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**DETERMINANTS OF IMPLEMENTATION OF PERFORMANCE
CONTRACTING IN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT
FUND IN KENYA**

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**Submitted in partial fulfilment of the degree of Masters of Commerce of Strathmore
University**



**School of Management and Commerce
Strathmore University**

Nairobi, Kenya

SEPTEMBER, 2022

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ABSTRACT

Despite the multiple studies on determinants of implementation of performance contracting, there exist a knowledge gap on the relationship of public budget financing, performance contracting policy and participatory management with implementation of performance contracting. There is also a debate on the influence of performance contracting policy on implementation performance contracting. The objective of this study was to assess the influence of public budget financing, performance contracting policy and participatory management on implementation of performance contracting in National Government Constituency Development Fund. A conceptual framework was developed to link public budget financing, performance contracting policy and participatory management to implementation of performance contracting. The study was anchored on Agency theory. This study used an explanatory and a descriptive quantitative approach. The target population was Fund Account Managers who manage the fund in the 290 constituencies in Kenya, and census survey was used. Primary data was collected using structured questionnaires. The study to some extent was affected by the COVID pandemic in that only a limited number of managers could attend a workshop at any one time. This was mitigated by having questionnaires emailed to the managers who had not attended the workshop to ensure that they were able to complete the survey. Nonetheless, sufficient data was gathered to enable the research objectives to be achieved. Data was analyzed using SPSS software where various data analysis techniques including Pearson's Correlation Coefficients and Regression Analysis were employed. The relationship between public budget financing and implementation of performance contracting was positive, but not significant. However, performance contracting policy and participatory management had a positive and significant relationship with implementation of performance contracting. The study recommends that the National Government Constituency Development Fund Board should develop policies to enhance implementation of performance contracting and adopt participatory management practice in their operations. Further research should be undertaken to establish other factors that influence the implementation of performance contracting in National Government Constituency Development Fund.



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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

CDF: Constituencies Development Fund

CRSP: Civil Service Reform Programme

ECA: Economic Commission for Africa

GOK: Government of Kenya

MDAs: Ministries/Departments/Agencies

MPLADS: Member of Parliament Local Area Development Scheme

NGCDF: National Government Constituencies Development Fund

NPM: New Public Management

OECD: Organization for Economic Co-operation and Development

PC: Performance Contracting

SAPs: Structural Adjustment Programmes



CHAPTER ONE: INTRODUCTION

1.1 Background

The pursuit for a sustainable economic growth saw most African countries join in the public reforms bandwagon in the 1970s. Most countries were poor and had scarce financial capital to spur development hence dependent heavily on aid. This was evident by low gross domestic product per capita and illiquidity stock markets. Earlier reform strategies, such as Structural Adjustment Programmes (SAPs) launched in 1970s and Civil Service Reform Programme (CRSP) launched in 1980s, were donor funded by the World Bank and the International Monetary Fund (IMF) among other bilateral donors. Though aid was perceived as a means to sustainable economic growth and poverty reduction, it caused economic crisis. The crisis was attributed to many factors, such as geography, culture, history among others, but it all boiled down to good governance issue. Kenya was the first country in Africa to receive the Structural Adjustment Programmes funding, but lack of clear guidelines/policy on how to attain the expected results and lack of political support lead to failure in the reform programmes. According to World Bank, sound public governance entails effective service management and accountability to the public (ECA, 2003; Devarajan, Dollar & Holmgren, 2001; Moyo, 2009).

In Kenya, the struggle to reform the public sector continues. After the change of regime in 2002, the government launched the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) outlines its commitment to improve performance, corporate governance and management in the public service through the introduction of performance contracting. Implementation of performance contracting in the public sector dates back to the breaking of monolithic government in Belgium in the 1800s. Although the paradigm of performance contracting began in Belgium, its science originated from France in the 1960s. Currently, most public organizations in France have adopted performance contracting. Subsequently, performance contracting has been adopted in Asia, Latin America and Africa (Gakure et al., 2013; Muraguri & Wagoki, 2016; Mbua & Sarisar, 2013).

In particular, the genesis of performance contracting in Kenya was prompted by the need to develop the nation by improving performance of the public sector (Mbua & Sarisar, 2013). The objectives of introducing performance contracting in Kenya were to improve service delivery to

the public by ensuring the public servants are accountable for results, enhance efficiency and effectiveness, and ensure that resources are utilized to attain national policy priorities of the government. Consequently, the Government of Kenya and ministries/departments/agencies (MDAs) annually sign a written performance agreement wherein the intentions and duties of the contracting parties are clearly stated in a contract (Arimi, Maore & Kimiri, 2017). In the era of New Public Management (NPM), performance contracting emerged as an appropriate performance management system and a tool for strategic management in the public sector (Wafula, 2013; Arimi et al., 2017).

Research on implementation of performance contracting subject has widely been from a developing countries' perspective. This is probably because the practice is more advanced in developed countries than in developing countries. Developing countries are increasingly adopting the performance contracting strategy, these includes Kenya (OECD, 1999). The study focuses on National Government Constituency Development Fund in Kenya, which adopted performance contracting in 2012. However, it has been a challenge for the public institution to achieve the set targets in carrying out specific public works that ensures delivery of quality services to the public. Therefore, this study endeavours to establish the determinants of implementation of performance contracting in National Government Constituencies Development Fund in Kenya.

1.1.1 Performance Contracting

Various scholars have defined performance contracting at different times. Kobia and Mohammed (2006) define performance contracting as a Memorandum of Understanding (MOU), which is rooted in an evaluation system, and ensures improvement of performance management. According to Gathai et al. (2012), performance contracting is a branch of management science referred to as management control system and is a contractual agreement to execute a service according to agreed-upon terms, within an established period, with a stipulated use of resources and performance standards. Mbua and Sarisar (2013) define performance contract as a management tool for measuring performance that establish operational and management autonomy between Government and public agencies, reduces quantity of controls and enhances quality of service, privatizes the style of public sector management by focusing on results and not processes, measures performance, enables recognition and reward of good performance and sanctions bad performance.

Performance contracting is anchored on the legal framework that governs the public sector, and National Blueprint Vision 2030 in which the government develops a five-year Medium Term Plan against which public institutions align their organizational strategic plans. Performance contracting process entails linking individual performance targets to institutional goals and finally to the state fiscal year objectives. The process begins with the public budget, where annual fiscal objectives of the state are prioritized, then later translated into action plans. Subsequently, every Cabinet Secretary (CS)/ Permanent Secretary (PS) signs a performance contract with the Government of Kenya. The performance contracts are then cascaded downwards through ministries, departments and agencies and finally to public servants. The public servants then derive their individual targets and articulate them in their performance appraisal system through annual work plans and individual work plans.

1.1.2 Implementation of Performance Contracting

Implementation of performance contracting denotes implementation of set performance contract targets in order to deliver quality services to the public (Mbua & Sarisar, 2013; Gathai et al., 2012; Wafula, 2013). According to Nyaigo, Omari, Onyango and Benjamin (2013), implementation of performance contracting in the public sector dates back to the breaking of monolithic government in Belgium in the 1800s. Although the paradigm of performance contracting began in Belgium, its science originated from France in the 1960s. Currently, most public organizations in France have adopted performance contracting. Subsequently, performance contracting has been adopted in Asia, Latin America and Africa.

In Kenya, the strategy was introduced through the Parastatals Reform Strategy Paper of 1991 on a pilot basis to Kenya Railways Corporation and the National Cereals and Produce Board (Mbua & Sarisar, 2013). Wafula (2013) explains that implementation of performance contracting in these institutions failed due to lack of resources, capacity and political will to steer it. However, performance contracting strategy was later reintroduced during the reign of the new government in 2003. The strategy was piloted in sixteen state corporations in which it was successfully adopted and integrated into the organizational processes. Consequently, all ministries, departments and agencies adopted performance contracting strategy and for the first time they were required to work towards set targets. According to Makewa and Were (2017), Kenya introduced performance contracting in public service to improve quality of service delivery by ensuring public employees

are accountable for results and to institutionalize performance oriented culture through instilling accountability and transparency.

There is limited literature on implementation of performance contracting in developed countries, but it is clear that they have successfully incorporated performance contracting in their management systems (Wafula, 2013). OECD (1999) explains that developed countries concern on implementation of performance contracting is different from developing countries. For instance, while developing countries are still addressing challenges in implementation of performance contracting, developed are ensuring that performance contracting is the appropriate technology given the risk and cost elements involved. In some developing countries there has been a sustainable improvement in the public sector, while in other, prevailing issues such as political instability, poor organizational culture, lack of policy, poor management practice, unrealistic targets among others has hindered its implementation (Chemengich, 2013; Gakure et al., 2013; Kobia & Mohammed, 2006).

Unlike other difficult public service reforms that have been implemented in Kenya, this initiative is not only homegrown but has also been effected without any external assistance (Kihara, 2013; Gakure et al., 2013; Muraguri & Wagoki, 2016; Mbua & Sarisar, 2013). However, implementation of performance contracting in Kenya has had its own share of challenges that have led to non-achievement of performance targets and deliverance of quality services to the public. Mbua and Sarisar (2013) in their study, challenges in the implementation of performance contracting initiative in Kenya, highlight culture change, acceptability, leadership, management practice, legal foundation, rewards and sanctions, incentive systems and institution arrangements as determinant of implementation of performance contracting in Kenya. Accordingly, Gathai et al. (2012) explain that organizational culture, organizational commitment, reward and punishment are determinants of implementation of performance contracting.

Some of the other essential determinants of implementation of performance contracting are highlighted by Kihara (2013), Omale and Daniel (2016) and ECA (2003). Kihara (2013) in his study on factors affecting the implementation of strategic performance measurement system of parastatals in Kenya, found that management style, financial availability, employees' skills and technology are factors that influences implementation of performance contracting. Accordingly, Omale and Daniel (2016) indicate that strategic management entails, definition of organizational

objectives, formulation of policy, developing a management plan and provision of resources to implement the objectives. Similarly, ECA (2003) states that New Public Management describes a management culture that emphasizes on definition of targets, budget financing, decentralize/participatory management, and performance evaluation.

1.2 National Government Constituency Development Fund in Kenya

Constituency development fund (CDF) is a national government financial plan that ensures equity in distribution of resources across a nation. The fund is commonly used in developing countries whose political system have increasingly stabilized (Chesang, Okello & Kimitei, 2016). According to International Budget Partnership (2010), the practice traces its origin in the 1970s, when each elected member of the Bombay Municipal Corporation was allotted a grant to spend on municipal works within their respective wards. Subsequently, the state government adopted the strategy and in 1993, the Member of Parliament Local Area Development Scheme (MPLADS) was established. The objective of the fund was to create durable community assets based on the constituency felt needs which includes physical infrastructure for health, transportation, education, sanitation and other structures that are neither private, religious nor commercial (Blair, 2017).

In Kenya, CDF was established by Constituency Development Fund Act of 2003 published 9th January 2004 in the Kenya Gazette Supplement No. 107 (Act No. 11). The program was intended to eradicate poverty through the implementation of development projects at grass root level and particularly those that meet the primary needs of the citizens such as healthcare, education, water, agricultural services, electricity and security. In January 2013, the CDF Act of 2003 (as amended in 2007) was repealed and replaced with CDF Act of 2013 that was aligned to the new constitution of Kenya. Enactment of the later aimed at aligning the CDF act with the devolution concept as captured in the new Constitution. Even so, it was later declared unconstitutional following the court ruling on 20 February 2015 (TISA, n.d.).

According to a report on the status of constitutional implementation in 2015, the CDF Act of 2013 contravened principles of the rule of law, good governance, transparency, accountability, separation of powers and the division of powers between the national and county governments. In order to address the anomalies, the national government enacted the National Government Constituencies Development Fund (NG-CDF) Act of 2015. The Act clearly specifies that the fund

is drawn from the national government share of revenue and it is specific to the national government in the furtherance of its functions. Hence, the functions of the fund were limited to education, security, selected road, environment, sports and other national government functions. The fund is no longer used in the implementation of devolved roads, health projects, water projects and any other project that falls under the devolved government functions (NG-CDF Act, 2015).

The NG-CDF Board at the national level, the NG-CDF committees at the constituency level and the project management committees at the community level administers the fund. The NG-CDF Board is a body corporate falling under the Ministry of Treasury and Planning. The National Government Constituency Development Fund committees develops project proposals in consultation with the citizens in the respective constituency through periodic ward level open forums and submits them to the NG-CDF Board for consideration and approval. Subsequently, NG-CDF committees facilitate the project management committees in the planning and implementation of development projects. The project management committees and the NG-CDF committees collaborate with technical support team, from the relevant government department within the sub-county, for efficient project management (NG-CDF Act, 2015).

The NG-CDF has made a great impact, with numerous projects coming up in various constituencies. However, several challenges have been cited including; low stakeholders' participation in identification of development priorities of the constituency, poor projects selection and prioritization, weak monitoring and evaluation systems, and lack of accountability and transparency of utilization of the funds (Wamugu & Ogollah, 2017). The large number of stalled projects has evidenced these while others remain ongoing long beyond their due date. Nevertheless, NG-CDF Board management has continuously developed policies and procedures to ensuring effective and efficient management of the fund (Gathoni & Ngugi, 2016).

In line with the public sector reforms, the NG-CDF adopted performance contracting and appraisal system as a management tool in 2009. The NG-CDF Board introduced and implemented performance contracting in the constituencies in 2014. Even so, the performance of NG-CDF has been average and achieving 100% score in a performance contract seems to be a “far-fetched dream”. The composite score of the organization in financial year 2017/2018 was 3.1776 and in financial year, 2018/2019 was 3.009, which means the organization achieves approximately 60% of the set objectives in the performance contract. According to Sila et al. (2018), the efficiency and

effectiveness in the delivery of service to the public largely depends on achievement of its objectives as set out in the performance contract. Hence, it is important to assess the determinants for implementation of performance contracting.

1.3 Problem Statement

Despite the successful adoption of performance contracting, a reviews carried out by several researchers revealed that Civil Service faces some challenges in the implementation process. According to Momanyi, Senaji, and Were (2018), financial resource availability and mobilization is of great importance to any industry since it affects availability of other resources necessary for strategy implementation, which in turn affect achievement of the set targets. In addition, Kobia and Mohammed (2006) emphasizes that stability of resource is also important in ensuring performance. OECD (1999) in their study on lessons from performance contracting case studies explores the subject of resources from a budgetary perspective. They indicate that it is important to link performance and resources through incorporation of performance information in budgeting. This strategy ensures proper allocation of the scarce resources and enhance availability of resources, timely realize of resources and stability of resources during the budgeted period. They emphasize that public budget financing affect implementation of performance contract. However, there is limited statistical evidence on the influence of public budget financing influences implementation on performance contracting.

