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**EFFECT OF PERFORMANCE CONTRACTING ON SERVICE DELIVERY
IN DEVOLVED GOVERNANCE SYSTEM: A CASE STUDY OF COUNTY
GOVERNMENT OF KISII, KENYA**



SKITTER W. MBUGUA

MASTER OF BUSINESS ADMINISTRATION

2019

**EFFECT OF PERFORMANCE CONTRACTING ON SERVICE
DELIVERY IN DEVOLVED GOVERNANCE SYSTEM– A CASE
STUDY OF COUNTY GOVERNMENT OF KISII, KENYA**

SKITTER W. MBUGUA

92702

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION AT
STRATHMORE UNIVERSITY**

**STRATHMORE UNIVERSITY BUSINESS SCHOOL
STRATHMORE UNIVERSITY
NAIROBI KENYA**

DECLARATION

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

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DEDICATION

I dedicate this work to my loving family for the support and peace of mind they accorded me during the period of this study, my employer more specifically the governor of County Government of Kisii for the support extended to me towards achieving one of the desires I have had in life. Without financial support, relieve from the scope of duty, exposure, and permission to collect data this journey would not be a reality. May this work inspire the Kenyan girl child to learn, stand up to lead and always raise a hand whenever opportunities come knocking.

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LIST OF ABBREVIATIONS AND ACRONYMS

CGK:	County Government of Kisii
EAC:	East African Community
ERWEC:	economic recovery Strategy for Wealth Recovery and Employment Creation
GoK:	Government of Kenya
HRM:	Human Resource Management
IPPD:	Integrated Payroll and Personal Database
MDAs:	Ministries, Departments and Agencies
PC:	Performance Contracting
PSA:	Public Service Agreement
SAP:	Structure Adjustment Program
SPSS:	statistical package for Social Science
U.S.A:	United State of America
VER:	voluntary early retirement

ABSTRACT

The public service sector in Kenya has been undergoing changes and evolving over time with the aim of improving service delivery to the citizens and cutting cost. Performance contracting emanated as a tool to be used in the management of public service and was started after the realization that public service was not clear about its goals also came about after realizing that what gets measured gets done. The purpose of this study was to evaluate the relationship between performance contracting and service delivery in the devolved governance system. The specific objectives of this study were: i) To determine the relationship between performance contracting management on service delivery, ii) To determine the relationship between the influence of human resource management and service delivery, iii) To investigate the relationship between financial management practice and service delivery, and iv) To establish the relationship between processes and procedures and service delivery in County Government of Kisii. The study was grounded on two major theories: institutional theory, and public value theory. The study adopted a descriptive survey research design. The study targeted 366 employees drawn from various departments within the county government of Kisii. Questionnaires were used as data collection instruments. The research findings indicate that respondents were in agreement that performance indicators match the core business of the department in devolved governments while quality assurance on performance contract was not really done before signing. County workers were aware of performance contracting while others indicated that performance contracting review was not given the value it deserves with others holding the opinion that reporting not followed. Further, it was established that competency development for county staff is not regularly done with respondents giving a moderate rating to the work environment in County Government of Kisii. Most respondents were in disagreement that job appraisal was being done in the county. The results indicate that most respondents indicated that they were not satisfied with the budgetary allocation in their departments, reasons that the respondents gave for their dissatisfaction with budgetary allocation in their departments were that; there were no funds allocated in some of the departments while others indicated that the allocated funds were inadequate. It was concluded that the effect of performance contracting management has a significant relationship with service delivery in devolved governance systems in Kisii County. Further, conclusions can be made that the effect of financial management practice has a significant relationship with service delivery in devolved governance systems and that the effect of processes and procedures has a significant relationship with service delivery in devolved governance systems in Kisii County.

Key Words: Performance Contracting, Service Delivery, Public Sector Reforms, and County Government of Kisii.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background to the study

Performance contracting is a performance management tool used by both the private and public sector to ensure the productivity of the workers and ensure focus on the core business or mandate of a sector. Greiling (2006), defines performance contracting as a tool for improving budgeting in public, promoting an improved reporting system and updating public management while at the same time improving on efficiency in resource utilization and effectiveness in the delivery of services in the public sector.

Performance Contracting is a type of management science also called Management Control Systems and here services are executed according to a contractual agreement and on agreed-upon terms, in a specific period of time, within a given budget and performance standards. Performance contracting is one element of broader public sector reforms aimed at improving efficiency and effectiveness while reducing total costs (Domberger, 2002). A performance contract entails a range of management tools which define duties and responsibilities between parties to achieve an agreed target, goals and objectives.

Performance is the accomplishment of a given obligation measured against preset known standards of quality, completeness, and costs. In a contract, performance is deemed as the ability to realize an obligation in order to achieve the set goals, realize the requirement and accomplish something as agreed or expected (Simiyu, 2012).

According to Akaranga (2008) noted that strategic management results and outcome are emphasized, like a common saying that says, “What gets measured gets done” and therefore need to measure outcome of an organization is growing, there are various tools that are used in performance measurement these are: performance contract, balanced scorecard, performance prism, performance pyramid system, these are among many others that are commonly used.

