaucratic or complicated appraisal frameworks can distract employees from their core responsibilities, lowering efficiency. Similarly, Patel and Sharma (2022), in their study of India's civil service sector, cautioned against relying too heavily on quantitative metrics in performance evaluations, as this may lead to stress, resistance, and disengagement.

The study findings reinforce the view that while performance appraisals can play a vital role in driving productivity, their success depends on fair implementation, employee involvement, and alignment with broader development goals. This is supported by Njoroge and Wainaina (2021), who noted that appraisal systems incorporating employee feedback and self-assessment foster a sense of ownership and trust in the process, which in turn enhances organizational commitment.

#### **5.2.4 Key Stakeholder Involvement on KRA Productivity**

The study revealed that stakeholder involvement practices at KRA are generally well-regarded, particularly in terms of inclusive decision-making. Employees reported that consultation with stakeholders fosters collaboration, transparency, and a sense of ownership over organizational processes. However, challenges were noted in conflict resolution among stakeholders, suggesting that while participation is encouraged, mechanisms for managing divergent interests are less developed. These mixed outcomes point to both the strengths and limitations of current stakeholder engagement efforts within the organization.

These findings are best interpreted through the lens of Stakeholder Theory, which posits that the success of an organization depends on how well it manages its relationships with various stakeholders. According to this theory, inclusive decision-making enhances mutual trust and accountability, resulting in improved organizational performance (Bourne, 2020). The evidence from KRA supports this view, as stakeholder consultation appears to have contributed to higher levels of trust and collective responsibility. However, where conflict resolution structures are weak, the benefits of stakeholder engagement may be undermined by unresolved tensions and competing interests (Wanjiru & Mwangi, 2021; Onyango & Ochieng, 2020).

Additionally, the findings are consistent with Systems Theory, which views organizations as interconnected systems composed of various sub-units such as departments, teams, and external stakeholders that must function cohesively to achieve desired outcomes. The positive perception of stakeholder involvement suggests that KRA recognizes stakeholders as integral components of its operational system. However, the noted difficulty in conflict

resolution reflects a systems imbalance, where one part of the structure (engagement mechanisms) is not fully harmonized with another (conflict management). As Macharia and Ochieng (2020) emphasized, inefficiencies arise when stakeholder engagement is unstructured or misaligned with broader operational systems.

These theoretical linkages are echoed in empirical research. Kibet and Kimutai (2021) found that participatory decision-making in Kenyan public institutions enhances institutional efficiency by creating a shared sense of direction. Ouma and Wekesa (2022) similarly noted that stakeholder engagement contributes to greater transparency and alignment of strategic objectives. Internationally, Müller et al., (2021) demonstrated that regulatory agencies in Europe with formalized stakeholder engagement frameworks achieved higher levels of compliance and performance, reaffirming the core tenets of both Stakeholder and Systems Theory.

Conversely, the study also revealed shortcomings aligned with critiques of stakeholder engagement when not strategically managed. Njenga and Gathuru (2022) emphasized that stakeholder collaboration must be intentional and structured to positively influence project outcomes. Patel and Singh (2022) illustrated that stakeholder engagement, without clear dispute resolution strategies, can create bottlenecks and reduce overall effectiveness. These findings align with observations at KRA, where employees noted that although stakeholder engagement is valued, conflicting interests occasionally disrupt smooth implementation of initiatives.

Furthermore, Ndegwa and Wairimu (2021) found that participatory governance models in Kenya strengthen decision-making and enhance productivity by addressing stakeholder

expectations proactively. This supports the Systems Theory view that productivity gains occur when feedback loops such as those between stakeholders and leadership are well-integrated into organizational operations.

### **5.3 Summary of Key findings**

This study explored the impact of performance contracting on productivity at the Kenya Revenue Authority (KRA). Using a descriptive cross-sectional approach, data were collected through structured questionnaires from employees in various departments and analyzed with both descriptive and inferential methods.

Key findings revealed that target setting significantly enhanced productivity by providing clear and focused organizational goals. While frameworks were consistently implemented across departments, some employees noted difficulties in aligning individual objectives with organizational priorities. The study established a strong positive relationship between structured target-setting practices and improved productivity. Staff training and development emerged as critical in enhancing employee competencies and performance. On-the-job training and mentorship programs were particularly effective, underscoring the importance of regular and tailored training initiatives to address organizational needs. Performance appraisals were shown to be effective in identifying performance gaps and motivating employees. Feedback processes were crucial in aligning individual efforts with organizational goals. However, the study highlighted the need for consistent and transparent appraisal systems to optimize productivity outcomes. Stakeholder involvement played a pivotal role in improving transparency and fostering alignment with organizational objectives. Participation in the formulation and implementation of

performance contracts was linked to stronger accountability and commitment among employees, emphasizing the importance of inclusive practices.