Performance contracts are anchored on the legal framework governing the public sector. However, there are no policies on the consequences of action or inaction (rewards and sanctions) of implementation of performance contracting. Several studies have discussed the influence of rewards and sanctions policy on implementation of performance contracting but there are mixed views with regard to its introduction. Whilst Wafula (2013) and Mbua & Sarisar (2013) explain that rewards and sanctions policy should be formulated to ensure and motivate implementation of performance contracting, OECD (1999) is of the opinion that introduction of rewards and sanctions policy may bring about opposition between the contracting parties. They further clarify that the relational nature of performance contracting means that the relationship between the contracting parties must remain co-operative rather than oppositional. Kobia and Mohammed (2006) recommended that the future research should find out the extent to which legal and regulatory environment facilitates or inhibits implementation of performance contracting in Kenya.

Nyaigo et al. (2013) in their study on an evaluation of the effect of performance contracting on organizational performance: a case of the operations of the ministry of housing headquarters, Nairobi, Kenya, found that management technical knowledge and support is essential for implementation of performance contracting. Similarly, Wafula (2013) explain that the in order to implement performance contracting and achieve quality delivery of public service, public organization should adopt the best management practices. Most of these studies have explored on the influence of management practice on implementation of performance contracting but there is limited research on the influence of management styles on implementation of performance contracting. Though there are several management styles, the inclination of the New Public Management is towards decentralization of public service functions (Mbua & Sarisar, 2013). There is limited empirical evidence on the extent to which decentralized/participatory management influence implementation of performance contracting.

Therefore, this study sought to establish whether public budget financing, participatory management and performance contracting policy are determinants of implementation of performance contracting.

1.4 Research Objectives

1.4.1 General Objective

The general objective of the study was to assess the determinants of implementation of performance contracting in National Government Constituency Development Fund.

1.4.2 Specific Objectives

- i. To assess the extent to which public budget financing influences implementation of performance contracting
- ii. To determine the extent to which performance contracting policy influences implementation of performance contracting
- iii. To establish the extent to which participatory management influences implementation of performance contracting

1.4.3 Research Questions

The study sought to answer the following research questions;

- i. What is the extent to which public budget financing influences implementation of performance contracting?
- ii. What is the extent to which performance contracting policy influences implementation of performance contracting?
- iii. What is the extent to which participatory management influences implementation of performance contracting?

1.5 Scope of the Study

The study's geographical scope was limited to NG-CDF in Kenya. NG-CDF is an organization established to cascade national development agenda in all constituencies in Kenya. The contextual scope of the study focused on the determinants of implementation of performance contracting in NG-CDF. Subsequently, this study focused on establishing the relationship between public budget financing, performance contracting policy, participatory management and the implementation of performance contracting in the NG-CDF. The theoretical scope of the study focused on Agency theory. Data was collected using structured research questionnaires. The sample scope for the study focused on Fund Account Manager who are employees with NG-CDF. The study used a quantitative methodological scope guided by a positivist research paradigm.

1.6 Significance of the Study

The outcomes of this study will guide policy makers in determining the influence of public budget financing, performance contracting policy and participatory management on implementation of performance contracting. With the ongoing debates on introducing performance contracting policy defining the rewards and sanctions to effect implementation of performance contracting, this study gives policy makers a better understanding of the impact of performance contracting policy on implementation of performance contracting.

This study is designed to enhance the understanding of the influence of public budget financing, performance contracting policy and participatory management on implementation of performance contracting in National Government Constituency Development Fund. Therefore, it will be of

particular significance to the National Government Constituency Development Fund; it will aid in understanding the determinants of implementation of performance contracting.

The study is of benefit to the academia in that it will form a foundation on which others can advance their studies, critique and make reference. In addition, this study is based on Agency theory, hence it will aid in advancing the knowledge frontiers within the theory and play a role in validating findings of similar studies.



CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores theory relevant to the study. The second section reviews literature on determinants of implementation of performance contracting and the third section presents the conceptual framework of the study.

2.2 Theoretical Framework

Zikmund et al. (2010) assert that theoretical framework guides the research, determining the variables the research will measure and what statistical relationships exists. This study is anchored on Agency theory.

2.2.1 Agency Theory

The Agency theory resulted from the work of Berle and Means (1932). Despite the work of Berle and Means, the emergence of a coherent Agency theory did not occur until the 1970s, when Jensen and Meckling (1976) developed it. Agency theory is directed at the agency relationship, in which one party (the principal) delegates work to another (the agent), who performs the work. Agency theory gives solution to two problems; first is the agency problem that arises when the desires or goals of the principal and agent conflict and it is difficult for the principal to monitor what the agent is actually doing. The second problem arises when the principal and agent have different attitudes toward risk and have to share the risk. The key assumption of this theory is that human are by nature selfish and will always pursue their own interest. Subsequently, in an effort to deal with agency relationships problem, the principal develop policies /governing contracts to monitor the actions of the agent and reward them appropriately when they act within the stipulated objectives of the principal (Bendickson, Muldoon, Liguori & Davis, 2016; Panda & Leepsa, 2017).

The agency theory is used to explain the implementation of performance contracts in public institutions, the government been the principal and the public MDAs been the agents. The MDAs have to consider the government interest and their own interest, a merger of these interests have to be considered in order to establish the organizations' objectives that inform the performance contracts. The principal- agent relationship herein is in that the government provide resources and

the public MDAs use the resources to achieve the stipulated objectives. Therefore, the government has to provide resources on time so that the MDAs can achieve the set targets.

Accordingly, the agency theory advocates the principal (government) to establish rules of the game that are anchored on a reward system since its challenging and expensive to monitor the agent (Muraguri & Wagoki, 2016). The performance-contracting introduction and implementation took place before the finalization and approval of rewards and sanctions policy. It is not just the employees who achieved 100% or more of the objectives who expects to be rewarded, but it is also expected that the employees who achieve less than 100% to be sanctioned. Lack of reward or sanction does not only demoralize the high performers but also cast criticism on the logic and motivation of implementation of performance contracting.

The theory has also been described as the central approach to managerial behaviour and it therefore describes the behaviour of principal and agent relationships in management (Arimi et al., 2017). The theory holds the view that there should be proper synergy between government (principal) and the MDAs (agent) in order to work towards a common objective. Therefore, the government has to adopt a management design that enhance free flow of information and give both parties an opportunity to deliberate on strategic issues in the implementation of performance contracting. Hence, the theory also aids in risk management, for instance, in this case, failure to implement performance contracting due to unrealistic targets.

2.3 Empirical Review

Mugenda (2003) argues that empirical review enables studies to put forward different perspectives and views of constructionist and positivist for comparison and or argument. This section covers existing literature on public budget financing, performance contracting policy and participatory management and their relation to implementation of performance contracting.

2.3.1 Public Budget Financing and implementation of Performance Contracting

Anyanwakoro and Okolie, (2016) define a public budget as an approximation of expected nation's revenues and public expenditure for a given financial year. It is an effective tool for planning, coordination, monitoring and controlling of the available resources, it forms a basis for performance evaluation. According to Budget Financing (n.d.) public budget financing is the provision by the state in accordance with the approved budget and on a non-return basis of budget

capital to organizations to carry on and develop their public service work. Obong'o (2009) explains that targets in performance contracting are set after public institutions have received their budget allocation; they do so with an expectation of receiving the resources on time to achieve the targets. The success of any organization depends on how effectively and efficiently the budget is planned and executed. Budget financing is an element of budget execution and it is described as the release of money from the exchequer to fund a specific budget item (Ipek, 2018; Lidia, 2014)

Momanyi et al. (2018) in their study of an assessment of factors affecting strategic implementation in devolved government units in Kenya concluded that: financial resources had significant influence on strategy implementation in public sector. It is necessary for commensuration of skills and acquisition of other resources necessary for strategy implementation. They recommended that the national government should allocate adequate budgets for effective implementation of public strategies. Alike to other strategies, performance contracting also requires financial resources. Similarly, Mbuu and Sarisar (2013), Sila et al. (2018) and Arimi et al. (2017) in their studies emphasize that adequate resources should be allocated to enable achievement of performance targets and to enhance the process itself. They indicate that stability of resources boosts the motivating effect of performance contracting implementation. When resources are not available or are availed late, the organization's operations get frustrated. Hence, the government should strategize on how to mobilize resources and disburse the resources to the public organization in good time. Financial resource mobilization is a valuable element for strengthening a government. Unfortunately, there is a lot of competition for these resources and in many cases for a government to secure resources, it depends on how well it can mobilize the available resources and on how good it is at exploring other ways to source for resources.

OECD (1999) approach to the influence of resources on implementation of performance contracting is different. They explain that in order to ensure proper allocation of the scarce resources, enhance availability of resources, timely realize of resources and stability of resources during the budgeted period, the government via ministry in charge of finance had to ensure public budget financing. This can be achieved by considering performance measurement information while formulating the budget. Similarly, Savignon, Costumato and Marchese (2019) emphasize that it is important to consider performance measurement information while making budget decisions. This is commonly known as performance budgeting. Unlike traditional budgeting that

only shows where funds are spent, performance budgeting also give an idea as to the results of the spending. Performance budgeting therefore is an inclusive process that engages all public entity managers to provide performance information (Savignon et al., 2019). OECD (2005) explains that, the performance information should be regularly presented in a way that provides valuable context for financial allocations in the budget. It is essential that such information should be limited to a small number of relevant indicators for each policy programme, link to national strategic objective, and clarify accountability and oversight process.

Since at least the early 1990s, the majority of national governments in OECD countries have been developing performance budget. In countries like Finland and New Zealand, the performance contracting cycle has been integrated explicitly to the budget planning and execution cycle. The main aim of this reform is to improve decision making by providing more solid information on the performance of public ministries, departments and agencies in budgetary process (OECD, 2005). OECD (1999) explains that use of performance information in budgetary process can improve allocation of financial resources, enhanced resource stability and enhance production efficiency as well as aggregate financial discipline. Performance budgeting initiatives tend to go hand in hand with performance management (Curristine, Lonti, & Journard, 2007). It is a better strategy for allocation of scarce resources.

OECD (1999) explain that a public organization should not only sign a performance contract with the government, they should also sign a budget contract and resources agreements to guarantee budget financing during the contract period. They explain that resource autonomy is essential for meeting performance target; public organization would miss out on potential benefits of performance contracting by better linking resource allocations to results. Even thou linking public budget financing to organization performance seems to be a viable practice, there is limited empirical evidence to what extent public budget financing influence implementation of performance contracting.

2.3.2 Performance contracting Policy and Implementation of Performance Contracting

Hughes (1998) defines policy as a declaration of intent /objectives and the general rules governing behaviour towards important government decisions, a course of action, the consequences of action or inaction, and even all government actions. Performance contracts in public service are rarely

legally binding hence they are implemented within administrative discretion (OECD, 1999). Studies have indicated that, in Kenya, performance contract operates under a presidential decree. The presidential decree has played an important role in the launching of the performance contracting system and in the establishment of its practicality in the public sector (Mbua & Sarisar, 2013). However, the performance contracting strategy lacks legal enforcement capacity, a policy stipulating rewards and sanctions, in that, public organizations may not be legally held accountable for not achieving the targets stated in their contracts (Wafula, 2013). For instance, NG-CDF committee contract targets are derived from the NG-CDF Act, and other public laws, regulations and policies but the same does not outline what should happen in case the organization or an individual does not meet the outlined targets. Thus, the employees do not implement the performance contracts with preciseness.

According to Sila et al. (2018), performance-contracting policy is a fundamental prerequisite for its implementation. Therefore, there is a need to review the existing legal and institutional frameworks that currently govern the operations of public service to harmonize them with the requirements of the performance contracting strategy. A policy that sets out the basic premises and status of the performance contract, may avoid ad hoc and fragmented solutions (Kogei et al., 2013). In the current arrangements, sanctions can be questioned as in the case of the senior officers from Kenya Revenue Authority who sought legal redress after their jobs were terminated because of not meeting their performance contracting targets. Lack of a performance contracting policy limits the government ability to resolve issues between contracting entities (Wafula, 2013).

On the other hand, Chemengich (2013) enlightens that the government defines the legal framework within which public organizations operate hence they can shape the operations of an organization through enacting laws, regulations and policies, which can affect strategy implementation process. Nevertheless, political reality is that the government would not intend that public organizations should be capable of legally challenging them in court should a performance contractual dispute occur. Performance contract is a freely negotiated performance agreement between the government and the management of the public organizations. The performance contract specifies the mutual performance obligations and responsibilities of the two parties. If the contract is legally enforced, the management of the public organization can sue the government if it fails to honor their obligation as per the contract, for instance, if the government does not provide resources that

had been allocated in the budget. Hence, the government may be hesitant to enacting policies to enforce implementation of performance contracting (Mbua & Sarisar, 2013; OECD, 1999).

Further, ECA (2003) explains that the concept of contractual acceptance and enforceability makes the process and procedure of performance contracting to be more difficult. An enforceable contract requires sufficient certainty and completeness, which may raise difficulties like how to achieve contractual certainty without encroaching on the independence of some agencies and how to put in place contract prescriptive enough to ensure contractual certainty without breaching the principle in common law in countries that exercise statutory discretion. Moreover, Kobia and Mohammed (2006) the political reality is that governments generally do not intend that public sector entities should be able to legally challenge them in court should a contractual dispute arise. Litigation between the government and an entity it owns would be a highly visible breakdown. For the government's part, the fact that it owns the other party means it is highly unlikely to sue for damages, or to terminate the relationship and select an alternative service provider (Kobia & Mohammed, 2006).

Similarly, OECD (1999) explains that the relational nature of performance contracting means that the relationship between the contracting parties must remain co-operative rather than oppositional. Introduction of performance contracting policy that declares the consequences of action and inaction may turn the relationship sour. According to OECD (1999), performance contracts are governed by the “spirit” of the agreement, which should be used as the basis for settling disputes, addressing eventualities and adjusting for unforeseen events. It is important to assess the limits of dispute resolution for solving problems in the contracting process. Major problems in evaluating performance against the set targets in the contract may be a sign of problems elsewhere in the contracting process. Resorting to legal means of solving disputes is generally a clear sign that the relationship between the contracting parties has broken down to the point that the relationship should be dissolved or in this case redressed (OECD, 1999). According to Kobia and Mohammed (2006), future research should deal with assessment of legal environment to find out the extent to which it facilitates or inhibits implementation of performance contracting.