Globally, performance management is as a result of different practices performance management by the public sector, explosion of knowledge and human rights activities (Shaver, 2006). Ndung’u (2014) observed that Governments are faced with the challenge of improving service delivery while using fewer resources to deliver effective and efficient services demanded by the citizens. Gakera (2013) noted that in Asia, the performance contract concept has been used in Bangladesh, China, India, Korea, Pakistan, and Sri Lanka. They have also been used at different times in Latin America, Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Uruguay, and Venezuela. Others include Malaysia, United Kingdom, United States of America, Canada. In Belgium, performance contracting in the public sector dates back to the breaking of the traditional monolithic government in the 1830s and stipulated the compulsory public utility service is provided by the agency and the government’s conditions (Shaver, 2006). Although the paradigm of performance contracting in Belgium dates back in the 1800s, its science originated from France in the 1960s according to research done by Bouckaert *et al.* (1999) and subsequently embraced by Pakistan and Korea and India.

In African countries, the experience of poor performance public agencies called for new comprehensive public sector reforms strategy to address these problems.

Countries such as Ghana, Nigeria, Gambia and Kenya in 2005 started managing public service through performance contracting (Kobia & Mohammed 2006). Ndung'u (2009) noted that the East African Community (EAC) performance Contract 2008/2009 stipulated expectations of member states (Kenya, Uganda, and Tanzania) commitment for common achievement including implementation of Strategic Plan (2007-2012) which was to ensure that appropriate work plans are developed on the basis comprehensive performance targets.

African organizations have introduced performance contracting as a tool of management and many more organizations continue to adopt it in both private and public enterprises. This has been noted by scholars, for example, Martin (2010) illustrated that performance contracting implementation ranges from nation-wide, organization-wide, to only within particular organization divisions or programs. The effect of performance contracting varies in each state organization. Mostly at the organizational level, the employee and employer agree on the work and responsibilities of each and every member of staff and the position held. The arrangement is to set out how staff members' performance is to be measured and evaluated against organization set objectives (Akaranga, 2008).

A performance contract in the Kenyan scenario is an agreement put in black and white between government and a state agency delivering services to the public. Here quantifiable targets are implicitly specified for a particular period of time mostly within one financial year (July to June) and performance will be measured against agreed targets (Kenya, 2006; Obong'o, 2009). Performance contracting in Kenya was introduced in 2004. Since then, the system has gone through its own measure of successes and challenges (Associates, 2010).

The main development agenda for any country is to achieve broad-based, sustainable improvement in the degree of the quality of life for its citizenry. The government departments play a critical role in the delivery of effective public services that are key to the functioning and operations of a state economy, when this is achieved the livelihood of citizens become better, the economy of the country improves, and the country develops (Cheche & Muathe, 2014). Kenya Government restructured its public sector in an attempt to deal with the “twin problems” of indebtedness and growing citizen disenchantment (Ndung’u, 2014).

The governance system in Kenya is devolved with forty-seven County Governments and the National Government (Akech, 2010). Devolution in Kenya was as a result of public sector reforms; the focus on devolved governance is on performance, inclined in achieving set down goals and improving service delivery (Omolo, Kantai, & Kiragu, 2010). County Government has two arms namely: the executive and the legislative. The executive arm; is headed by a Governor who is elected by the citizens in the county, the deputy governor and the executive committee members, on the other arm of the assembly is headed by the Speaker who is voted by the members of the county assembly elected from the wards by the citizens from respective wards. The constitution and other laws in Kenya require the Governor to sign a performance contract with the executive members, who again signs the contract with the county officers, who in turn signs the performance contract with the head of departments (directors and assistant directors) (COK, 2010). County services involve things provided by the county government for and to citizens, some services are direct while others are indirect. Direct services involve direct contact with the customers and demand an alert attitude from the staff concerned (Sihanya, 2012). Indirect services

involve an extra step, may appear easier in terms of personal relations but may require a bigger understanding with regard to the effect of the measures. Improving service delivery is closely related to improving the relationship between citizens and the administration (Eigeman, 2007). The county governments took over from the defunct local authorities, which used to undertake performance contracting as a way to improve on service delivery. The county government is under immense pressure to improve on service delivery as the expectation by the citizens after the change of system from the local authority to county government, has increased immensely. The Counties have been in existence since 2013 and as the constitution of Kenya 2010 requires, all counties to sign a performance contract with their staff, this has not been evaluated. This study aims to find out the effectiveness of performance contracting on service delivery in Kisii County, one of the forty-seven counties in the Republic of Kenya.

Grapinet (2006) argues that the challenge experienced by Performance Contracting in most organizations is that, there is no employee participation during formulation of contracts, a task which in spite of a directive from central government is still largely the preserve of managers. Messah & Kariuki (2011) agree in their study that, fifty-nine percent (59%) of employees were not involved in setting performance contract targets, and 41% only were involved. Their findings incriminate low levels of academic qualifications for less number of employees being involved in setting targets. These justify the fact that performance goals are imposed from top management rather than collective process hence resistance or inefficiency by employees towards attaining them. Previous studies on PC have only taken into consideration organizations performance as a whole leaving the effect of PC on

performance largely undocumented (Martin, 2010). Consequently, the study aimed at evaluating the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii.