The transparency andons include the need to enhance stakeholder engagement during goal setting, increase the frequency and focus of training programs, standardize appraisal processes for fairness and transparency, and adopt structured performance contracting practices to sustain productivity improvements.

#### **5.4 Conclusion**

In view of the findings, the study concludes that target setting and stakeholder involvement significantly enhance productivity within KRA. The results suggest that structured target-setting practices and inclusive stakeholder collaboration are critical strategies for fostering organizational productivity. While staff training and development, as well as performance appraisal, showed a positive impact, their influence was less pronounced compared to the other variables. These findings highlight the need for tailored and strategic approaches to optimize these factors.

The study further revealed that stakeholder involvement fosters collaboration and shared accountability, contributing positively to productivity outcomes. However, challenges such as conflicting interests and insufficient engagement frameworks were identified, emphasizing the need for structured approaches to manage stakeholder dynamics effectively. Similarly, while staff training and development are essential for building employee capacity, their impact on productivity was limited, suggesting a need for greater alignment with organizational objectives.

The findings underscore that a combination of well-structured target setting, performance appraisal systems, effective stakeholder involvement, and strategic training and development initiatives is necessary to drive sustainable productivity improvements within KRA.

## **5.5 Contribution of the Study**

The current study investigated the influence of performance contracting on productivity at the Kenya Revenue Authority (KRA). Specifically, it sought to determine the impact of target setting, staff training and development, performance appraisal, and stakeholder involvement on organizational productivity. The findings of the study present theoretical, practical, and policy implications.

### **5.5.1 Contribution to Theory**

This study contributes to the theoretical understanding of performance management by conceptualizing and empirically validating the effects of target setting, staff training and development, performance appraisal, and stakeholder involvement on organizational productivity. The research integrates these variables into a cohesive framework, highlighting their individual and combined effects on organizational outcomes.

Conceptually, the study extends goal-setting theory (Locke & Latham, 1990) by providing evidence that clear, specific, and actionable targets are critical in driving organizational productivity. It further introduces stakeholder involvement as a central component in performance contracting, addressing a gap in prior theoretical models that often overlooked the role of inclusivity and shared accountability in enhancing organizational alignment (Freeman, 1984).

Empirically, the study demonstrates the positive influence of structured performance appraisal systems and tailored training initiatives on employee performance, thereby reinforcing equity theory (Adams, 1963) and the human capital perspective (Becker, 1994). The findings affirm that transparent appraisal practices and continuous capacity-building programs significantly enhance organizational productivity.

Additionally, the study provides new insights into the role of stakeholder engagement in public sector performance management, emphasizing its contribution to fostering organizational commitment and accountability. This empirical evidence enriches existing theoretical frameworks by positioning stakeholder involvement as an essential element in effective performance contracting practices (Nyang'au, 2022; Ahmed & Shafiq, 2020).

### **5.5.2 Contribution to Policy**

The findings of this study have implications for policy formulation in the public sector, particularly within institutions such as KRA. Performance contracting plays a significant role in improving service delivery, organizational alignment, and accountability, making it a matter of policy importance.

First, the study highlights the need for policies that ensure the active involvement of employees in target-setting processes. This inclusivity fosters ownership and alignment of individual objectives with organizational goals. Policymakers should mandate frameworks that promote participatory practices in performance management.

Second, the study underscores the necessity of allocating resources for continuous training and development programs. Policies should prioritize structured and regular capacity-

building initiatives tailored to address both organizational needs and emerging challenges. Such measures would enhance employee competencies and overall productivity.

Third, the study advocates for standardized and transparent performance appraisal processes as a policy focus. Policymakers should establish guidelines that ensure fairness, consistency, and actionable feedback in performance evaluations. This would build trust and motivate employees to achieve organizational objectives.

Finally, the study emphasizes the importance of stakeholder engagement as a policy priority. By encouraging diverse participation in the formulation and implementation of performance contracts, institutions can improve accountability and foster stronger organizational alignment. Policies that mandate stakeholder involvement can strengthen performance contracting practices and enhance public sector productivity.