2.3.3 Participatory Management and Implementation Performance Contracting

Participatory Management is a process where junior employees share significant degree of decision-making power with their immediate superiors (Shagholi et al., 2011). Mbua and Sarisar (2013) indicate that top managers are required to champion the implementation of performance contracting. The common interest in performance contracting has been brought about by its prospective to contribute to a more effective and efficient public sector. It has shed light over what public organizations will achieve in a more decentralized management environment. In countries like Britain and New Zealand, a shift from centralized to decentralized leadership/management was the definite events in the New Public Management strategies. Chemengich (2013) studied managing strategic change in public sector. He used Kotter's models to aid in understand the mechanics of institutionalization of change, like performance contracting, in public sector. The Kotter's change management model emphasizes that, for change to be effective management have to champion the process. There has to be a coalition among the managers and at least three-quarters of the team accepting the change.

Studies have explained importance of management practice in implementation of performance contracting. Mbua and Sarisar (2013), in their study on challenges in the implementation of performance contracting initiative in Kenya, found that management practices affect implementation of performance contracting. They emphasize on importance of accountability and transparency by the management to ensure performance of an organization. They explain that thou performance contracting is management tool; it is not a solution for poor management. Similarly, Kobia and Mohammed (2006) indicate that management technical knowledge and support are crucial in implementation of performance contracting. They highlight that a public organization should adopt the best management practice to ensure implementation of performance practice. Other studies done by Wafula (2013) and Nyaigo et al. (2013) have also concluded that there is a relationship between management practice and implementation of performance contracting. Despite that, there is limited empirical evidence on the extent to which management style affect implementation of performance contracting. Though there are several management styles, the inclination of the New Public Management is towards participatory management /decentralization of public service functions (Mbua & Sarisar, 2013).

Participatory management is an old idea pioneered with “The father of scientific management”, Fredrick Taylor. Taylor’s approach to management science was to improve the efficacy in an organization by designing the “one best way”. Taylor’s philosophy was based on four principles, developing efficient jobs, decreasing soldering, good attitude towards work and work management cooperation (Shagholi & Hussin, 2009). Since the late 1980s, the subject on good governance/management has provided an impulse for new approach to public sector management. Some of the changes have been aimed at tackling some forms of governance failures, for instant changing from an authoritarian management to participatory management. Authoritarian management had a well-defined line of command; all decisions were made with the top managers and cascaded down as action point. This management model generated conflict and frustration in the organizations. Participatory management is a valuable tool for team building, which encourages followers to collaborate at every step of goal setting and task execution. Performance contracting can establish greater clarity over what public agencies will achieve in a more decentralized management environment (Mbua & Sarisar, 2013; ECA, 2003; OECD, 1999).

Performance contracting has its origins in performance management which, according Kobia and Mohammed (2006), its defined as a systematic process for improving organizational performance by developing and maintaining the performance of individuals and teams. The overall aim of performance contracting is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of public organizations’ processes and personal skills (Kobia & Mohammed, 2006). An interactive governance approach creates a space that defies described chain of command in government and delegates power that finally delegates responsibility for policy formation and implementation to the public organizations’ administrators/managers. This enhances teamwork and decentralization of decision-making. According to Obong’o (2009), separation between people who formulate the public strategies or policies and the once implementing them may have its challenges. Engaging the public managers and employees will ensure that they own the strategy and its process. It also brings about a common understanding of government goals and vision. OECD (1999) emphasizes that the relationship between government and the public administrators, who are parties to performance contract, must remain co-operative rather than oppositional for any substantive outcome to be achieved.

Performance contracting as a governance mechanism influences and in turn is influenced by the broader governance arrangements within which the contract is embedded. Performance contracting must be viewed within this broader context. Introduction of performance contracting in public sector resulted to a separation of power. The government was expected to provide resources while the public organizations were required to transform the resources into output (ECA, 2003; Gathai et al., 2012). Matheson, Scanlan and Tanner (1997) make it more elaborative by explaining it in terms of primary colors, blue representing the government and red representing administrations/managers of public organizations. Between blue and red rose a wall of performance contracting, in which the resources were exchanged for results. Nevertheless, this separation did not fit neatly into the annual cycles of public sector operation hence red and blue have to combine to form purple which is the product of performance reform experience. It is important to maintain an amalgamation of separation and integration of power to ensure institutionalization of any of the new public reforms like performance contracting. Three component drawn from the literature on participatory management are brought forth as possible factors that influence public strategy implementation include participatory budgeting, participatory policy formulation, participatory target setting.

2.4 Research Gap

OECD (1999) indicates that it is important to link performance and resources through incorporation of performance information in budgeting. These will ensure proper allocation of the scarce resources and enhance availability of resources, timely realize of resources and stability of resources during the budgeted period. The emphasis in their literature is on strategic budgeting and public budget financing which are possibly critical for implementation of organization objectives. Kobia and Mohammed (2006) among other have established that resources are a determinant of implementation of performance contracting. Nevertheless, there is limited empirical evidence on the extent to which public budget financing affect implementation of performance contracting.

Previous studies on factors influencing implementation of performance contracting give mixed view on the impact of introduction of performance contracting policy that prescribe rewards and sanctions. Kogei et al. (2013) explain that policy sets out the basic principles of the contract and aid in avoiding ad hoc and fragmented solutions. Hence, it gives a basis of resolve issues between

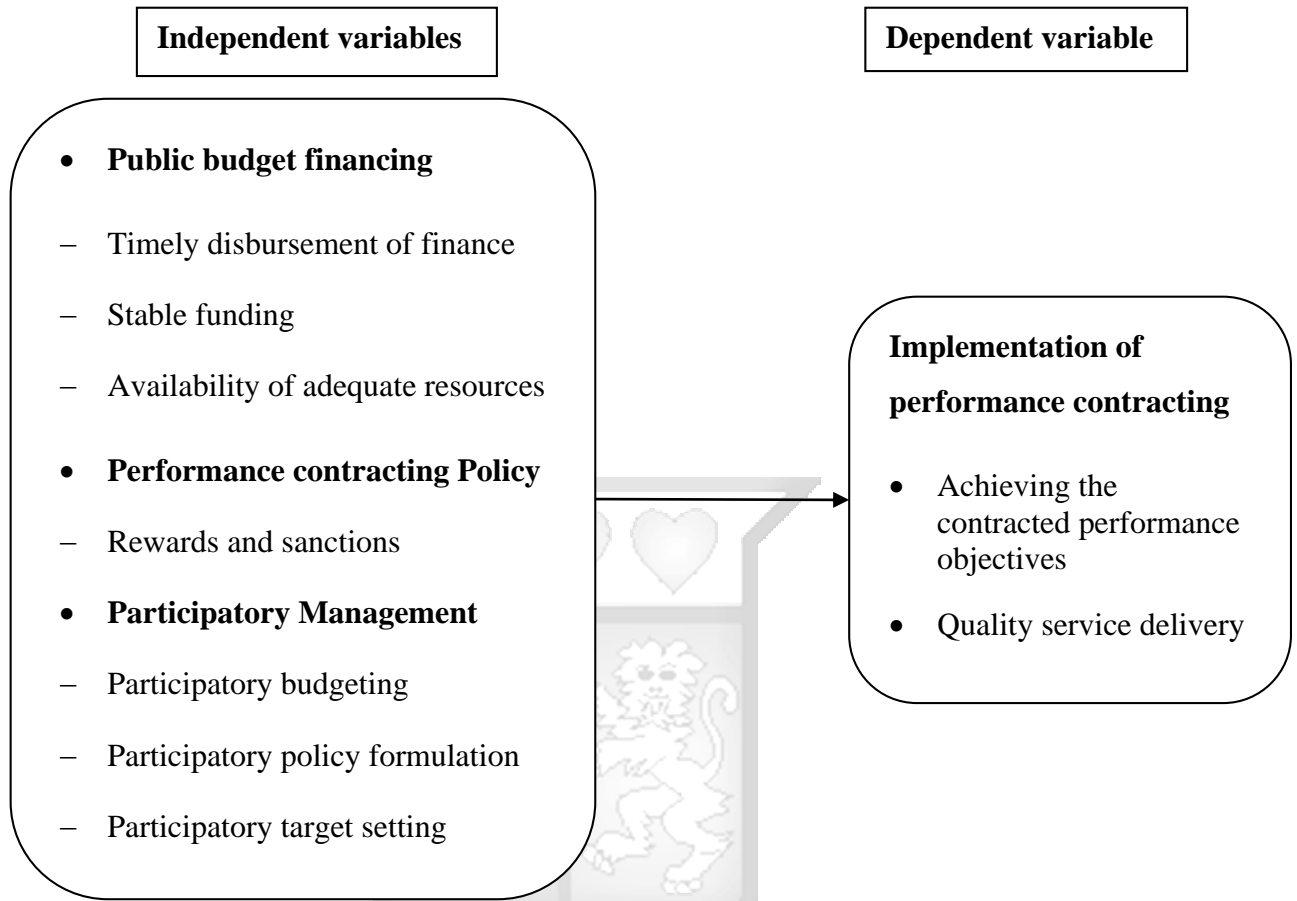
contracting parties. However, ECA (2003) explains that the concept of contractual enforceability makes the process of performance contracting to be more difficult. Accordingly, OECD (1999) states that, the relational nature of performance contracting means that the relationship between the contracting parties must remain co-operative rather than oppositional. This study therefore sought to determine the extent to which rewards and sanctions policy influence implementation of performance contracting.

A critical element of effective governance is the ability to make sound decisions, and manage their implementation. The declining performance of the public sector in the 1970s and 80s exposed the weaknesses in the traditional governance model of centralized decision-making and management. The beginning of 20th century brought about significant change in public management. Expressions like “New Public Management” and “participative/participatory /collaborative management” connote the public management trend in most countries. Decision-making and management shifting from a centralist approach towards a more participatory approach. Though the inclination of the New Public Management is towards decentralize of public service functions, there is limited studies that have established the extent to which it affect implementation of performance contracting.

2.5 Conceptual Framework

The conceptual framework for this study was developed from the discussion in the literature review. The independent variables for the study are public budget financing, performance contracting policy and participatory management. On the other hand, dependent variable is implementation of performance contracting.

Figure 2.1: Conceptual framework



Source: Author (2021)

2.5.1 Operationalization of Variables

The study operationalizes public budget financing, performance contracting policy and participatory management and implementation of performance contracting as illustrated in Table 2.1 below.

Table 2.1: Operationalization of variable

Variables	Indicators/ Constructs	Operational Definition	Rating measures	Source
Independent variable:				
Public budget financing	Timely disbursement finance	Release of financial resources by the government in time.	Likert scale	OECD (1999), Momanyi et al. (2018).
	Stable funding	Availability of adequate finance throughout the contracting period.	Likert scale	OECD (1999), Kobia and Mohammed (2006).
	Availability of adequate resources	Availability of all organization resources but finance that enables it to achieve its objectives.	Likert scale	OECD (1999); Momanyi et al. (2018).
Performance contracting policy	Rewards	A thing given in recognition of achievement of performance contracting targets.	Likert scale	Kobia and Mohammed (2006), Mbua and Sarisar (2013).
	Sanctions	A penalty or punishment given for non- achievement of performance contracting targets.	Likert scale	Kobia and Mohammed (2006), Mbua and Sarisar (2013).
Participatory Management	Participatory budgeting	A process of collaboration, in which the government involve public sector employees in	Likert scale	OECD (1999).

		deciding budgetary allocation of public funds.		
	Participatory policy formulation	A process of collaboration, in which the government involve public sector employees in designing policy	Likert scale	OECD (1999).
	Participatory target setting	A process of collaboration, in which the government involve public sector employees in developing objectives, described in the performance contracts.	Likert scale	OECD (1999), Obong'o (2009).
Dependent variable:				
Implementation of performance contracting	Achieving the contracted performance objectives	Public organization implementation of the set targets prescribed in the performance contract.	Likert scale	Wafula (2013), Nyaigo et al. (2013).
	Quality service delivery	The process of supplying a public need in the most effective and efficient manner.	Likert scale	Wafula (2013), Mbua and Sarisar (2013).

Source: Author (2021)

2.6 Chapter Summary

This chapter begins by discussing relevant theories in this study. The agency theory is discussed to explain the deployment of public budget financing, performance contracting policy, participatory management and the implementation of performance contracting. The chapter also includes an empirical analysis where determinants of implementation of performance contracting including solution public budget financing, performance contracting policy, participatory

management are discussed. The research gap drawn from differences in empirical results and conceptualization of variables is highlighted. The chapter ends by presenting a conceptual framework in diagrammatic form and discussing the operationalization of the variables under study.



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this study was to establish the determinants of implementation of performance contracting in National Government Constituency Development Fund in Kenya. This chapter provides the methods that were used to conduct the study, which includes the research design, the target population, sampling design, data collection methods and procedures, and data analysis.

3.2 Research Philosophy

Research philosophy is described as a paradigm, which involves a broad framework that comprises of perceptions, beliefs and understanding of theories and practices that are used to conduct research. It enables the researcher to understand the assumptions behind the research tools used (Mugenda & Mugenda, 2014). To understand the influence of public budget financing, performance contracting policy and participatory management on implementation of performance contracting in National Government Constituency Development Fund, the study adopts positivism philosophy approach. Data was collected and analyzed to gain an understanding of the extent to which public budget financing, performance contracting policy and participatory management influence implementation of performance contracting. Saunders, Lewis and Thornhill (2007) explain that under positivism research philosophy, knowledge is only considered valid if it is based on values of reason, measured empirically using quantitative methods and statistical analysis leading to development of theoretical models that can be generalizable to explain cause and effect relationships. Positivists assume that reality is fixed, directly measurable and knowable. Therefore, different researchers using the same instruments should reach the same conclusion.

3.3 Research Design

Research design is a framework that guides a researcher in collecting, measuring and analyzing data (Kothari, 2004). This study adopted an explanatory and descriptive research design. Descriptive research design describes the particular characteristics of a group of people, an event or a phenomenon (Saunders, et al., 2007). The descriptive research design was suitable for the study since the researcher was investigating the extent to which public budget financing, performance contracting policy and participatory management influence implementation of performance contracting. Additionally, explanatory research design is used where the study in

question is intended to explain the causal relationships between variables after analysis of quantitative data (Saunders, et al., 2007). Explanatory research enabled the researcher to establish causal relationships between public budget financing, performance contracting policy, participatory management and implementation of performance contracting. The study deployed quantitative data. Quantitative approach was preferable in this study because it enables use of statistics to generalize findings and establishment of relationships between variables especially when establishment of cause and effect is desired.

3.4 Target Population and Sampling

Population refers to all items in any field of research, which is commonly referred to as the universe (Saunders, et al., 2007). The target population for the study consisted of employees of NG-CDF Board at the constituencies popularly known as Fund Account Managers. Data was collected from Fund Account Managers in the 290 constituencies. Each of the constituency has a Fund Account Manager who is the “Chief Executive Officer” of the fund at the constituency level. The population was small and manageable, hence the study adopted the census approach so as to incorporate the 290 constituencies. According to Kothari (2004), census is suitable when the universe is small.