1.1.1 The Concept of Service Delivery

Effective and efficient delivery of public service has been a challenge particularly the third world countries, which Kenya is one of them. Today governments are making considerable efforts in improving the public-sector reforms, Hemant (2009). Effective public Service management (PSM) is a crucial element for sustainable development in developing nations. Public Service Reform (PSR) is an ongoing policy objective and inevitable for countries such as Kenya. Though, the reforms stated in Kenya way back in 1995 when the Government of Kenya put forward a framework of institutional reform through its session No. 10 (OPM/PSTD, 2010). It is until the 1990s that very serious deliberate efforts were made towards transformation and reforms in the management of the public sector. At large it shows that the country has taken formal knowledge of transformation as a key factor in bringing desired change necessary for green poverty reduction.

In introducing Performance Contracting in 2003, the government of Kenya indicated it is to work towards the improvement of the perception that Public sector performance has gradually fallen below expectations PCSCM (2005). Performance contract adoption commenced with; inauguration of a performance Contract Steering Committee in August 2003, and the issue of legal notice No. 93, and the State Corporations Performance Regulations, (2004). Performance contracting paradigm was designed with the aim of changing the way things are done, creating a change in

behavior patterns and adoption of proper work ethics and improves on the delivery of service to the public. The other strategies that were espoused include; Rapid Result Initiative (RRI), citizens service delivery charter, transformative leadership, and institutional capacity building. Performance contracting among them was found to have an impact on the service delivery, Nganyi, Shigogodi & Owano (2014). Performance contracting is based on the premise that what gets measured gets done and can be rewarded, corrected and enhanced.

In the devolution process, the participation of local governments and communities has been advocated as a powerful means for improving the service delivery mechanism in many developing countries. Pro-decentralization advocates generally argue that it brings decision makers closer to the people that would increase the responsiveness of local officials to needs that may not be served by the central government (Hooda, 2016). Devolution removes layers of bureaucracy and incorporates local information into decision-making processes and planning through the involvement of local community and government which further results in the effective delivery of services.

Moreover, service delivery is an essential function in the relationship between government and citizens (Abe & Monisola, 2014). Government performance is measured through service delivery to its people (Eigema, 2007). The best yardstick to measure government performance of good governance is through service delivery to the people. Abe and Monisola (2014) contend that the government is expected to deliver better services to its people. They provided the indices of measuring service delivery to the people as low inflation, better education, provision of improved health care at affordable rates, provision of clean water, provision of good roads and good road networks to the rural areas for the transport of agricultural products and raw

materials. This has pushed many governments across the world to turn to decentralized governance to enhance service delivery (Robinson, 2007). Scholars around the globe contend that service delivery is an indicator of the health of a society, which strengthens the social contract between the state and its citizens. Public service delivery is also a key determinant of quality of life and an important element of poverty reduction strategy (Akinboade, Mokwena, & Kinfack, 2013; Nayak & Samanta, 2014).

1.1.2 The Concept of Performance Contracting

Globally, a paradigm shift in performance management in the public sector is as a result of different practices of performance management, the detonation of knowledge and the human rights activists, Shaver (2006) and United Nations (2007). Kobia and Mohammed (2006) and Ndung'u (2014) noted that the governments are faced with the challenge to improve delivery of services to the citizens while the resources are fewer to deliver effective and efficient service expected by the citizens.

Performance contract concept in Asia has been used in: Argentina, Bangladesh, Brazil, Bolivia, Chile, China, Colombia, India Korea, Pakistan and Sri Lanka, Latin America, Mexico, Uruguay, and Venezuela. Others include Malaysia, United Kingdom, U.S.A and Canada, Gakure, Muriu and Orwa (2013). In Belgium performance contracting in public sector dates back to 1830s where the traditional monolithic government was broken, and stipulation of the compulsory public utility service was provided by the urgency and the government's conditions. The science of performance contracting in Belgium originated from France in the 1960s and subsequently embraced by Pakistan and Korea and India (Gakureet *et al.*, 2013).

In Denmark, the performance contract played a major role in improving efficiency and increasing policy control, Moy (2005). In the U.S.A according to the Government Performance and Result Act of 1993, the performance contract focused on making the Federal departments more productive and hence boost the confidence of the citizens in their government. In the United Kingdom, performance contracting in public sector was introduced in 1998 as Public Service Agreement (PSA) system and outlined a set of performance targets, which all the government agencies were to report on (Gakure *et. al.*, 2013). In Finland to make the government more accountable and responsible performance contract was introduced during 1987-1997 in major public-sector reforms (Grapinet, 1999).

The public sector in Africa is suffering economically and many of them are seeking for financial support. Their problem emanates from unclear and conflicting goals and a lack of autonomy and accountability. Ghana, Nigeria, Gambia, and Kenya in 2005 started managing public service through performance contact (Kobia and Mohammed, 2006). East African Community came up with 2007-2012 strategic plans and a commitment to the common achievement of the objectives developed; performance contact was used to ensure appropriate work plans are developed on the basis of all-inclusive performance targets (Ndung'u, 2014).