### **5.5.3 Contribution to Practice**

This study provides valuable insights for public sector managers, particularly at KRA, on improving productivity through effective performance contracting practices. The findings suggest that managers who adopt inclusive and structured approaches to performance management are more likely to achieve superior results.

First, managers should implement clear and participatory target-setting processes to ensure alignment between individual and organizational goals. By actively involving employees in setting objectives, organizations can foster a sense of ownership and commitment to achieving these targets.

Second, the study highlights the importance of prioritizing staff training and development. Managers should design regular and tailored training programs that address skill gaps and enhance employee competencies. On-the-job training and mentorship programs emerged as particularly effective methods for improving performance.

Third, the findings underscore the need for transparent and consistent performance appraisal processes. Managers should provide actionable feedback that recognizes employee contributions and identifies areas for improvement, thereby motivating staff and aligning their efforts with organizational goals.

Finally, stakeholder engagement is critical for fostering accountability and alignment within organizations. Managers should actively include diverse perspectives during the formulation and execution of performance contracts, ensuring that all stakeholders are committed to shared objectives. By adopting these practices, organizations can strengthen their performance management frameworks and achieve sustainable productivity improvements.

## **5.6 Limitations of the Study**

The limitations of the study include the researcher focusing on the Kenya Revenue Authority (KRA), which has established performance contracting mechanisms. This limits the generalizability of findings to other public institutions that may not have structured performance management systems in place. Future studies could explore similar research in institutions with less formalized performance contracting frameworks.

Additionally, the study was primarily quantitative, relying on structured questionnaires for data collection. This approach may not have fully captured the in-depth perspectives and

experiences of employees regarding performance contracting. A mixed-methods approach incorporating qualitative insights could provide a more comprehensive understanding of the subject. Furthermore, the study was cross-sectional in nature, meaning data was collected at a single point in time. This limits the ability to assess long-term trends and causal relationships. A longitudinal study could provide deeper insights into how performance contracting influences productivity over time.

Lastly, the study was conducted in a single organization, which may not reflect variations across different public sector entities. Future research should consider comparative studies across multiple institutions to enhance the applicability of the findings

### **5.7 Recommendations of the Study**

This section provides practical recommendations based on the study's findings to enhance productivity at the Kenya Revenue Authority (KRA). The recommendations focus on improving target setting, staff training, performance appraisal, and stakeholder involvement to optimize performance contracting outcomes. The section goes ahead to suggest recommendations for further studies.

#### **5.7.1 Practice based recommendation**

Based on the findings, the study makes the following recommendations:

- a) **Enhance Target-Setting Processes:** Organizations should develop structured and participatory target-setting frameworks. Involving employees in the process can improve alignment and commitment, ensuring that individual objectives are clearly tied to organizational goals.

- b) **Prioritize Training and Development:** Public sector institutions should allocate resources for regular and tailored capacity-building initiatives. These programs should address specific skill gaps and adapt to emerging organizational challenges to maintain high levels of employee competency.
- c) **Standardize Performance Appraisals:** Implement transparent and consistent appraisal systems that provide actionable feedback. Ensuring fairness in evaluations will boost employee trust and motivation, contributing to improved performance.
- d) **Strengthen Stakeholder Engagement:** Organizations should actively involve stakeholders in the design and implementation of performance contracts. This approach will foster inclusivity, transparency, and accountability, leading to better organizational outcomes.
- e) **Integrate Technology Effectively:** Institutions should adopt innovative technological solutions to streamline performance management processes. However, they must balance these investments with human-centered approaches to ensure effective implementation and optimal results.
- f) **Promote Continuous Monitoring and Evaluation:** Establish mechanisms for regular assessment of performance contracting practices. This will allow institutions to identify areas for improvement and adapt strategies to changing organizational needs.

### **5.7.2 Recommendations for Future Studies**

- a) **Longitudinal Studies on Performance Contracting -** Future research should assess the long-term impact of performance contracting on organizational productivity. A

longitudinal approach would provide deeper insights into sustained effects, trends, and changes over time that may not be captured in cross-sectional studies.

- b) **Comparative Analysis Between Private and Public Sectors** - A study comparing the effectiveness of performance contracting in public and private sector organizations would offer valuable insights into best practices that could be adapted across sectors. This could help improve performance management in state corporations.