The study targeted the Fund Account Managers since they are involved in the day to day operations of the NG-CDF at the constituency level and according to the NG-CDF Act 2015, they are engaged on a permanent basis unlike committee members who are changed after every two years. National Government Constituency Development Fund form a good population for the study since it's a fund that was establish to cascade national government development agenda hence depends much on coalition between the organization and the government. The fund also provides a country wide view of performance contracting.

3.5 Data Collection Method

Data collection refers to gathering information about a situation, person or phenomenon (Cooper & Schindler, 2008). The study collected primary data on influence of public budget financing, performance contracting policy and participatory management on implementation of performance contracting in National Government Constituency Development Fund. Primary data was collected through well-structured questionnaires, which were administered to the Fund Account Managers in the 290 constituencies. Questionnaires provided consistency of the questions and were cost-

effective and easy to administer (Cooper & Schindler, 2008). The questionnaire consisted of five parts. The first section was the subject's demographic information. The demographic variables included gender, age, work station and how long the subject had worked with the organization. The second, third and fourth sections had each of the subject's perception of public budget financing, performance contracting policy, participatory management respectively using a Likert scale. The fifth asked the respondent questions on implementation of performance contracting and used a Likert scale.

The researcher self-administered 76 questionnaires during audit response review workshop held by the head office in Vihiga constituency and waited for the respondents to fill in the questionnaires. Afterwards, 214 questionnaires were sent to the respondents that were not in attendance via email. A follow up was done via short message services and phone call to increase the number of respondents. The data to be collected included; the extent to which public budget financing, performance contracting policy and participatory management influence implementation of performance contracting in National Government Constituency Development Fund.

3.6 Data Analysis

The data was collected, edited and cleaned. This was to check on irrelevancies, and to ensure completeness, consistency, and accuracy of the responses. Data were coded for ease of data entry. The researcher imported the data into the Statistical Package for the Social Sciences where descriptive statistics (mean, standard deviation, median), correlation analysis and regression analysis were conducted in that order. Respondents profile data was analyzed by use of descriptive statistics such as frequencies and percentages, then presented by use of bar charts, graphs and pie charts. Normally, descriptive statistics are conducted to provide simple summaries about a population (Kothari, 2004).

3.6.1 Correlation Analysis

Correlation analysis was conducted for all the objectives. This was done to determine the relationship between the dependent and the independent variables. The correlation coefficient value was used to describe the extent of the statistical relationship between two variables where the coefficient is always between -1 and +1. A coefficient of -1 meant that variables are perfectly

related in a negative linear sense, 0 meant that there is no relationship between the variables and +1 indicated that the variables are perfectly related in a positive linear sense (Cooper &Schindler, 2014).

3.6.2 Regression Analysis

After conducting a correlation analysis on all the objectives and finding a relationship between the variables, regression analysis was conducted. Regression analysis refers to a statistical process used in estimating relationships among studied variables (Saunders, et al., 2007). Regression analysis was performed to address the influence of each dependent variable on implementation of performance contracting. Multiple regression analysis is used if the researcher has a single dependent variable presumed to be a function of more than one independent variables and its objective is to make a prediction about the dependent variable based on its covariance with all the concerned independent variable (Saunders, et al., 2007). Multiple regression analysis was performed to address the extent to which all dependent variables influence implementation of performance contracting.

The study used the multiple regression model below to test the relationship between the dependent and independent variables:

$$\text{Implementation of performance contracting } y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon$$

where

y = implementation of performance contracting

x_1 = Public budget financing

x_2 = Performance contracting policy

x_3 = Participatory management

β_0 = Constant terms.

β_n = Coefficient of the independent variable

ε = Error term

To assess the relationship between public budget financing and implementation of performance contracting, the below model was used:

$$y_1 = \beta_0 + \beta_1 x_1 + \varepsilon$$

where

y = implementation of performance contracting

x_1 = Public budget financing

β_0 = Constant terms.

β_1 = Coefficient of public budget financing

ε = Error term

To assess the relationship between performance contracting policy and implementation of performance contracting, the below model was used:

$$y_2 = \beta_0 + \beta_2 x_2 + \varepsilon$$

where

y = implementation of performance contracting

x_2 = Performance contracting policy

β_0 = Constant terms.

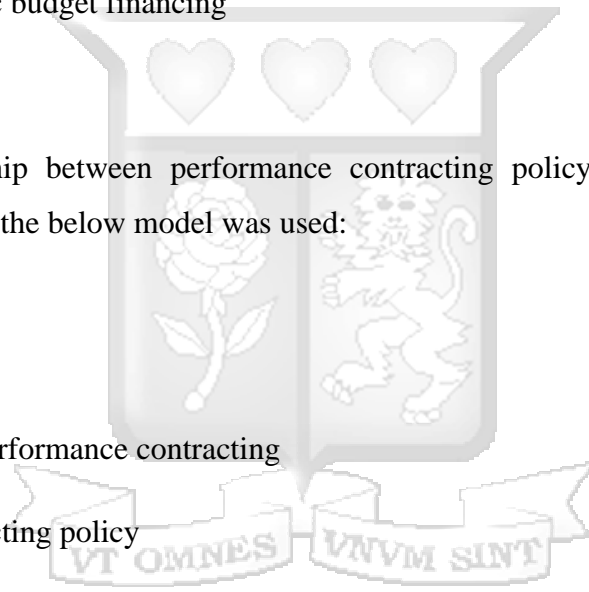
β_2 = Coefficient of performance contracting policy

ε = Error term

To determine the relationship between participatory management and implementation of performance contracting, the below model was used:

$$y_3 = \beta_0 + \beta_3 x_3 + \varepsilon$$

where



y = implementation of performance contracting

x_3 = Participatory management

β_0 = Constant terms.

β_3 = Coefficient of participatory management

ε = Error term

3.7 Research Quality

This study ensured quality was achieved in form of validity and reliability of the instrument used to collect data for the study. Reliability is defined by Joppe (2000) as the extent to which there is some consistency in the research result over time and that they could be generalized to the entire population. This study ensured consistency by calculation of the Cronbach's alpha. Coefficient of internal consistency determines whether the questions asked in a survey respond to the same thing (Andrew, MacEvoy, & Pedersen, 2011). Cronbach's alpha values range from 0 to 1 and values above 0.7 are desirable. In this study, a lower limit of 0.60 was accepted as a sound and reliable measure. The Cronbach's alpha for this study was 0.856 as shown in Table 3.1 below, which satisfies the internal consistency requirements.

Table 3.1: Reliability statistics

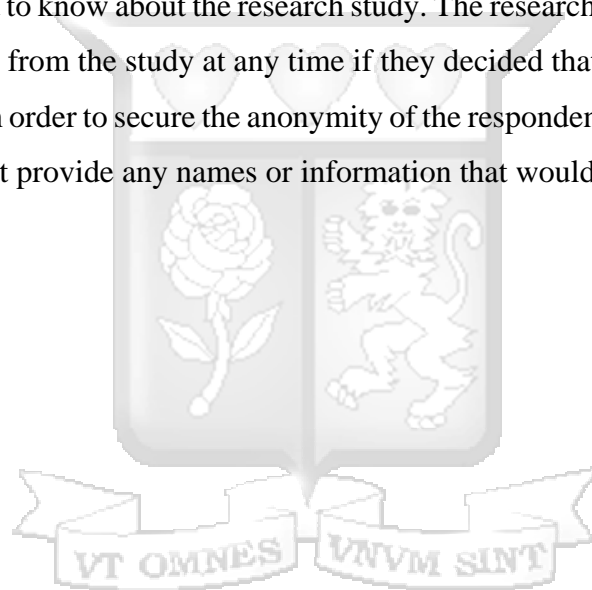
Cronbach's Alpha	N of Items
0.856	30

Validity refers to how accurately the data obtained capture what they were designed and purported to measure (Mugenda, 2003). To ensure validity, the questionnaire was subjected to a pilot test to check for any weaknesses in design and development. Ten individuals were selected and invited to take the survey as a pilot. They were asked for feedback on the questions and the time required for completion. Detailed feedback was received from seven individuals. Based on these comments, the items were refined and the final questionnaire developed.

3.8 Ethical Consideration

The study adhered to rule that concerns research ethics. These included; when constructing the questionnaire, caution was taken to avoid use of bias or inappropriate words. The respondent was issued a cover letter accompanied with the questionnaire used to gather data for introduction. When collecting data minimal disruption was ensured at the work place by making appointment and explaining to the respondent the purpose of the study. Hence, there was informed consent; the respondents gave information willfully. The study also ensured protection of private information by not publishing it to the public.

The researcher debriefed the participants in this study on issues such as the nature of the study and anything that they wished to know about the research study. The researcher assured the participants of their right to withdraw from the study at any time if they decided that they no longer wished to participate in the study. In order to secure the anonymity of the respondents, the researcher required that the respondent do not provide any names or information that would disclose their identity.



CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

The purpose of this study was to assess the determinants of implementation of performance contracting in National Government Constituency Development Fund. Most specifically, the study sought to assess the extent to which public budget financing influences implementation of performance contracting, determine the extent to which performance-contracting policy influences implementation of performance contracting and establish the extent to which participatory management influences implementation of performance contracting. As such, this chapter presents data analysis, research findings according to the research objectives, and discussion. The chapter also covers the descriptive statistics giving the profiles of the respondents, responses to the questionnaire, and tests of normality. The data was analyzed and presented using pie charts, bar charts, frequency tables, means, standard deviations and percentages. The correlation analysis was used to test the relationship between variables, whereas the regression analysis helped to determine how much of the total variation in the dependent variable was produced by or associated with the independent variables.

4.2 Background Information

In this study, the data used was collected through distribution of questionnaires to 290 respondents out of which only 219 questionnaires were successfully qualified for analysis as others were either incomplete or were not received back. Upon receipt of the questionnaires, the researchers developed a data entry template in excel spreadsheet in which the responses by the respondents to all the questions were captured. The data was then exported to the Statistical Package for Social Sciences (SPSS) for cleaning and analysis. The exported to the SPSS was subjected to data screening and cleaning procedures which helped in determining the incomplete, unreasonable, or inaccurate data and then improving on its quality by correcting the omissions and the errors that are detected. Since this study used primary data, the data cleaning process that was adopted include detecting, diagnosing and editing the abnormalities as well as reviewing of the entire dataset to check for the outliers. In addition, the data was subjected to reliability and validity tests.

4.2 Response Rate

The target population for this study was Fund Account Managers in the 290 constituencies of Kenya. The study adopted the census approach hence all the 290 constituencies were incorporated in the study. Out of the 290 questionnaires distributed to respondents, only 219 questionnaires were successfully qualified for analysis as others were either incomplete or were not received back. This implies that the response rate was 75.51%. According to Saunders, Lewis and Thornhill (2009), a response rate of 70% and above is considered excellent for research. Therefore, the data collected was sufficient to answer the research questions.

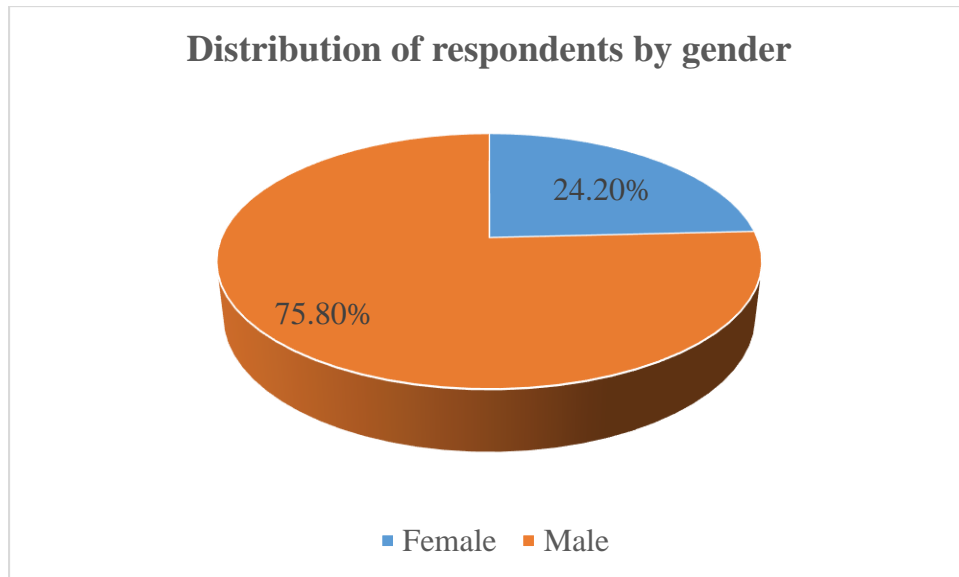
4.3 Descriptive Statistics

As it can be very difficult to understand and interpret the raw data, descriptive statistics was employed in this study in order to get a concise and complete picture of the large data. The responses to the questionnaire were sought in five key areas namely; personal information, participatory management, performance contracting policy, public budget financing and implementation of performance contracting. This section therefore, presents responses to the questionnaire on the above five areas. The normality tests were done based on the responses. The details of the responses to the questionnaire, frequency distributions and normality tests where applicable are presented below.