The first attempt of PC was made in 1984 with Kenya railways followed by National Cereals and Produce Board In 1990. The initiative underperformed miserably due to the paucity of political will to see it through. A strategy paper recommending the re-introduction of PC in State Corporation to the cabinet in 1991 did not succeed, Mbua & Sarisar (2013). Based on the lesson learned, after the catastrophe of the first phase of implementation, the focus retracted from cost containment to improvement in

productivity and in addition, the process was not fully under surveillance by the donors but instead by the public service itself, Kobia & Mohammed (2006). The second phase aimed at curtailing corruption and cut down on wastage; the government enacted the Ethics and Economic Crimes Act, 2003. This was then followed by the enactment of the Public Procurement and Disposal Act 2005 (Kogei, Magugui, Yano, Chepkemei & Chebet, 2013).

The public reforms in 1993 aimed at cost-cutting with the correct size of staff and rationalization of government functions and structures. Sponsors and lenders mainly drove the reforms, especially the World Bank under the structural adjustment program (Kobia & Mohammed, 2006). That was when employment in public service was put to a halt, removal of “ghost workers” thorough cleaning of payrolls, discretionary retirement and retrenchment, and expulsion of government guaranteed employment to new graduates. The next phase focused on the rationalization of government functions and structures to determine the excellent structure and size to be in line with budgetary limits (Kobia & Mohammed, 2006).

In 2001 the government launched a strategy for performance recovery in the public service with an aim of optimizing productivity and general service delivery improvement (Gatere, Keraro & Gakure, 2013). In the year 2003, the government devised the Economic Recovery Strategy for Wealth Creation (ERSWC) covering the period 2003 – 2007. This policy acknowledged the PC as a strategy in polishing performance and service delivery in public service (Kobia & Mohammed, 2006).

A performance contract is seen to be an effective way to provide quality goods and services within the budget ceiling (Kariuki, 2011). Performance contract has been

tremendously celebrated and is equated to the improvements in the delivery of services in the public sector, Muthaura (2010). As Gacheche and Muathe (2014) makes intelligible; performance contract has a positive impact on service delivery in public service and for a successful performance contract, significant public participation by the employees and stakeholders in the setting of targets and monitoring performance is key.

The effectiveness of performance contracting has faced a myriad challenge and below the expectations and led to a constrained budget without a subsequent positive change in results (Muthaura, 2010). Responding to these challenges, the government has been undertaking a series of reforms to address the situation. Such reforms include the freezing of employment and structural adjustment program (SAP) in the early 1990s; voluntary early retirement (VER); retrenchment program in the late 1990s early 2000s; economic recovery strategy for wealth recovery and employment creation (ERWEC) for the period 2003-2007. To address the issue of ethics and corruption the government enacted the ethics and Economic Crimes Act 2003, enactment of Public Procurement and Disposal Act 2005, introduction of integrated Payroll and personal Database (IPPD), Salary review and strategies for uprooting corruption from public service (DPM, 2010) and introduction of performance contracting in almost all government agencies.

1.1.3 Devolution in Kenya

. The constitution after independence provided for devolution of government under a Lancaster constitution (Burugu, 2010). Several other decentralization programs have been instituted since independence to combat growing regional disparities (Khaunya,

Wawire, & Chepng'eno, 2015). These include the Special Rural Development Program (1972), The District Focus for Rural Development (DFRD) in 1983, and Regional Development Authorities (RDA's). However, in Mid-90s, that the government introduced numerous decentralized initiatives, namely the Constituency Development Fund (CDF) and Local Authorities Transfer Fund (LATF), Poverty Eradication Fund (PEF) and Women Enterprise Fund (WEF) in bid to decentralize decision making and participatory governance (ICPAK, 2014; Khaunya *et al.*, 2015).

In 2010, Kenya changed its constitution and adopted a devolved system of governance to work alongside the central government (Wangari, 2014). The constitution of Kenya (2010) devolved many services to county governments.

The promulgation of the constitution in 2010 enhanced decentralization through the creation of 47 county governments. The constitution of Kenya defined the power of the 47 county governments. The devolved units have the power to raise revenue through taxation by imposing rates, entertainment taxes and any other tax that is authorized to impose by an Act of parliament. A county can only borrow if the national government guarantees the loan and with the approval of the county government assembly (Constitution of Kenya, 2010). Devolution is enshrined in chapter 11 of the constitution. It legalizes the formation of the 47 counties, each with its own government as spelled out in the County Governments Act, 2012. This Act also created elaborate structures to ensure the full implementation and success of devolution. The county governments have executive and legislative authority, including the accompanying mandates and powers, to raise limited revenue, establish policies, plans, budget and governance (Constitution of Kenya, 2010).

Kenya's devolution is an ambitious form of decentralization involving large-scale political, fiscal, and administrative decentralization (Kenya School of Government, 2015). Unlike other countries where the devolution process of the three powers has been sequentially attained, in Kenya the experience has been a 'big bang' where the three types of decentralization were achieved at once with the ratification of the constitution (Kobia & Bagaka, 2014). Devolution in Kenya is also based on the supremacy of the constitution, sovereignty of the people and the principle of public participation (ICJ Kenya, 2013). The fourth schedule of the constitution sets out the functions and powers of the national and county governments. The Kenya Constitution (2010) articulates the rationale behind devolution among other reasons as self-governance, economic development and equitable sharing of national and local resources. The constitution also provides the objects and principles of devolution, functions, and powers of the national and county governments and relationships between levels of governments. To achieve these objectives, the constitution established 47 county governments in addition to the national government (Constitution of Kenya, 2010; Ngundo, 2014).