### **5.8 Chapter summary**

Chapter 5 provided a comprehensive discussion of the study's findings, conclusions, and recommendations on the influence of performance contracting on productivity at the Kenya Revenue Authority (KRA). The study revealed that target setting had the most significant impact on productivity, with employees acknowledging its role in providing direction and improving efficiency. Stakeholder involvement and performance appraisal also contributed positively, emphasizing the need for inclusive decision-making and structured evaluation processes. However, staff training and development had a minimal direct impact on productivity, suggesting the need for better alignment with organizational goals. The chapter concluded by recommending improvements in goal-setting practices, enhanced stakeholder engagement, transparent performance appraisals, and more strategic training programs. Additionally, limitations such as the study's focus on a single organization, reliance on quantitative methods, and cross-sectional design were acknowledged, highlighting areas for future research.

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## APPENDIX I: CONSENT FORM FOR RESPONDENTS

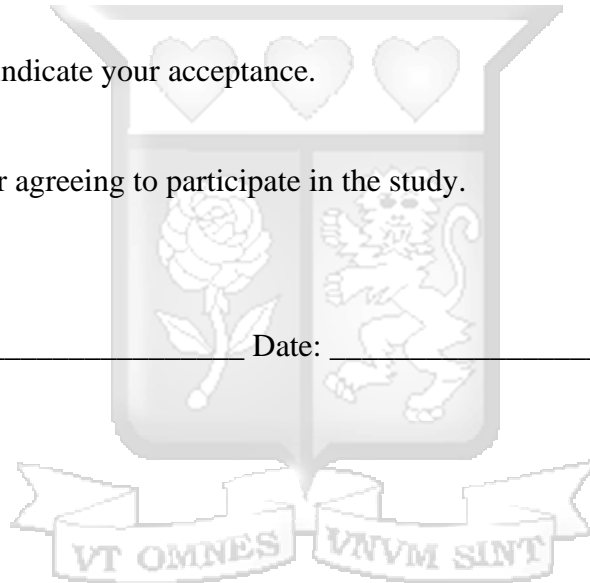
**Dear Respondent,**

My name is Leah Kerich, a master's student at Strathmore University. I am conducting a study on the topic "**The Influence of Performance Contracting on Productivity in the Public Sector: A Case of Kenya Revenue Authority.**" You have been selected as one of the participants and are humbly invited to participate by filling in your responses to the questions in the questionnaire with utmost honesty. Please note that this data will be treated with utmost confidentiality and will not be utilized for any other purpose apart from that of this research.

Please sign below to indicate your acceptance.

Thanks in advance for agreeing to participate in the study.

Signature \_\_\_\_\_ Date: \_\_\_\_\_



## APPENDIX II: RESEARCH QUESTIONNAIRE

### SECTION 1: DEMOGRAPHIC DATA

---

1. What is your gender?

Male

Female

2. What is your age range (in years)?

20-30

31-40

41-50

Over 50

3. What is your highest level of education?

Diploma

Undergraduate

Postgraduate

PhD

4. Please indicate your position in KRA from the list below;

Graduate trainee

Staff

Middle-level manager

Top-level manager

5. How many years have you worked for KRA?


1-5


6-10

11-15

More than 15









6. Please tick the department/Division in which you work under from the list below:

 CG Executive Office and Operations

 Domestic Taxes Department (DTD)

 Customs and Border Control

 Corporate Support Services

-  Strategy, Innovation and Risk Management
-  Internal Audit
-  Intelligence and Strategic Operations
-  Investigations and Enforcement
-  Legal Services and Board Coordination
-  Kenya School of Revenue Administration
-  Marketing and Communication
-  Supply Chain Management

## SECTION 2: TARGET SETTING AND PRODUCTIVITY

The aim of this section is to investigate the extent to which target setting influence the productivity of KRA staff. Please tick the most appropriate number from the Likert scales 1-5, where 1- Strongly Agree, 2- Agree, 3- Uncertain, 4- Disagree, 5- Strongly disagree, to indicate the extent to which you agree or disagree with the statement on the left.

Statement	1	2	3	4	5
1. The management of KRA involves you when setting targets for your department/unit					
2. I highly accept goals as set out by our department/unit and I am greatly committed to them.					
3. Specific and realistic goals are usually set in my department /unit					
4. Goals set in our department/unit are not difficult to understand and act on.					
5. Departmental heads allow feedback regarding various goals set by their department.					
6. Target setting has a significant influence on my level of productivity as a KRA staff.					

### SECTION 3: STAFF TRAINING AND DEVELOPMENT AND PRODUCTIVITY

This section aims to investigate the extent to which staff training and development influence the productivity of KRA staff. Please tick the most appropriate number from the Likert scales 1-5, where 1- Strongly Agree, 2- Agree, 3- Uncertain, 4- Disagree, 5- Strongly disagree, to indicate the extent to which you agree or disagree with the statement on the left.