4.3.1 Demographic Analysis

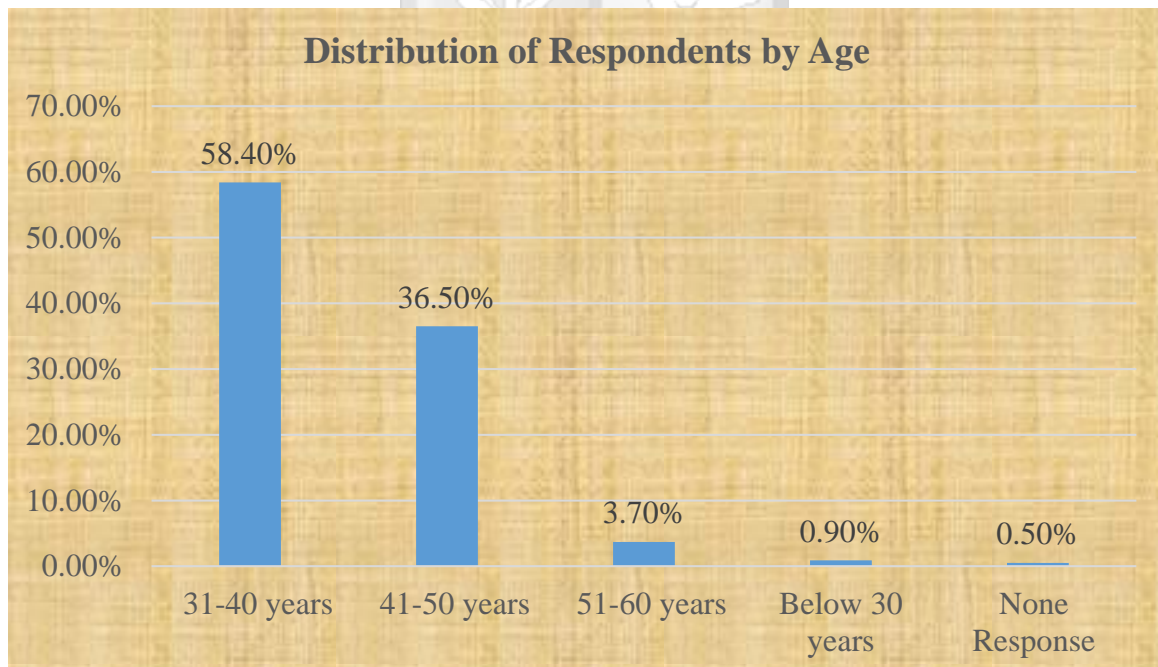
Majority of the respondents were male, 166 (75.8%), while 53 (24.2%) were female. In terms of age, majority of the respondents, 128 (58.4%) are between 31 and 40 years of age, 80 (36.5%) are between 41 and 50 years of age, 8 (3.7%) are of between 51 and 60 years of age, 2 (0.9%) are below 30 years, while one (0.5%) of the respondents did not disclose their age. This implies that all ages were represented amongst the respondents indicating a representative sample of the population in terms of age. In terms of the number of years worked with the NG-CDF, majority of the respondents, 69 (31.5%) indicated that they have worked with the organization for 7 years. A summary of these findings are shown below.

Figure 4.1: Distribution of respondents by gender



Source: Author (2021)

Figure 4.2: Distribution of respondents by age



Source: Author (2021)

Table 4.1: Distribution of respondents by the number of years worked with NG-CDF

Variable	Classification	Frequency	Percent
Number of years worked with NG-CDF	3	37	16.9%
	5	4	1.8%
	6	4	1.8%
	7	69	31.5%
	8	9	4.1%
	10	5	2.3%
	11	2	0.9%
	12	25	11.4%
	13	64	29.2%

Source: Author (2021)

4.3.2 Responses on Public Budget Financing

The respondents were asked to rate themselves using a 5-point Likert-type scale, where 5 represented to a very great extent, 4 represented to a great extent, 3 represented to a moderate extent, 2 represented to a little extent and 1 represented not at all. The results of this study reveal that majority of the respondents (90.9%) agreed to a very little extent with the assertion that the organization has other source of finance. 64.4% indicated that the organization, to a moderate extent, receives adequate budget financing. The respondents also agreed to a moderate extent with the statement that the organization receives budget financing on time. On the same front, majority of the respondents (79.5%) agreed to a very great extent that the organization depends on budget financing to efficiently deliver public services. In addition, 77.2% agreed to a very great extent with the assertion that adequate resources (human, technological) are essential for implementation of performance contracting. 86.3% of the respondents agreed to a very great extent that stability of finance is essential for the organization operation. Lastly, 86.8% of the respondents agreed to a very great extent with the assertion that adequate budget financing is essential for achievement of organization targets. Table 4.2 below gives a summary of the responses received concerning public budget financing.

Table 4.2: Public Budget Financing Descriptive Statistics

		Frequency	Percentage	Mean	Standard Deviation
The organization has other sources of finance	Great extent	2	0.9%	1.11	0.407
	Little extent	17	7.8%		
	Moderate extent	1	0.5%		
	Very little extent	199	90.9%		
The organization receives adequate budget financing	Great extent	31	14.2%	2.98	0.723
	Little extent	35	16.0%		
	Moderate extent	141	64.4%		
	Very great extent	6	2.7%		
	Very little extent	6	2.7%		
The organization receive budget financing on time	Great extent	33	15.1%	2.55	0.958
	Little extent	76	34.7%		
	Moderate extent	76	34.7%		
	Very great extent	3	1.4%		
	Very little extent	31	14.2%		
The organization depends on budget financing to efficiently deliver public services	Great extent	31	14.2%	4.69	0.738
	Little extent	1	0.5%		
	Moderate extent	9	4.1%		
	Very great extent	174	79.5%		
	Very little extent	4	1.8%		
Adequate resources (human, technological) are essential for implementation of PC	Great extent	36	16.4%	4.69	0.660
	Moderate extent	12	5.5%		
	Very great extent	169	77.2%		
	Very little extent	2	0.9%		
Stability of finance is essential for the organization operation	Great extent	24	11.0%	4.82	0.545
	Moderate extent	4	1.8%		
	Very great extent	189	86.3%		
	Very little extent	2	0.9%		
Adequate budget financing is essential	Great extent	25	11.4%	4.83	0.539
	Little extent	1	0.5%		
	Moderate extent	1	0.5%		

		Frequency	Percentage	Mean	Standard Deviation
for achievement of organization targets	Very great extent	190	86.8%		
	Very little extent	2	0.9%		

Source: Author (2020)

4.3.3 Reponses on performance contracting Policy

Majority of the respondents (27.4%) agreed to a moderate extent that the organization has rewards and sanctions policy for performance contracting implementation. 36.1% of the respondents agreed to a little extent with the assertion that the organization rewards employees for meeting constituencies performance contracting target, while 38.4% also agreed to a moderate extent that the organization sanctions employees for not meeting constituencies performance contracting target. However, majority of them (48.4%) agreed to a very great extent that giving promotion/ salary increment or bonuses to employees with excellent performance would motivate implementation of performance contracting targets. Nevertheless, most respondents were neutral on the statement that demoting or decrease salary to employees with poor performance would motivate employees to implement performance contracting targets. Table 4.3 below gives a summary of the responses received concerning influence of performance contracting policy on implementation of performance contracting.

Table 4.3: Performance contracting Policy Descriptive Statistics

		Frequency	Percentage	Mean	Standard Deviation
The organization has rewards and sanctions policy for performance contracting implementation	Great extent	45	20.5%	2.82	1.245
	Little extent	52	23.7%		
	Moderate extent	60	27.4%		
	Very great extent	23	10.5%		
	Very little extent	39	17.8%		
The organization rewards employees for meeting	Great extent	13	5.9%	2.46	1.293
	Little extent	79	36.1%		
	Moderate extent	43	19.6%		

		Frequency	Percentage	Mean	Standard Deviation
constituencies performance contracting target	Very great extent	29	13.2%		
	Very little extent	55	25.1%		
The organization sanction employees for not meeting constituencies performance contracting target	Great extent	29	13.2%	2.60	1.126
	Little extent	47	21.5%		
	Moderate extent	84	38.4%		
	Very great extent	12	5.5%		
	Very little extent	47	21.5%		
Giving promotion/ salary increment or bonuses to employees with excellent performance it would motivate implement PC	Great extent	55	25.1%	3.89	1.413
	Little extent	14	6.4%		
	Moderate extent	15	6.8%		
	Very great extent	106	48.4%		
	Very little extent	29	13.2%		
Demote or decrease salary to employees with poor performance would motivate employees to implement performance contracting Targets	Great extent	35	16.0%	2.70	1.317
	Little extent	23	10.5%		
	Moderate extent	76	34.7%		
	Very great extent	23	10.5%		
	Very little extent	62	28.3%		

Source: Author (2021)

4.3.4 Responses on Participatory Management

The respondents were asked to indicate the extent to which they agree with different statements in respect of participatory management in their organization. In their response, majority of the respondents (46.1%) agreed to a moderate extent with the statement that the public sector management is decentralized and 39.3% agreed to a moderate extent that management of their organization consult with employees before making organization's decision. 40.6% agreed to a moderate extent that they are involved in making decisions concerning their work and 46.1% also

agreed to a very great extent that the organization is always involved in setting performance contracting targets of their constituencies. 35.2% agreed to a great extent that the organization is involved in formulating public sector policy that affect its operation and that the organization is involved in the budgeting process. Lastly, 71.7% of the respondents agreed to a very great extent that working as a team influence implementation of performance contracting. Table 4.4 below gives a summary of the responses received concerning influence of participatory management on implementation of performance contracting.

Table 4.4: Participatory Management Descriptive Statistics

		Frequency	Percentage	Mean	Standard Deviation
The public sector management is decentralized	Great extent	77	35.2%	3.48	0.880
	Little extent	7	3.2%		
	Moderate extent	101	46.1%		
	Very great extent	26	11.9%		
	Very little extent	8	3.7%		
Management consult with employees before making organization's decision	Great extent	49	22.4%	3.22	1.061
	Little extent	43	19.6%		
	Moderate extent	86	39.3%		
	Very great extent	31	14.2%		
	Very little extent	10	4.6%		
I am involved in making decisions concerning my work	Great extent	70	32.0%	3.48	0.992
	Little extent	15	6.8%		
	Moderate extent	89	40.6%		
	Very great extent	35	16.0%		
	Very little extent	10	4.6%		
The organization is involved in making	Great extent	102	46.6%	3.78	0.861
	Little extent	13	5.9%		
	Moderate extent	59	26.9%		
	Very great extent	43	19.6%		

		Frequency	Percentage	Mean	Standard Deviation
decisions concerning its	Very little extent	2	0.9%		
The organization is always involved in setting performance contracting targets of my constituency	Great extent	76	34.7%	4.23	0.864
	Little extent	5	2.3%		
	Moderate extent	35	16.0%		
	Very great extent	101	46.1%		
	Very little extent	2	0.9%		
The organization is involved in formulating public sector policy that affect its operation	Great extent	77	35.2%	3.47	1.261
	Little extent	35	16.0%		
	Moderate extent	36	16.4%		
	Very great extent	51	23.3%		
	Very little extent	20	9.1%		
The organization is involved in the budgeting process	Great extent	77	35.2%	3.76	1.256
	Little extent	5	2.3%		
	Moderate extent	40	18.3%		
	Very great extent	72	32.9%		
	Very little extent	25	11.4%		
Working as a team influence implementation of	Great extent	52	23.7%	4.67	0.560
	Moderate extent	10	4.6%		
	Very great extent	157	71.7%		

Source: Author (2021)

4.3.5 Responses on Implementation of Performance Contracting

The respondents were asked to indicate their opinions on whether there been an improvement in the different performance aspects since the inception of performance contracting. Based on the responses received, 50.7% of the participants indicated the manner of service delivery has improved to a great extent. 59.8% indicated that the citizens' satisfaction has improved to a great extent, 52.5% indicated that quality of service has improved to a great extent and 52.5% indicated that implementation of development projects has improved to a great extent. In addition to that,

49.3% indicated that time used to implement a project has improved to a great extent, 42.0% indicated the employment and attachment levels has improved to a great extent, while 48.4% absorption of funds has improved to a great extent. Furthermore, 58.4% of the respondents have indicated that achievement of performance contracting targets has improved to a great extent and 59.8% have indicated that ethics in the workplace has improved to a great extent. Lastly, 55.7% of the respondents indicated that managers' accountability has improved to a great extent. Table 4.5 below gives a summary of the responses received concerning implementation of performance contracting.

Table 4.5: Implementation of Performance Contracting Descriptive Statistics

		Frequency	Percentage	Mean	Standard Deviation
Manner of service delivery	Great extent	111	50.7%	4.07	0.781
	Little extent	6	2.7%		
	Moderate extent	35	16.0%		
	Very great extent	66	30.1%		
	Very little extent	1	0.5%		
Citizens satisfaction	Great extent	131	59.8%	3.92	0.850
	Little extent	21	9.6%		
	Moderate extent	19	8.7%		
	Very great extent	47	21.5%		
	Very little extent	1	0.5%		
Quality of service	Great extent	115	52.5%	3.93	0.717
	Little extent	3	1.4%		
	Moderate extent	55	25.1%		
	Very great extent	46	21.0%		
Implementation of development project	Great extent	119	54.3%	4.03	0.795
	Little extent	10	4.6%		
	Moderate extent	30	13.7%		

		Frequency	Percentage	Mean	Standard Deviation
	Very great extent	59	26.9%		
	Very little extent	1	0.5%		
Time used to implement a project	Great extent	108	49.3%	3.84	0.839
	Little extent	16	7.3%		
	Moderate extent	49	22.4%		
	Very great extent	46	21.0%		
Employment and attachment levels	Great extent	92	42.0%	3.71	0.885
	Little extent	18	8.2%		
	Moderate extent	66	30.1%		
	Very great extent	42	19.2%		
	Very little extent	1	0.5%		
Absorption of funds	Great extent	106	48.4%	3.75	1.039
	Little extent	8	3.7%		
	Moderate extent	44	20.1%		
	Very great extent	47	21.5%		
	Very little extent	14	6.4%		
Achievement of performance contracting targets	Great extent	128	58.4%	3.96	0.666
	Little extent	2	0.9%		
	Moderate extent	47	21.5%		
	Very great extent	42	19.2%		
Ethics at workplace	Great extent	131	59.8%	3.89	0.744
	Little extent	12	5.5%		
	Moderate extent	38	17.4%		
	Very great extent	37	16.9%		
Managers accountability	Great extent	122	55.7%	3.89	0.744
	Little extent	2	0.9%		
	Moderate extent	17	7.8%		

		Frequency	Percentage	Mean	Standard Deviation
	Very great extent	78	35.6%		

Source: Author (2021)

4.4 Reliability and Validity Tests

Reliability connotes a measure of the degree to which a research instrument yields consistent results or data after repeated trials. In this study, reliability was assessed using the internal consistency technique developed by Cronbach. The adoption of the method of reliability test was pegged on the fact that the data that was used in answering the research questions were based on Likert scale. As such, Cronbach's alpha coefficient was computed to determine the reliability of the instruments. In this case, out of the 219 cases 218 cases were used in the analysis while 1 case was excluded from analysis possibly because it is an outlier as shown in Table 4.6 below.

Table 4.6: Case-Processing Summary

		N	%
Cases	Valid	218	99.5
	Excluded ^a	1	0.5
	Total	219	100.0

a. Listwise deletion based on all variables in the procedure.

Source: Author (2021)

The acceptable reliability coefficient should be above 0.7 but not so much higher than 0.9 (Mohajan, 2017). The Cronbach's alpha for this study was 0.856 as shown in Table 4.7 below, which satisfies the internal consistency requirements.

Table 4.7: Reliability Statistics

Cronbach's Alpha	N of Items
0.856	30

Source: Author (2021)

Validity test was also conducted to determine the accuracy and meaningfulness of inferences, which are based on the research results. Validity generally indicates whether or not the instrument is testing what it is intended to measure (Mohajan, 2017). Through piloting the questionnaire the researcher was able to ascertain the validity of the data that was collected in this study. Validity was also ensured through the operationalization of terms. The variables in the study were operationalized to reflect the theoretical assumptions that underpin the conceptual framework for the study.