The county governments were established in 47 counties (based on the 1992 Districts of Kenya), after the scheduled general elections in March 2013. The constitution further provides that each county will have a government consisting of the county assembly and county executive. The services whose delivery has been devolved includes county health services, solid waste disposal, county transport, including county roads; street lighting; traffic and parking, water conservation, and social welfare (Constitution of Kenya, 2010). County governments are better placed than the

national government to deliver social services because of their local knowledge to the local problems facing the people.

All in all, devolution in Kenya has raised citizen's expectations for quality service from the county governments. Devolution allows the devolved governments to develop policies that are tailored to the needs of their areas, encouraging policy divergence, although this is countered by pressures to ensure that devolved approaches do not contradict those of the central state, promoting convergence. Through devolution of fiscal power, political power, and administrative power, citizens expect county governments to deliver quality services, improve efficiencies and responsiveness. However, available local studies on decentralization governance are mainly qualitative and only touch on the merit and demerits of decentralization (Abdumlingo & Mwirigi, 2014; Kobia & Bagaka, 2014). There is a paucity of empirical evidence on the effect of performance contraction on service delivery in Kisii county government, Kenya.

1.1.4 Implementation of Performance Contract at County level

Implementation of performance contract in the counties have faced a number of drawbacks identified include; organizational structure, leadership and management styles, rigid organizational shared values and ineffective performance management. Some managers have not been enthusiastic enough in the implementation of the performance contract and innovating strategies to counter the challenges that face the departments, Mutembei *et al.* (2014). The success may bring some challenges such as the winners expecting some sought of recompense, over and above the normal remuneration, Monsour (2008).

The initial rounds of the PC, the recompense and sanction systems had not been finalized and endorsed. Not just the high performers who expected rewards; the public expected the poor performers to be punished. When these fails to happen, the good performers become demotivated. Mutembei, Wanjiru, and Tirimba, (2014) elucidated that it's important to view performance contract as part and parcel of a wider management performance system rather than a stand-alone operating outside the well-established human resource pronouncements.

Performance contract as an implementing tool under new public administration is very momentous. In counties, there is however need for a fine definition of outputs and solid performance measures that will allow preferment of organizational external performance. This requires a well-defined training program for the public servants to support the implementation of the performance contract. Stability and availability of resources are paramount for the success of the performance contract and therefore the top leadership must ensure that the necessary resources are available as required. The political top leadership must honor the autonomy of the departments; comprehension of strategic planning, its development and monitoring capabilities among staff is central to the favorable outcome of the performance contract, Mutembei, Wanjiru & Tiribu (2014).

1.2 Problem Statement

In 2013 the county government replaced the defunct local authorities (GoK, 2013). The aim was to bring Governance and public service to the smallest unit, allow the citizens decide on the order of priorities when it comes to the issues on development, decentralize the power and decrease the political tension in the central Government,

increase accountability in the counties on matters pertaining resource allocated to them. The county governments are expected to be the focal points of service delivery and therefore performance evaluation must be an essential part of the culture of every county (Akaranga, 2008). The continuous need to improve both efficiency and effectiveness in the public sector in light of the scarce resources and the high public expectations, all county government staff were put on Performance Contracts by the Government. It was believed that the Performance Contracts would create a management system that focuses on the attainment of desired results and instilling a framework of accountability (Muthaura, 2008). To achieve these objectives there is a need for proper appraisal systems that involve work planning, the setting of targets, feedback, reporting, and acceptable human resource practices.

Despite the efforts in implementing performance e contracting, there is still dissatisfaction by the public is dissatisfied with performance contracting because the results do not reflect performance on the ground as perceived and received by the public. Effective performance in the State Corporations has been noted to be a big challenge and below the expectations leading to strained national budget without equivalent results (Obongo, 2009). Wambua (2011) notes that performance measurement; monitoring and evaluation are the main issues affecting performance contracting.

In measuring service delivery, the majority of performance contracting studies tends to focus on service accessibility and disregards other service delivery dimensions such as quality of the service and citizen satisfaction (Opiyo, 2014; Saavedra, 2010; Sujarwoto, 2012). Thus, empirical evidence on the links between performance contracting and aspects of service delivery; quality of the service and citizen

satisfaction is evidently lacking. The few studies did locally (Abdumlingo & Mwirigi, 2014; Kobia & Bagaka, 2014) are narrow and suffered from conceptual gaps since they only addressed the merits and demerits of performance contracting. The study by Macharia *et al.* (2014) also suffered from a contextual gap since it concentrated at the constituency level while the focus of the current study is on at the county level. A study by Simiyu *et al.* (2014) also faced methodological issues since it was a case study and explored the specific contextual area (Kimilili constituency development fund). It is due to these conceptual, methodological and contextual gaps that this study sought to evaluate the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii.

1.3 Research Objectives

The study will be guided by the following objectives

1.3.1 Main objective

The main objective of this study was to evaluate the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii.