Statement		1	2	3	4	5
1.	I am continuously trained on the job in order to improve my level of skills and competencies.					
2.	There are regular job rotations in my department/unit as a means of enhancing our productivity and minimize boredom.					
3.	There is regular coaching and mentoring in my department/unit.					
4.	I personally have a coach or mentor.					
5.	I feel that my department/unit has done exceptionally well in developing my skills and competences.					
6.	Staff training and development has a significant influence on my level of productivity as a staff of KRA.					

## SECTION 4: PERFORMANCE APPRAISAL AND PRODUCTIVITY

The aim of this section is to assess the extent to which performance appraisal influence the productivity of the KRA staff. Please tick the most appropriate number from the Likert scales 1-5, where 1- Strongly Agree, 2- Agree, 3- Uncertain, 4- Disagree, 5- Strongly disagree, to indicate the extent to which you agree or disagree with the statement on the left

Statement		1	2	3	4	5
1.	My department/unit regularly assesses our level of skills and competencies as staff.					
2.	My department is regularly involved in setting of standards to be adhered to in the place of work.					
3.	Reward and recognition techniques are clearly set out and applied in my department/unit.					
4.	My department regularly appraises and rewards hardworking staff using clearly set guidelines.					
5.	Performance appraisal is a significant influencer of my level of productivity as a KRA staff.					

## SECTION 5: STAKEHOLDER INVOLVEMENT AND PRODUCTIVITY

This part aims at exploring the extent to which stakeholder involvement impacts the productivity of the KRA staff. Please tick the most appropriate number from the Likert scales 1-5, where 1- Strongly Agree, 2- Agree, 3- Uncertain, 4- Disagree, 5- Strongly disagree, to indicate the extent to which you agree or disagree with the statement on the left

Statement		1	2	3	4	5
1.	There is regular consultation of all stakeholders during the design stage of performance contracts at KRA.					
2.	KRA management permits representation of all stakeholders in all committees or board meetings that engage in the development of performance contracts.					
3.	KRA management permits regular participation of all stakeholders in the implementation of performance contracts.					
4.	There is constant and persistent consultation of all stakeholders in the improvement of tools for performance contracting at KRA.					
5.	Stakeholder involvement is a significant influencer of my level of productivity as a KRA staff.					

## SECTION 6: KRA PRODUCTIVITY

This section seeks to establish your assessment of the overall productivity of KRA. Please tick the most appropriate number from the Likert scales 1-5, where 1- Strongly Agree, 2- Agree, 3- Uncertain, 4- Disagree, 5- Strongly disagree, to indicate your degree of agreement or disagreement with the statement on the left

Statement		1	2	3	4	5
1.	The operational efficiency and provision of services by KRA has improved to a great extent in the last one year.					
2.	I can rank KRA's service delivery at 80 out of 100.					
3.	The level of customer satisfaction on the services offered by my department has greatly improved in the last one year.					
4.	Customer satisfaction on KRA services has improved by 50% or more.					
5.	Target attainment in my department or unit can be said to be 70% and above.					
6.	KRA staff productivity has increased by more than 70% in the last one year.					
7.	There are regular rewards to employees as a result of attainment of set targets.					

**APPENDIX III: RESEARCH BUDGET**

<b>S/No.</b>	<b>Item Description</b>	<b>Sub-Total</b>	<b>Total</b>
<b>1.</b>	<b>Dissertation Writing</b> Library research Stationery, Photocopy, Printing and Binding	3,000 5,500	<b>8,500</b>
<b>2.</b>	<b>Data Collection</b> Printing questionnaires Research permit Transport Data extraction fee	7,000 2,000 4,000 4,000	<b>17,000</b>
<b>4.</b>	Data Analysis	30,000	<b>30,000</b>
<b>5.</b>	<b>Final Thesis</b> Typing Printing Binding	2,000 10,000 2,000	<b>14,000</b>
<b>6.</b>	<b>Miscellaneous</b>	5,000	<b>5,000</b>
<b>Grand Total</b>			<b>74,500</b>

**APPENDIX IV: TIMEFRAME/WORKPLAN**

Activity/date	2023	2024			2025	
	NOV. - DEC.	JAN. - MAR.	MARCH	APRIL	JAN-MAY	MAY-JUL
Proposal Writing and Presentation	█					
Data Collection			█			
Data Analysis				█		
Thesis writing				█		
Presentation of Thesis				█		
Final Corrections					█	█
Thesis Submission						█
Graduation						█