4.5 Analysis of Relationships and Effects of Different Variables on Implementation of Performance Contracting

The aim of this study was to examine different determinants of implementation of performance contracting. The interest of the study was to examine the relationship between implementation of performance contracting and budget financing, performance contracting policy and participatory management using both Pearson's Product Moment Correlation and Linear Regression models.

In interpretation of the results in this study, the F value indicates the overall significance for the regression model. The β value is the measure or test of the amount/degree of change in the criterion variable that is associated with unit change in the dependent variable. The p-value indicates the degree of confidence, whereas the correlation coefficient (square) indicates the degree to which two or more variables are correlated. The R and R-square value (Coefficient of determination) indicates how well the model fits the data and the percent of variance in the dependent variable explained by the independent variables respectively. The adjusted R-square reflects the model's goodness of fit for the population and controls for overestimates of the population. It may decrease and be negative if variables entered in the model do not add significantly to the model. The

significance level was set at 0.05 for all the statistical tests. Therefore, effects with a small p value less than 0.05 were considered significant.

In this study, three relationships were examined. The first test was on the relationship between public budget financing and implementation of performance contracting; the second test was on the relationship between performance contracting policy and implementation of performance contracting; and the third test was on the relationship between participatory management and implementation of performance contracting. The details of these tests are given below.

4.5.1 Relationship between Public Budget Financing and Implementation of Performance Contracting

The study aimed at assessing the extent to which public budget financing influences implementation of performance contracting. The Pearson’s Product Moment Correlation Statistical technique was used to test the strength and significance of this relationship. Data collected from 219 fund account managers of the National Government Constituencies Development Fund Board was used to carry out this test. The results of the correlation analysis for the linear relationship between these two variables are presented in Table 4.8 below.

Table 4.8: Relationship between Public Budget Financing and Implementation of Performance Contracting

Variables	Pearson Correlation	
Public budget financing and implementation of performance contracting	Pearson Correlation	0.0343**

** P-value = 0.61867, which implies that the correlation is not significant at 0.05 significance level

Source: Author (2020)

As shown in Table 4.8 above, the Pearson correlation, r, is 0.0343 and is not statistically significant at the 0.05 level of significance since ($p > 0.05$). This shows the relationship between public budget financing and implementation of performance contracting is weak and not significant. Thus, the

relationship between public budget financing and implementation of performance contracting is positive, but not significant.

4.5.2 Relationship between Performance Contracting Policy and Implementation of Performance Contracting

The study also aimed at determining the extent to which performance contracting policy influences implementation of performance contracting. The Pearson's Product Moment Correlation Statistical technique was used to test the strength and significance of this relationship. Data collected from 219 fund account managers of the National Government Constituencies Development Fund Board was used to carry out this test. The results of the correlation analysis for the linear relationship between these two variables are presented in Table 4.9 below.

Table 4.9: Relationship between Performance Contracting Policy and Implementation of Performance Contracting

Variables	Pearson Correlation	
Performance contracting policy and implementation of performance contracting	Pearson Correlation	0.3137**

** P-value = 0.00523, which implies that the correlation is significant at 0.05 significance level

Source: Author (2020)

As shown in Table 4.9 above, the Pearson correlation, r , is 0.3137 and is statistically significant at the 0.05 level of significance since ($p < 0.05$). This shows the relationship between performance contracting policy and implementation of performance contracting is weak but it implies that a change in performance contracting policy by one standard deviation will lead to an improvement in the implementation performance contracting by 0.3137. Thus, the relationship between performance contracting policy and implementation of performance contracting is positive and significant.

4.5.3 Relationship between Participatory Management and Implementation of Performance Contracting

The study also aimed at establishing the extent to which participatory management influences implementation of performance contracting. The Pearson's Product Moment Correlation Statistical technique was used to test the strength and significance of this relationship. Data collected from 219 fund account managers of the National Government Constituencies Development Fund Board was used to carry out this test. The results of the correlation analysis for the linear relationship between these two variables are presented in Table 4.10 below of Thus, the relationship **between**

Table 4.10: Relationship between Participatory Management and Implementation of Performance Contracting

Variables	Pearson Correlation	
Participatory management and implementation of performance contracting	Pearson Correlation	0.4379**

** P-value = 0.00975, which implies that the correlation is significant at 0.05 significance level

Source: Author (2021)

As shown in Table 4.10 above, the Pearson correlation, r , is 0.43788 and is statistically significant at the 0.05 level of significance since ($p < 0.05$). This shows the relationship between participatory management and implementation of performance contracting is moderate, and it implies that a change in participatory by one standard deviation will lead to an improvement in the implementation of performance contracting by 0.4379. Thus, the relationship between participatory management and implementation of performance contracting is positive and significant.

4.5.4 The extent to which Public Budget Financing Influences Implementation of Performance Contracting

Table 4.11: Regression Summary for Public Budget Financing Influences Implementation of Performance Contracting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.082 ^a	.007	.002	.5597146

a. Predictors: (Constant), Public Budget Financing

The R value explains how well the model describes the data. In this case, the model describes 8.2% of the data. R^2 , (coefficient of determination) is a number that indicates the proportion of the variance in the dependent variable that is predictable from the independent variable. An R square value of .007 signified that the independent variable (public budget financing) in the model offered 0.7% explanation of the variance in the dependent variable (Implementation of performance contracting). The R square value of .007 indicated that 99.3% variance in the Implementation of performance contracting in NG-CDF is explained by other factors/variables. Adjusted R square is an extension of the R square and it is used to take care of the number of independent variables in the model. Therefore, in Table 4.11, there is only one independent variable, for that reason, cannot be used.

Table 4.12: ANOVA Summary for Public Budget Financing Influences Implementation of Performance Contracting

Model		Sum of Squares	Df	Mean Square	F	P-value
1	Regression	.459	1	.459	1.464	.228 ^b
	Residual	67.982	217	.313		
	Total	68.441	218			

a. Dependent Variable: Implementation of Performance Contracting

b. Predictors: (Constant), Public Budget Financing

Table 4.13: Regression Coefficients for Public Budget Financing Influences Implementation of Performance Contracting

Model		Unstandardized Coefficients		Standardized Coefficients	P-value
		B	Std. Error	Beta	
1	(Constant)	3.261	.264		.000
	Public Financing	.101	.083	.082	.228

a. Dependent Variable: implementation of Performance Contracting

The analysis of variance (ANOVA) table provides statistics about the overall significance of the model being fit. Based on Table 4.13 above, public budget financing does not have significant effect on the implementation of performance contracting since p-value was found to be .228 which is greater than the level of significance ($p > 0.05$). Therefore, based on the data used, there is no evidence that public budget financing has effect on the implementation of performance contracting. Thus, the model summary in Table 4.11 is not best fit.

4.5.5 The extent to which performance contracting policy influences implementation of performance contracting

A linear regression analysis was done to further explain the effect of performance contracting policy on the implementation of performance contracting. In the analysis, implementation of performance contracting was used as the dependent variable while performance contracting policy was the independent variable.

Table 4.14: Regression Summary for Performance Contracting Policy Influences Implementation of Performance Contracting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 ^a	.085	.080	.5373440

a. Predictors: (Constant), Performance Contracting Policy

The results indicate $R = 0.291$ and $R^2 = 0.085$. The model describes 29.1% of the data. An R square value of .085 signified that the independent variable (Performance Contracting Policy) in the model offered 8.5% explanation of the variance in the dependent variable (Implementation of performance contracting). The R square value of .085 indicated that 8.5% of the variability in the implementation of performance contracting in NG-CDF was explained by performance contracting policy, hence, 91.5% (100-8.5) is explained by other factors/variables. Performance contracting policy has a significant positive relationship with the implementation of performance contracting ($r = 0.291$, $p < 0.05$) and it accounts for 8.5% variance in the implementation of performance contracting in NG-CDF ($R^2 = 0.085$). Adjusted R square is used to take care of the number of independent variables in the model. So from the Table 4.14, there is only one independent variable, therefore, cannot be used.

Table 4.15: ANOVA Summary for Performance Contracting Policy Influences Implementation of Performance Contracting

Model		Sum of Squares	Df	Mean Square	F	P-value
1	Regression	5.784	1	5.784	20.033	.000 ^b
	Residual	62.656	217	.289		
	Total	68.441	218			

a. Dependent Variable: Implementation of Performance Contracting

b. Predictors: (Constant), Performance Contracting Policy

Based on the ANOVA in Table 4.15 above the regression model generated was the best fit since the p-value of 0.000 was found to be less than 0.05, which is the level of significance used in the study, confirmed that the overall model is significant. Further, the computed F-value was also found to be greater than F-critical at 218 degrees of freedom; hence, regression model generated as shown in Table 4.15 was the best fit. Furthermore, as shown in Table 4.15 above, performance contracting policy has significant effect on the implementation of performance contracting ($P < 0.05$).

Table 4.16: Regression Coefficients for Performance Contracting Policy Influences Implementation of Performance Contracting

Model		Unstandardized Coefficients		Standardized Coefficients	P-value
		B	Std. Error	Beta	
1	(Constant)	2.858	.165		.000
	Public Financing	.198	.044	.291	.000

a. Dependent Variable: Implementation of Performance Contracting

The results indicate that the beta coefficient for performance contracting policy was 0.291. This implies that changing performance contracting policy at NG-CDF by one standard deviation leads to a change of 0.291 standard deviations in the implementation of performance contracting. Performance contracting policy had a positive effect on the implementation of performance contracting in NG-CDF ($\beta = 0.291$, $P < 0.05$). Therefore, changing performance-contracting policy by 1% will lead to an improvement in the implementation of performance contracting by 0.291% when all factors affecting implementation of performance contracting are kept constant. In this case, the regression model was as follows: -

$$y = 2.858 + 0.291x_2 + \varepsilon$$

where

y = Implementation of performance contracting

x_2 = Performance contracting policy

ε = Error term

4.5.6 The Extent to which Participatory Management Influences Implementation of Performance Contracting

A linear regression analysis was done to further explain the effect of participatory management on the implementation of performance contracting. In the analysis, implementation of performance contracting was used as the response variable while participatory management was the independent variable.

Table 4.17: Regression Summary for Participatory Management Influences Implementation of Performance Contracting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.279 ^a	.078	.074	.5392586

a. Predictors: (Constant), Participatory Management

As shown in Table 4.17 above, the results indicate that $R = 0.279$ and $R^2 = 0.078$. The model describes 27.9% of the data. An R square value of .078 signified that the independent variable (participatory management) in the model offered 7.8% explanation of the variance in the dependent variable (Implementation of performance contracting). The R square value of .078 indicated that 7.8% of the variability in the implementation of performance contracting in NG-CDF was explained by participatory management, thus, 92.2% (100-7.8) is explained by other factors/variables. Participatory management has a significant positive relationship with the implementation of performance contracting ($r = 0.279$, $p < 0.05$) and it accounts for 7.8% variance in the implementation of performance contracting in NG-CDF ($R^2 = 0.078$). Adjusted R square is used to take care of the number of independent variables in the model. So from the Table 4.17, there is only one independent variable, therefore, cannot be used.

Table 4.18: ANOVA Summary for Participatory Management Influences Implementation of Performance Contracting

Model		Sum of Squares	Df	Mean Square	F	P-value
1	Regression	5.337	1	5.337	18.353	.000 ^b
	Residual	63.104	217	.291		
	Total	68.441	218			

a. Dependent Variable: Implementation of Performance Contracting

b. Predictors: (Constant), Participatory Management

Based on the ANOVA Table 4.18 above the regression model generated was the best fit since the p-value of 0.000 was found to be less than 0.05, which is the level of significance used in the study, confirmed that the overall model is significant. Further, the computed F-value was also found to be greater than F-critical at 218 degrees of freedom; hence, regression model generated as shown in Table 4.18 was the best fit.

Table 4.19: Regression Coefficients for Participatory Management Influences Implementation of Performance Contracting

Model		Unstandardized Coefficients		Standardized Coefficients	P-value
		B	Std. Error	Beta	
1	(Constant)	2.606	.229		.000
	Public Financing	.257	.060	.279	.000

a. Dependent Variable: Implementation of Performance Contracting

Source: Author (2021)

Further, as shown in Table 4.19 above, participatory management has significant effect on the implementation of performance contracting ($P < 0.05$). The results indicate that the beta coefficient for participatory management was 0.279. This implies that changing performance contracting policy at NG-CDF by one standard deviation leads to a change of 0.279 standard deviations in the implementation of performance contracting. Participatory management had a positive effect on the implementation of performance contracting in NG-CDF ($\beta = 0.279$, $P < 0.05$). Therefore, changing participatory management by 1% will lead to an improvement in the implementation of performance contracting by 0.279% when all factors affecting performance contracting implementation are kept constant. In this case, the regression model was as follows: -

$$y = 2.606 + 0.279x_3 + \varepsilon$$

Where

y = Implementation of performance contracting

x_3 = Participatory management

ε = Error term

4.5.7 Overall Regression Model

To determine the influence of public budget financing, performance contracting policy and participatory management on the implementation of performance contracting, a multiple linear regression analysis was conducted. In the analysis, implementation of performance contracting was used as the response variable while public budget financing, performance contracting policy and participatory management were the independent variable.

Table 4.20: Overall Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.361 ^a	0.130	0.118	0.5262390

a. Predictors: (Constant), Public Budget Financing, Performance Contracting Policy, Participatory Management

The results in Table 4.20 above indicated that 36.1% of the data explains the model. R square =0.130 which indicated that the public budget financing, performance contracting policy and participatory management factors offered 13% explanation of the variance in the dependent variable (Implementation of performance contracting) in NG-CDF and the rest (100-13=87%) is due to unexplained variations. From the table adjusted R square = 0.118, hence only 11.8% of the public budget financing, performance contracting policy and participatory management factors can be used to explain Implementation of performance contracting, and the rest is due to unexplained variations

Table 4. 21: ANOVA Summary

Model	Sum of Squares	Df	Mean Square	F	P-value
Regression	8.901	3	2.967	10.714	.000 ^b

1	Residual	59.539	215	0.277		
	Total	68.441	218			

a. Dependent Variable: Implementation of Performance Contracting

b. Predictors: (Constant), Public Budget Financing, Performance Contracting Policy, Participatory Management

Based on the ANOVA in Table 4.21 above the regression model generated was the best fit since the p-value of 0.000 was found to be less than 0.05, which is the level of significance used in the study, confirmed that the overall model is significant. Further, the computed F-value was also found to be greater than F-critical at 218 degrees of freedom; hence, regression model generated was the best fit.