1.3.2 Specific objectives

The study was guided by the following specific objectives;

- i. To determine the relationship between performance contracting management on service delivery in the County Government of Kisii.
- ii. To determine the relationship between the influence of human resource management and service delivery in the County Government of Kisii.

iii.To investigate the relationship between financial management practice and service delivery in the County Government of Kisii.

iv.To establish the relationship between processes and procedures and service delivery in the County Government of Kisii.

1.4 Research Questions

The purpose of the research was to seek answers to the following questions;

i.What is the relationship between performance contracting management and service delivery in the County Government of Kisii?

ii.What is the relationship between the influence of human resource management and service delivery in the County Government of Kisii?

iii.What is the relationship between financial management practice and service delivery in the County Government of Kisii?

iv.What is the relationship between the processes and procedures and service delivery in the County Government of Kisii?

1.5Scope of the Study

The study was undertaken in at Kisii County specifically targeting the county government. The selection of this county is driven by the fact that Kisii County is one of the fastest growing counties since devolution. Kisii is one of the forty-seven counties in the Republic of Kenya and it is located in the Nyanza Region.

1.6 Significance of the Study

This study sought to give possible solutions to performance contracting and service delivery in the devolved governance system and related issues that will ensure that county government systems deliver the desired services to their citizenry. Its findings will, therefore, be of great use to the county governance system, hence forming the basis of developing relevant and contextual variations in the adoption of performance contract in the Republic of Kenya. The study will also assist in countering the challenges of implementation of performance contract in the counties and the whole nation at large. Some of the distinct groups likely to benefit from the study include Kenyan government and administrative departments; management of the public entities; employees, scholars, and researchers.

The findings of this study may also be of great importance to the Kenyan government and its administrative departments which have a critical role in service delivery to its citizens; the services are often delivered through numerous agencies. The government and the county administration may use the findings of this study to implement policies governing performance contracting hence improve employee: productivity, employees' motivation, organizational culture, organization effectiveness, and service delivery indicators.

In the Management of public entities, the results shall be useful to public institutions in the implement management practices that may enable them to achieve their set mission and vision. The findings will also be helpful to the public entities in critical planning of the Result Based Management (RBM) to ensure they obtain the desired

goals using little resources for greater productivity while ensuring satisfaction of the clients and stakeholders.

Employees in the public and private sector may also find this study useful as it gives an insight of performance contracting, therefore, understanding and embracing the performance contract initiative as well as understanding the critical role they play in the success of the execution of performance contracts to ensure improved service delivery. The employees are likely to be able to identify their potential and hence work to improve on their personal skills.

The study finding will be useful to scholars as it will form part of the reference in the field of business administration and most importantly performance contract which currently is becoming a prime area as most of the public sector are rushing to embrace as a way of improving service delivery, utilizing little resources and need for accountability among the staff.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains the theoretical review of the study, the empirical review, literature on the independent and dependent variables, summary of the literature review and the research gaps in the study.

2.2 Theoretical Review

Theoretical frameworks are explanations about a phenomenon, the study was grounded on two major theories namely: institutional theory, and public value theory.

2.2.1 Institutional Theory

The study was guided by the institutional theory developed by DiMaggio, Paul and Walter Powell. In 1983. Institutional theory is a policy-making theory that emphasizes the formal and legal aspects of an institution. The institutional theory focuses on the rules and procedures established by organizations to maintain themselves and guide the behavior of staff and other stakeholders towards greater performance and performance. According to Hardina, Middleton, Montana, and Simpson, (2007) institutions comprise of regulative. Structures and activities that help in providing stability and significance to social behavior so as to enhance performance. Regulations are derived from legislation, public opinions and legal decisions in the courts or through employee-employer negotiation and are often used to regulate the behavior of the organization, staff, and others who interact with the institution. In

some organizations, abiding by the rules becomes more significant than the actual delivery of services. Institutional theorists assert that the institutional environment can strongly manipulate the development of formal structures in an organization.

Nevertheless, these formal structures of legitimacy can reduce performance and hinder performance (Hardina, Middleton, Montana, & Simpson, 2007). Scott (2001) observed that despite the level of conformity presented by the Institutional theory, the theory is quite promising because it bridges the gap between societal views and an organization's actions. Performance contracting managers are more aware of social views and opinions and more willing to incorporate societal norms and expectations, rules, regulations, and requirements in the daily operations of an organization.

According to Kobia and Mohammed (2006) performance contracts have been acclaimed as an effective and promising means of improving the performance of public enterprises as the theory asserts that the institutional environment strongly influences the performance of organizations in the public sector in the provision of services. If the working environment is favorable to employees then services offered by an institution will be improved. Performance contracts aim at improving the working environment by incorporating employees' views and organizational goals and objectives when coming up with performance contracts. Institutional theory is relevant to this study as it outlines the policy-making process as helps performance contracting managers more aware of social views and opinions and more willing to incorporate societal norms and expectations, rules and regulations

2.2.2 Public Value Theory

Public value theory was developed by Moore in 1995 to provide public sector managers with a larger understanding of the constraints and opportunities within which they work, and therefore the challenge to form publicly valuable outcomes. Public value theory describes the value that a corporation contributes to society. The term was originally coined by Harvard academician Mark H. Moore who saw it as the equivalent of stockholder value in public management. Public value is meant to provide managers with a notion of how activities will contribute to the common good.