# APPENDIX V. INTRODUCTION LETTER

P.O. Box 4998, P.O. Avenue, Nairobi, Kenya.  
P.O. Box 30657, 00101, Nairobi, Kenya.  
Cell: +254 712 71 186; Tel: +254 20 4942194  
Email: info@strathmore.edu; www.strathmore.edu



Tuesday, 27 February 2024

To Whom It May Concern,

**RE: FACILITATION OF RESEARCH – KERICH LEAH JEPKOECH**

This is to introduce Leah Jepkoech who is a Master's in Public Policy and Management (MPPM) student at Strathmore University Business School, admission number MPPM 114607. As part of our MPPM Program, Leah is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MPPM course. To this effect, she would like to request for appropriate data from your organization.

Leah is undertaking a research paper on "The Influence of Performance Contracting on Productivity in the Public Sector: A Case of Kenya Revenue Authority." The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MPPM Program seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours Faithfully,

A handwritten signature in black ink, appearing to read "Njoki Kiagiri".

Njoki Kiagiri,  
Manager – Graduate Programs,  
Strathmore University Business School



## APPENDIX VI: ETHICAL REVIEW



23<sup>rd</sup> September 2024

Ms Kerich Leah,  
leah.kerich@strathmore.edu

Dear Ms Kerich,

**RE: The Influence of Performance Contracting on Productivity in the Public Sector - A Case of Kenya Revenue Authority**

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters proposal. Your application reference number is SU-ISERC2181/24. The approval period is from 23<sup>rd</sup> September 2024 to 22<sup>nd</sup> September 2025.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ambrose Rachier".

Mr Ambrose Rachier,  
Chairperson; SU-ISERC

**APPENDIX VII: NACOSTI PERMIT**

  
REPUBLIC OF KENYA

  
**NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY & INNOVATION**

RefNo: **249618** Date of Issue: **02/October/2024**

**RESEARCH LICENSE**



**This is to Certify that Miss. Leah Jepkoech Kerich of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: The Influence of Performance Contracting on Productivity in the Public Sector- A Case of Kenya revenue Authority for the period ending : 02/October/2025.**

License No: **NACOSTI/P/24/40559**

**249618**  
Applicant Identification Number

  
Director General  
**NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY &  
INNOVATION**

Verification QR Code



**NOTE: This is a computer generated License. To verify the authenticity of this document,  
Scan the QR Code using QR scanner application.**

**See overleaf for conditions**

## APPENDIX VIII: DATA COLLECTION AUTHORIZATION LETTER



**KENYA REVENUE  
AUTHORITY**

ISO 9001:2015 CERTIFIED

CONFIDENTIAL

KRA/SIRM/CDO/043/014

17<sup>th</sup> December 2024

**DATA COLLECTION AUTHORIZATION FOR KERICH LEAH  
JEPKOECH ADM NO: MPPM114607**

To Whom It May Concern,

I, the undersigned, in my capacity as the Data Protection Officer at the Kenya Revenue Authority (KRA), hereby authorize Kerich Leah Jepkoech, a student at Strathmore University, of admission number MPPM114607, to collect data from KRA within (Domestic taxes department, customs and Border control, Strategy Innovation and Risk Management, Internal Audit, Intelligence and strategy Operations, Investigations and Enforcement, Legal services and Board Coordination, Kenya school of Revenue collection, Marketing and communication, Executive Office and operation, supply Chain management) for research purposes. This authorization is granted per KRA's guidelines and regulations and is strictly for academic research.

Please note that the data collection is limited to a questionnaire that does not involve collecting any Personally Identifiable Information (PII).

This authorization is effective from the date of this letter and will remain valid for one (1) month.

For any further clarification or required documentation, please contact me via 0709017166 or email at [dc.cdo@kra.go.ke](mailto:dc.cdo@kra.go.ke).



**Deputy Commissioner - Corporate Data Office**

- cc. Deputy Commissioner - DTD
- Deputy Commissioner - C & BC
- Deputy Commissioner -SIRM
- Deputy Commissioner - I&SO
- Deputy Commissioner - KESRA
- Deputy Commissioner - I.S&BC
- Deputy Commissioner - Internal Audit
- Deputy Commissioner - CSS
- Deputy Commissioner - I&R
- Deputy Commissioner - Marketing and Communication
- Deputy Commissioner - supply Chain Management
- Deputy commissioner Executive Office and Operation