Table 4.22: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	P-value
		B	Std. Error	Beta	
1	(Constant)	2.330	0.307		0.000
	Public Financing	-0.041	0.082	-0.033	0.618
	Performance contracting Policy	0.165	0.046	0.242	0.000
	Participatory Management	0.207	0.062	0.224	0.001

a. Dependent Variable: Implementation of Performance Contracting

Source: Author (2021)

The results in Table 4.22 above indicate that the beta coefficient for performance contracting policy was 0.242. This implies that changing performance contracting policy at NG-CDF by one standard deviation leads to a change of 0.242 standard deviations in the implementation of performance contracting. Performance contracting policy had a positive effect on the implementation of performance contracting in NG-CDF ($\beta = 0.242$, $P = 0.000 < 0.05$). Therefore,

changing performance contracting policy by 1% will lead to an improvement in the implementation of performance contracting by 0.242%.

The results also indicate that the beta coefficient for participatory management was 0.224. This implies that changing participatory management at NG-CDF by one standard deviation leads to a change of 0.224 standard deviations in the implementation of performance contracting. Participatory management had a positive effect on the implementation of performance contracting in NG-CDF ($\beta = 0.224$, $P = 0.001 < 0.05$). Therefore, changing participatory management by 1% will lead to an improvement in the implementation of performance contracting by 0.224%. However, Public Financing does not have significant effect on the implementation of performance contracting in National Government Constituencies Development Fund since its p-value was found to be greater than the level of significance that was used ($P > 0.05$). The resultant multiple regression model computed is as shown below.

$$y = 2.330 + 0.242x_2 + 0.224x_3 + \varepsilon$$

Where

y = Implementation of performance contracting

x_2 = Performance contracting policy

x_3 = Participatory management

ε = Error term

Based on the results, it can be concluded that the data has shown that the individual effect of participatory management and performance contracting policy on implementation of performance contracting are much stronger when studied separately than jointly. This can be attributed to the fact that public budget financing, which was also used as an independent variable was found to have no significant effect on the implementation of performance contracting.

CHAPTER FIVE: DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of discussions of the findings, interprets the results, conclusions of research findings, recommendations and suggestions for future research. It also highlights the major limitations of the study and proposes areas of further research. The overall objective of the research was to assess the determinants of implementation of performance contracting in National Government Constituency Development Fund. Further, this was broken down into three specific objectives as follows: To assess the extent to which public budget financing influences implementation of performance contracting. To determine the extent to which performance contracting policy influences implementation of performance contracting. To establish the extent to which participatory management influences implementation of performance contracting.

5.2 Discussion of the Findings

This study was conducted in the general area of performance contracting and the fact that affect its implementation in NG-CDF. The study focused on the relationship between implementation of performance contracting in NG-CDF and public budget financing, performance contracting policy and participatory management. Even though there are multiple studies on determinants of implementation of performance contracting, there exist a knowledge gap on the relationship of public budget financing, performance contracting policy and participatory management with implementation of performance contracting. As such, by introducing the elements such as public budget financing, performance contracting policy and participatory management, the study addressed the knowledge gaps in the existing body of knowledge from the previous studies. This section discusses the extent to which the findings of this study support or do not support the previous studies on the relationships among these variables.

5.2.1 Public Budget financing and Implementation of Performance Contracting

The first specific objective of this study was to determine whether there is a significant relationship between public budget financing and implementation of performance contracting by the NG-CDF. The relationship was tested using Pearson's Moment Correlation and it was established that public budget financing does not have significant relationship with the implementation of performance contracting since p-value was found to be greater than the level of significance ($p > 0.05$). These

finding does not support the findings other previous studies, for instance, Momanyi et al. (2018) who in their study of an assessment of factors affecting strategic implementation in devolved government units in Kenya, concluded that financial resources had significant influence on strategy implementation in public sector. Accordingly, ECA (2003) explain that adequate funding enables them to acquire other resources necessary for organizational operation. They explain that resources are critical for an organization to successfully accomplish its mandate. Similarly, Mbuu and Sarisar (2013) and Arimi et al. (2017) in their studies highlight that adequate resources should be allocated to enable achievement of organizational performance targets and to enhance the process itself. They indicate that stability of resources boosts the motivating effect of performance contracting implementation.

National Government Constituency Development Fund was established to enhance Constituencies development hence budget financing seems to be a necessary factor to facilitate its objectives. In the findings, a majority indicated that the organization has almost no other source of finance and that the organization depends on budget financing to deliver public services efficiently. As such, there is need for further studies to establish the exact relationship between public budget financing and implementation of performance contracting due to inconsistency of the findings of this study as compared to findings of the previous studies.

5.2.2 Performance Contracting Policy and Implementation of the Performance Contracting

This study also sought to test the strength and significance of the relationship between performance contracting policy and the implementation of the performance contracting by the NG-CDF. The results revealed that performance contracting policy had a positive effect on implementation of performance contracting in NG-CDF ($\beta = 0.242$, $P < 0.05$). From results of the regression analysis, Coefficient of performance contracting policy variable was 0.291. For every unit increase in performance contracting policy at NG-CDF, implementation of performance contracting in NG-CDF is expected to increase by 0.291 holding other factors constant. The R^2 value was 8.5% indicating that only 8.5 % of the variation in implementation of performance contracting is explained by performance contracting policy. However, the relationship between performance contracting policy and implementation of performance contracting is weak but positive and significant.

This finding tend to confirm the contentions of the related studies and the generalization in the pertinent literature that there is a relationship performance contracting policy and implementation of performance contracting. Just like Wafula (2013) who asserted that lack of a performance contracting policy limits the government ability to resolve issues between contracting entities, this study has established that performance contracting policy has significant relationship with the implementation of the performance contracting. In fact, the study has shown that the relationship between performance contracting policy and implementation of performance contracting is positive and significant. This is also consistent with the Sila et al. (2018) who indicated that performance-contracting policy is a fundamental prerequisite for its implementation. Therefore, there is a need to review the existing legal and institutional frameworks that currently govern the operations of public service to harmonize them with the requirements of the performance contracting strategy.

5.2.3 Participatory Management and Implementation of the Performance Contracting

In examining the relationship between participatory management and the implementation of the performance contracting, this study revealed that participatory management had a positive effect on the implementation of performance contracting. From the regression analysis, Coefficient of participatory management variable was 0.279. For every unit increase in performance contracting participatory management at NG-CDF, implementation of performance contracting in NG-CDF is expected to increase by 0.279 holding other factors constant. The R^2 value was 7.8% indicating that participatory management explains only 7.8 % of the variation in implementation of performance contracting. The relationship between participatory management and implementation of performance contracting is moderate and significant.

The findings of this study are consistent with the assertions of OECD (1999) who indicated that the relationship between top managers and other employees, who are parties to the performance contract, must remain co-operative than oppositional for any substantive outcome to be achieved. Therefore, since this study established that participatory management had a positive effect on the implementation of performance contracting in NG-CDF ($\beta = 0.224$, $P < 0.05$), it is consistent to the assertions made by OECD (1999). As such, it can be concluded that there is a significant positive relationship between participatory management and implementation of performance contracting.

5.3 Conclusion

This study sought to examine the determinants of the implementation of performance contracting. Most specifically, the study focused on how public budget financing, performance contracting policy and participatory management affects implementation of performance contracting by the NG-CDF. Most of the empirical research in the area showed a positive relationship between public budget financing, performance contracting policy and participatory management and implementation of performance contracting. This study also supported some of these findings by showing that there is a positive and significant relationship between performance contracting policy and implementation of performance contracting. The study also showed that there is a significant and positive relationship between participatory management and the implementation of performance contracting by the NG-CDF. However, this study departed from this pattern and went a step further to also assess the magnitude of the effect public budget financing, performance contracting policy and participatory management on the implementation of performance contracting, which other studies did not specifically look into.

The research relied on the primary data collected from the Fund Account Managers of the National Government Constituency Development Fund. The data was subjected to correlation and regression analyses and results are as discussed in Chapter 4. In general, the study has established that performance contracting policy and participatory management have significant positive effects on implementation of the performance contracting in NG-CDF. However, public budget financing was found to have no significant effect on implementation of performance contracting in NG-CDF.

Based on the findings above, it can be concluded that performance contracting policy and participatory management play a critical role in the implementation of the performance contracting at NG-CDF. As such, the Board should take into cognizant these two variables when implementing their performance contracting. However, the data failed to support the role of public budget financing in the implementation of performance contracting by the NG-CDF.

5.4 Implications of the study

The findings in this study have contributed to the understanding of the extent to which public budget financing, performance contracting policy and participatory management are determinants

of implementation of performance contracting. The findings concur partially with and provide both theoretical and practical implications for public organizations especially the policy makers. The implications are as follows:

i. Policy

Policy is gatekeeper that will determine what get implemented and how it gets done in the public sector. The study has found that performance contracting policy and participatory management are determinants of performance contracting. Therefore, it will be important for the government via the relevant authority to enact policies that dictate rewards and sanctions in implementation of performance contracting to enhance its execution. Thou OECD (1999) explain that performance contracting policies may cause oppositional between the contracting parties, it's possible to enact policies that not encroach on the independence of the contracting parties.

On the other hand, it is important to enact policy that will enhance participatory management in the performance contracting process. This will give the public sector an opportunity to explore a different style of management. Even so, as it has been emphasized it is equally important for the policy to enhance maintenance of an amalgamation of separation and integration of power to ensure execution of performance contracting.

ii. Practice

The study finding of the study will impact on the operation of public organization. The management of National Government Constituency development fund will have to adopt a participatory management style. This includes involving employees' in different ranks in the budgeting and policy formulation processes. Likewise, it will be important to involve them fully in setting performance contracting target so that they may own the process without feeling like the targets are super impost on them. The finds of the study have indicated that participatory management is a determinant of implementation of performance contracting.

In addition, it will be important for the management to formulate performance contracting policies that prescribe reward and sanction to enhance its execution. As indicated in the literature, it is not just the employees who achieve 100% or more of the set performance contract targets who expects to be rewarded, but it is also expected that the employees who achieve less than 100% to be

sanctioned. Lack of reward or sanction does not only dishearten the high performers but also cast criticism on the logic and motivation of implementation of performance contracting.

iii. Theoretical

The key objective of the study was to assess the determinants of implementation of performance contracting in National Government Constituency Development Fund, Kenya. The results of the study, makes a noteworthy contribution to the body of knowledge on implementation of performance contracting and National Government Constituency Development Fund implementation of performance contracting experience specifically.

First, this study assesses the determinants of implementation of performance contracting in National Government Constituency Development Fund. The variables tested in the study, extracted from previous studies (Omale & Daniel, 2016; ECA, 2003; Kobia & Mohammed, 2006; OECD, 1999) were offered as determinants of implementation of performance contracting experience. However, not all the determinants posited were accepted as having significant impact on the implementation of performance contracting. The analysis conducted in this study confirmed the significance of performance contracting policy and participatory management as determinants of implementation of performance contracting. However, the analysis discarded public budget financing as a determinant of implementation of performance contracting. The study thus contributes to knowledge by validating specific determinants of implementation of performance contracting in National Government Constituency Development Fund, Kenya. Despite the widely accepted significance of implementation of performance contracting to public sector, there is little academic studies available to deepen understanding of National Government Constituency Development Fund experience in the context. The study is therefore critical as foundation for advancing future research of implementation of performance contracting in National Government Constituency Development Fund.

Secondly, the study adopted the agency theory in explaining the determinants of implementation of performance contracting, the government been the principal and the public MDAs been the agents. The principal- agent relationship herein is in that the government provide resources and the public MDAs use the resources to achieve the stipulated objectives. The assumption in this theory is that human are by nature selfish and will always pursue their own interest. The theory

seeks to synchronize the principal- agent goals and risk appetite so as to ensure that work mandates are achieved. Hence, the theory advocates that the principal (government) to establish rules of the game that are anchored on a reward and advocates for a style of management where both parties can participate (Muraguri & Wagoki, 2016; Arimi et al., 2017). The analysis in this study validates that policy and participatory management are essential for enhancing principal- agent relationship and ensuring organization mandates are achieved. In this case the mandates are stipulated in the performance contract.

5.4 Limitations of the Study

There were two major limitations to this study. Even though face to face meeting was made so as to explain the purpose and importance of the study, a lot of difficulties were experienced in getting response from the Fund Account Managers. The study to some extent was affected by the COVID pandemic in that only a limited number of managers could attend a workshop at any one time. This was mitigated by having questionnaires emailed to the managers who had not attended the workshop to ensure that they were able to complete the survey. This resulted in failure to obtain data from 71 constituencies (Fund Account Managers), which were to form part of the population for study. Nonetheless, sufficient data was gathered to enable the research objectives to be achieved.

In addition, time available was not enough to collect data from other NG-CDF stakeholders, hence, the study was just limited to the Fund Account Managers as the targeted respondents, thereby, limiting the study.

5.5 Recommendations

From the study findings and conclusions, it is clear that participatory management and performance contracting policy affect the implementation of performance contracting by the NG-CDF. As such, the employees of the NG-CDF Board should be involved, awareness should be created to all staff, and frequent meetings should be held to assess performance contracting implementation progress. On the same front, in order to ensure that the implementation of the performance contracting is participatory, the Board should come up with clear performance contracting policy, including creation of proper communication systems and there should be continuous sensitization of the staff on the importance of performance contracting.

5.6 Suggestions for Further Research

It is evident from the findings that this study uncovered more questions than it could answer. Among such questions, include: Why is there a weak relationship between implementation of performance contracting and performance contracting policy? Can similar results on the relationship between policy and implementation of the performance contracting be replicated to all other stakeholders of the NG-CDF or should it just be narrowed to the Fund Account Managers? Therefore, a study that incorporates data from all the stakeholders may suffice in giving a clearer picture on the determinants of the implementation of performance contracting by the NG-CDF.

Further, the study indicated that there is no significant relationship between public budget financing and implementation of performance contracting. Given the mandate of the National Government Constituency Development Fund, and the fact that the NG-CDF Act indicated that NG-CDF depends much on finances from the government, budget financing seems to be a necessary factor to facilitate its objectives. As such, there is need for further studies to establish the exact relationship between public budget and implementation of performance contracting due to inconsistency of the findings of this study as compared to findings of the previous studies.

In addition, the variables in this study explained only 13% of the variance in the implementation of the performance contracting, which suggests that there are factors that explain the rest of the 87% variance. There is a need to research to establish other factors that influence the implementation of the performance contracting using different models that could explain the variance in the implementation of the performance contracting in NG-CDF and other public organization in Kenya.