Public values are those providing normative accord concerning the rights and benefits to which citizens ought to and are entitled; the obligations of citizens to society, the state and one another; and therefore, the principles on that governments and policies ought to be based mostly. Public value is value for the general public (Passmore and Coats, 2008). Value for the general public may be as a result of evaluations concerning however basic desires of people, teams and therefore the society as a full and are influenced in relationships involving the general public. Public value then is an additional value from the public, drawn from the expertise of the general public. The general public is an imperative operational fiction of society. Any impact on shared expertise concerning the standard of the relationship between the individual and society will be described as public value creation. Public value creation is placed in relationships between the individual and society, supported in people, brought about by subjective evaluations against basic needs, activated by and realized in emotional-motivational states, and created and reproduced in experience-intense practices (Green *et al.*, 2012).

Moore (2010), argue that Public value theory envisages a manager's purpose as going on beyond implementation of policy and adherence to institutional norms. It includes seeking out opportunities to form vital enhancements to the lives of the public. According to Constable, Passmore, and Coats (2008), in contrast to private enterprise, organizations providing public services are directly responsible to citizens and their democratic representatives. The public value theory has relevance to this study as it determines the extent to which performance contracting affects service delivery contribute to the improvement of organization productivity in terms of provision of better services, organizational output, quality product prudent management of resources and accountability.

2.3 Empirical Review

This section discusses the literature pertaining to the research objectives on the relationship between the independent variable (performance contracting management, human resource management, financial management practice, processes, and procedures) and the dependent variable (service delivery) and further highlights the existing gaps in relation to the study objectives and issues of interest to the current study.

2.3.1 Effect of Performance Contracting on Service Delivery

Cheche (2014) conducted a critical review of the literature on performance contracting and reckons that a performance contract has had a positive impact on service delivery in the public service. The review deems the need for greater participation by employees and the stakeholder in the setting of targets, evaluation monitoring of the performance. The study was not specific to a particular aspect of a

performance contract that is very general. A study on the public sector in Kenya by Hope (2012), regards performance contract as a means to an end and that the first step towards improving performance in public sector is the performance measurement and when backed with an appropriate incentive system can lead to effectiveness and efficiency. The study found the shift in the organizational focus from inputs to outcomes; although performance contract can be seen to be complex its worth that Kenya does not neglect performance but recognize it the appropriate way. The study was purely theoretical.

Mutembei *et al.* (2014), in a study ‘enhancing implementation of performance contracting in the public sector under devolved county Governments of Kenya’ reckons that Kenya Government acknowledges that poor performance in the public sector has hindered the realization of sustainable economic growth especially due to mismanagement of public resources. The study noted that performance contract is of great importance and county government employees need a good definition for the outputs and performance measurement that will promote both internal and external performance. The study notes that; a well-defined program for the public servants is key in supporting the implementation of the performance contract; a culture that empowers staff to embrace and manage change is necessary management instrument geared towards performance and cost in the field of human resource and financial management should be developed in an integrated manner. The study was purely on a literature review and did not have quantitative information regarding the different variables that affect the performance or delivery of services.

Mbua *et al.* (2013) in a study ‘concept of performance contract-Kenyan scenario’ acknowledges; sustaining performance gains derived from performance contract is

central to improving service delivery in public sector in Kenya; there is some improvement in the performance of public service and related government agencies; full realization of the performance contract in Kenya are yet to be realized; an in-depth analysis of each sector needs to be carried out for better understanding of how various sector are performing. The article was purely informed by a literature review on performance contracting initiative and the implementation and application across settings in Kenya.

Lankeu & Maket (2012) in a study towards a result-oriented public service in Kenya, the work explored modern Human Resource Management practices to public service, exploring what is referred to as 'revolutionary changes' that will change public service towards desired delivery of results. The study regards; Performance contract in delivery of services has had provocations, focusing on the Developing Nations, the public service structures were succeeded from the colonial masters and were meant to constraint and exert authority; it has had shortfalls and these agitated development processes; devolved structure; employment of employees; reduced bureaucracy; management development; proper human resource planning; lifelong learning and instilling of value with common vision, mission, objectives and strategies for service delivery in an organized systematic way for effective and efficient service delivery; and creation of high performance at workplace. The study is descriptive and focuses on secondary data.

Obong'o (2009) in a study 'implementation of performance contract in Kenya' eludes; Kenya introduced performance contract not only improve service delivery but also refocus the mindset of public sector away from a culture of inward looking towards a customer based as well as result-oriented culture. The study was based on

the government's performance report for the financial year 2005-2006. 'Public sector reforms and performance contracting' was a study carried out by Ochieng (2010) where he points out; in 1990s public sector in Kenya suffered 'damaged image' both locally and internationally; performance contract instilled discipline in the public sector by ensuring adherence to strategic plans, work plans and vision 2030. The study further observes that the paradigm enabled recognition of performers from non-performance that led to completion among the various government's departments. This study was purely descriptive and relied upon secondary data.