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APPENDICES

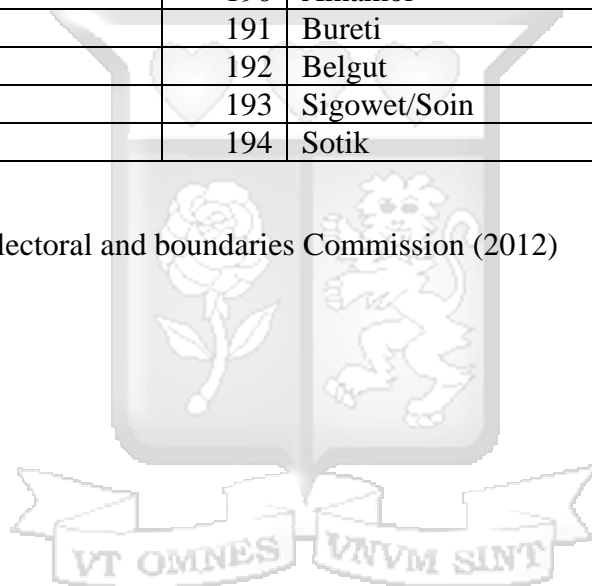
APPENDIX I: LIST OF THE 290 CONSTITUENCIES AND THEIR CODES

Code	Name of Constituency	Code	Name of Constituency	Code	Name of Constituency
1	Changamwe	98	Mukurweini	195	Chepalungu
2	Jomvu	99	Nyeri Town	196	Bomet East
3	Kisauni	100	Mwea	197	Bomet Central
4	Nyali	101	Gichugu	198	Konoin
5	Likoni	102	Ndia	199	Lugari
6	Mvita	103	Kirinyaga Central	200	Likuyani
7	Msambweni	104	Kangema	201	Malava
8	Lungalunga	105	Mathioya	202	Lurambi
9	Matuga	106	Kiharu	203	Navakholo
10	Kinango	107	Kigumo	204	Mumias West
11	Kilifi North	108	Maragwa	205	Mumias East
12	Kilifi South	109	Kandara	206	Matungu
13	Kaloleni	110	Gatanga	207	Butere
14	Rabai	111	Gatundu South	208	Khwisero
15	Ganze	112	Gatundu North	209	Shinyalu
16	Malindi	113	Juja	210	Ikolomani
17	Magarini	114	Thika Town	211	Vihiga
18	Garsen	115	Ruiru	212	Sabatia
19	Galole	116	Githunguri	213	Hamisi
20	Bura	117	Kiambu	214	Luanda
21	Lamu East	118	Kiambaa	215	Emuhaya
22	Lamu West	119	Kabete	216	Mt. Elgon
23	Taveta	120	Kikuyu	217	Sirisia
24	Wundanyi	121	Limuru	218	Kabuchai
25	Mwatate	122	Lari	219	Bumula
26	Voi	123	Turkana North	220	Kanduyi
27	Garissa Township	124	Turkana West	221	Webuye East
28	Balambala	125	Turkana Central	222	Webuye West
29	Lagdera	126	Loima	223	Kimilili
30	Dadaab	127	Turkana South	224	Tongaren
31	Fafi	128	Turkana East	225	Teso North
32	Ijara	129	Kapenguria	226	Teso South
33	Wajir North	130	Sigor	227	Nambale
34	Wajir East	131	Kacheliba	228	Matayos
35	Tarbaj	132	Pokot South	229	Butula
36	Wajir West	133	Samburu West	230	Funyula
37	Eldas	134	Samburu North	231	Budalangi
38	Wajir South	135	Samburu East	232	Ugenya

Code	Name of Constituency	Code	Name of Constituency	Code	Name of Constituency
39	Mandera West	136	Kwanza	233	Ugunja
40	Banissa	137	Endebess	234	Alego Usonga
41	Mandera North	138	Saboti	235	Gem
42	Mandera South	139	Kiminini	236	Bondo
43	Mandera East	140	Cherangany	237	Rarieda
44	Lafey	141	Soy	238	Kisumu East
45	Moyale	142	Turbo	239	Kisumu West
46	North Horr	143	Moiben	240	Kisumu Central
47	Saku	144	Ainabkoi	241	Seme
48	Laisamis	145	Kapseret	242	Nyando
49	Isiolo North	146	Kesses	243	Muhoroni
50	Isiolo South	147	Marakwet East	244	Nyakach
51	Igembe South	148	Marakwet West	245	Kasipul
52	Igembe Central	149	Keiyo North	246	Kabondo Kasipul
53	Igembe North	150	Keiyo South	247	Karachuonyo
54	Tigania West	151	Tinderet	248	Rangwe
55	Tigania East	152	Aldai	249	Homa Bay Town
56	North Imenti	153	Nandi Hills	250	Ndhiwa
57	Buuri	154	Chesumei	251	Suba North
58	Central Imenti	155	Emgwen	252	Suba South
59	South Imenti	156	Mosop	253	Rongo
60	Maara	157	Tiaty	254	Awendo
61	Chuka/Igambang'ombe	158	Baringo North	255	Suna East
62	Tharaka	159	Baringo Central	256	Suna West
63	Manyatta	160	Baringo South	257	Uriri
64	Runyenjes	161	Mogotio	258	Nyatike
65	Mbeere South	162	Eldama Ravine	259	Kuria West
66	Mbeere North	163	Laikipia West	260	Kuria East
67	Mwingi North	164	Laikipia East	261	Bonchari
68	Mwingi West	165	Laikipia North	262	South Mugirango
69	Mwingi Central	166	Molo	263	Bomachoge Borabu
70	Kitui West	167	Njoro	264	Bobasi
71	Kitui Rural	168	Naivasha	265	Bomachoge Chache
72	Kitui Central	169	Gilgil	266	Nyaribari Masaba
73	Kitui East	170	Kuresoi South	267	Nyaribari Chache
74	Kitui South	171	Kuresoi North	268	Kitutu Chache North
75	Masinga	172	Subukia	269	Kitutu Chache South
76	Yatta	173	Rongai	270	Kitutu Masaba
77	Kangundo	174	Bahati	271	West Mugirango
78	Matungulu	175	Nakuru Town West	272	North Mugirango
79	Kathiani	176	Nakuru Town East	273	Borabu
80	Mavoko	177	Kilgoris	274	Westlands

Code	Name of Constituency	Code	Name of Constituency	Code	Name of Constituency
81	Machakos Town	178	Emurua Dikirr	275	Dagoretti North
82	Mwala	179	Narok North	276	Dagoretti South
83	Mbooni	180	Narok East	277	Langata
84	Kilome	181	Narok South	278	Kibra
85	Kaiti	182	Narok West	279	Roysambu
86	Makueni	183	Kajiado North	280	Kasarani
87	Kibwezi West	184	Kajiado Central	281	Ruaraka
88	Kibwezi East	185	Kajiado East	282	Embakasi South
89	Kinangop	186	Kajiado West	283	Embakasi North
90	Kipipiri	187	Kajiado South	284	Embakasi Central
91	Ol Kalou	188	Kipkelion East	285	Embakasi East
92	Ol Jorok	189	Kipkelion West	286	Embakasi West
93	Ndaragwa	190	Ainamoi	287	Makadara
94	Tetu	191	Bureti	288	Kamukunji
95	Kieni	192	Belgut	289	Starehe
96	Mathira	193	Sigowet/Soin	290	Mathare
97	Othaya	194	Sotik		

Source: Independent Electoral and boundaries Commission (2012)



APPENDIX II: LETTER OF INTRODUCTION

7th July, 2020.

To whom it may concern.

RE: REQUEST FOR PARTICIPATION AS A RESPONDENT IN MY RESEARCH STUDY.

I am a Master of Commerce student at Strathmore University doing a study titled “determinants of implementation of performance contracting in National Government Constituency Development Fund.” I am conducting this research in partial fulfilment of the requirement of my master’s study. This is to request you to participate in my study as a respondent representing your organization and seek your consent in this participation.

This study will yield important findings for decision making for public sector because it seeks to find out the extent to which public budget financing, performance contracting policy and participatory management influences a implementation of performance contracting. I promise to ensure confidentiality of your responses by making no specific reference to your feedback and not to cause any harm to you throughout this process. A full report of this study can be made available to you at your request.

I look forward to your participation. Thank you.

Jackline Ndunge Musau

APPENDIX III: ETHICAL APPROVAL



25th July 2022

Ms Musau Jackline,
jacklinems7@gmail.com

Dear Ms Musau,

RE: Determinants of Implementation of Performance Contracting in National Government Constituency Development Fund in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU- master's** research proposal. Your application reference number is **SU-ISERC1441/22**. The approval period is **25th July 2022 to 24th July 2023**.

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 48 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 48 hours
- v. Clearance for 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 expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-ISERC.

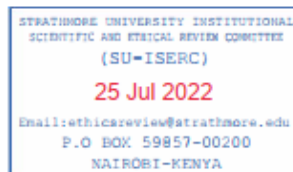
Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ben Ngoye".

for: **Dr Ben Ngoye,**
Secretary; SU-ISERC

Cc: Prof Fred Were,
Chairperson; SU-ISERC



APPENDIX IV: RESEARCH PERMIT



REPUBLIC OF KENYA

Ref No: 166819



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Date of Issue: 29/October/2020

RESEARCH LICENSE



This is to Certify that Ms. JACKLINE Ndunge Musau of Strathmore University, has been licensed to conduct research in Baringo, Bomet, Bungoma, Busia, Elgeyo-Marakwet, Embu, Garissa, Homabay, Isiolo, Kajiado, Kakamega, Kericho, Kiambu, Kilifi, Kirinyaga, Kisii, Kisumu, Kitui, Kwale, Laikipia, Lamu, Machakos, Makueni, Mandera, Marsabit, Meru, Migori, Mombasa, Muranga, Nairobi, Nakuru, Nandi, Narok, Nyamira, Nyandarua, Nyeri, Samburu, Siaya, Taita-Taveta, Tanariver, Tharaka-Nithi, Transnzoia, Turkana, Uasin-Gishu, Vihiga, Wajir, Westpokit on the topic: DETERMINANTS OF IMPLEMENTATION OF PERFORMANCE CONTRACTING IN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND IN KENYA for the period ending : 29/October/2021.

License No: NACOSTI/P/20/7410

166819

Applicant Identification Number

W. Mutembo

Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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APPENDIX V: CONSENT LETTER FOR DATA COLLECTION FROM NG-CDFB



NG-CDF BOARD

File Copy
National Government Constituencies Development Fund Board
Harambee Cooperative Plaza, 5th Floor
Junction of Haile Selassie Avenue & Uhuru Highway
P.O Box 46682-00100
Nairobi, Kenya
Tel: 020-2230019, 2230027, 2230032 | Cell: 0709894000
Email: info@ngcdf.go.ke | Website: www.ngcdf.go.ke

OUR REF: NG-CDFB-CEO/GEN/VOL.II (54)

2nd November 2020

Jackline Ndunge
P.O Box 13204-00200
Nairobi

RE: PERMISSION TO CARRY OUT AN ACADEMIC RESEARCH ON IMPLEMENTATION OF PERFORMANCE CONTRACTS FOR NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND COMMITTEES

Reference is made to your letter dated 30th October 2020 on the above subject matter.

Permission is hereby granted to conduct research on determinants of implementation of performance contracts for National Government Constituencies Development Fund (NG-CDF) Committees in Kenya.

It is noted that the research is for academic purpose as a requirement for the course you are undertaking in Master of Commerce at Strathmore University and has been authorized by National Commission for Science, Technology and Innovation (NACOSTI).

Please ensure that a copy of the final approved project paper is submitted to the NG-CDF Board.

ANN MULEA
For CHIEF EXECUTIVE OFFICER

Vision: Equitable socio-economic development countrywide



APPENDIX VI: QUESTIONNAIRE

Determinants of Implementation of Performance Contracting in National Government Constituency Development Fund

This questionnaire consists of two section A, B, C, D & E. Section A consist of personal information of the respondents and the other section consist of items pertaining to the areas of study.

Please read the following question comprehensively and give your response.

SECTION A

PERSONAL DETAILS

1. Please tick:

- Male Female

2. Please indicate the range of your age:

- Below 30 years
- 31-40 years
- 41-50 years
- 51-60 years

3. State the name of your constituency

4. How long have you worked with NG-CDF as a Fund Account Manager?

SECTION B: PUBLIC BUDGET FINANCING AND IMPLEMENTATION OF PERFORMANCE CONTRACTING

1. Indicate the extent to which you agree with the statements in respect of public budget financing in your organization by ticking the appropriate box:

	Very little	Little extent	Moderate extent	Great extent	Very great extent
--	-------------	---------------	-----------------	--------------	-------------------

The organization has other sources of finance					
The organization receives adequate budget financing					
The organization receive budget financing on time					
The organization depends on budget financing to efficiently deliver public services					
Adequate resources (human, technological) are essential for implementation of performance					
Stability of finance is essential for the organization operation					
Adequate budget financing is essential for achievement of organization targets					

SECTION C: PERFORMANCE CONTRACTING POLICY AND IMPLEMENTATION OF PERFORMANCE CONTRACTING

1. Indicate the extent to which you agree with the statements in respect of performance contracting policy in your organization by ticking the appropriate box:

	Very little	Little extent	Moderate extent	Great extent	Very great extent
The organization has rewards and sanctions policy for performance contracting implementation					
The organization rewards employees for meeting constituencies performance contracting target					
The organization sanction employees for not meeting constituencies performance contracting target					
Giving promotion/ salary increment or bonuses to employees with excellent performance it would motivate implement performance contracting targets					
Demote or decrease salary to employees with poor performance would motivate employees to implement performance contracting Targets					

SECTION D: PARTICIPATORY MANAGEMENT AND IMPLEMENTATION OF PERFORMANCE CONTRACTING

1. Indicate the extent to which you agree with the statements in respect of participatory management in your organization by ticking the appropriate box:

	Very little	Little extent	Moderate extent	Great extent	Very great extent
The public sector management is decentralized					
Management consult with employees before making organization's decision					
I am involved in making decisions concerning my work					
The organization is involved in making decisions concerning its operation					
The organization is always involved in setting performance contracting targets of my constituency					
The organization is involved in formulating public sector policy that affect its operation					
The organization is involved in the budgeting process					
Working as a team influence implementation of Performance contracting					

SECTION E: IMPLEMENTATION OF PERFORMANCE CONTRACTING

1. In your own opinion, has there been an improvement in the following aspects since the inception of performance contracting?

Indicate (by a tick)

	Very little extent	Little extent	Moderate extent	Great extent	Very great extent
Manner of service delivery					
Citizens satisfaction					
Quality of service					
Implementation of development project					
Time used to implement a project					
Employment and attachment levels					

Absorption of funds					
Achievement of PC targets					
Ethics at workplace					
Managers accountability					