Gakure *et al.* (2013) studied the role of performance contracting in enhancing effectiveness and alludes that; the management of the public service in Kenya has not been without challenges and has been undertaking metamorphoses and evolving towards improved service delivery to its citizenry; performance contract has done better than all the others; performance contract emanated from the realization that the public sector was not clear about its objectives and had several functions with multiple goals to fulfill where some were not related to the core mandate; performance contract enhances the effectiveness of performance in public service delivery. The analytical study was conducted on the state department of infrastructure and focused on: productivity, employees' motivation, organizational effectiveness, and organizational culture to form the effectiveness of performance. The study was analytical and concentrated on one of the state departments; the results cannot be generalized to give information on the role of the performance contracting in the whole government.

Measuring performance enhances performance both to the individual and to the organization and emboldens continuous mores of improvement, Letsoalo (2007).

Nzuve and Njeru (2013) explicate that an effective performance contract defines expectation and aligns self-performance objectives with those of an organization. Performance measurement is pivotal to the service delivery as it emphasizes the delivery of results and has the power to bring together the interest of the institution members on a common goal and electrify them towards the procurement of the objective, Balogun (2003).

2.3.2 Effect of Human Resource Management on Service delivery

The overall purpose of human resource management is to ensure that the organization is able to achieve success through people. As Ulrich and Lake, (1990) remark: HRM systems can be a source of organizational capabilities that allow firms to learn and capitalize on new opportunities. Specifically, HRM is concerned with achieving objectives in the attainment of organizational effectiveness. In a constantly changing world, which requires flexible responses, with strong competition from nearly every continent, due to increased globalization, it is important for organizations to have some kind of competitive edge.

Distinctive Human Resource Practices shape the core competencies that determine how institutions compete, (Capelli and Crocker, 1996). Extensive research has shown that such practices can make a significant impact on firm performance. HRM strategies aim to support programs for improving organizational effectiveness by developing policies in such areas as knowledge management, talent management and generally creating „a great place to work“. Human Resources can provide a competitive advantage to an organization due to the fact that it is valuable, rare, and perfectly inimitable and has no substitutes. Khandekar and Sharma, (2005) believe

that if companies are to survive and thrive in the global economy, they require world-class human resource competencies.

Critical masses of employees need to be developed in order for them to be knowledgeable or skilled in a particular technology. This can provide a potential source of competitive advantage. Huselid, (1995) states that Human Resource Management Practices can help create a source of sustained competitive edge. He goes on to suggest that HRM practices can significantly contribute to a firm's performance if they are properly configured. The rationale behind the argument is that effective HRM practices should be aimed at exploiting synergies among the employees. A considerable amount of research has been carried out to establish whether firms with a high commitment strategy had significantly higher levels of both productivity and quality than those with a control strategy, (Arthur, 1990; 1994). Productivity is influenced by employee motivation whereas financial performance is influenced by employee skills, motivation and organization & structures, (Huselid, 1995).

Patterson *et al.* (1998) examined the link between business performance and organization culture and use of a number of HR practices and the outcome was that firms with high values on the index had economically and statistically high levels of performance. A study of the impact of high-performance work practices such as team working, performance management, job rotation and sharing of business information by Thompson, (1998) showed that the number of HR practices and the proportion of the workforce covered appeared to be the key differentiating factor between more and less successful firms.

Purcell *et al.* (2003) studied 12 companies to establish how people management impacts on organization performance. He found out that the most successful companies had a clear vision and set of integrated values which were embedded, enduring, and collective, measured and managed. They were concerned with sustaining performance and flexibility. Clear evidence existed between positive attitudes towards HR policies and practices, levels of satisfaction, motivation, and commitment, and operational performance. Policy and practice implementation (not the number of HR practices adopted) is the vital ingredient in linking people management to business performance. The assumptions underpinning the practice of HRM are that people are the organizations' key resource and organizational performance largely depends on them. If therefore an appropriate range of HR policies and processes are developed and implemented effectively, then HR will make a substantial impact on firm performance. HRM can influence organizational performance beforehand through hiring highly qualified, educated and skilled people, which bring all the required and desired characteristics with them to enhance organizational performance delivered through optimized work processes.

Delaney *et al.* (1996) suggested that organization could improve the quality of current employees by providing comprehensive training and development activities, a certain level of motivation through merit pay or incentive compensation systems for achieving specific goals.

Quality service delivery is an important issue for organizational survival as customer satisfaction has been linked to business performance and profitability, (Heskett, Jones and Loveman, 1994). Customer satisfaction is also an important determinant of customers' retention which in turn has a strong effect on profitability. Dissatisfied

customers will consider taking their 9 custom elsewhere and it is widely accepted that it is five times more costly to attract new customers than it is to retain existing ones, (Reichheid and Sasser, 1990).

Service quality is measured in four key dimensions; reliability (consistency), Assurance (how confident the customer is about the service being provided), responsiveness (to the customers' demands) and empathy for the customers, (Zelthaml and Berry, 1991). Service quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice, (Spreng and Mackony, 1996). In today's world of intense competition, advantage relies on delivering high-quality service that will, in turn, result in satisfied customers, (Shemwel *et al.*, 1998). Therefore, there is not an iota of doubt concerning the importance of service quality and customer satisfaction as the ultimate goals of service providers.

Organizations such as British Airways and Xerox have used HR policies and practices such as selection and training to enhance successful service delivery systems and to increase customer satisfaction, (Street, 1994; Tompkins, 1992). HRM policies and practices are intended to play a critical role in the way services are delivered and in order to be successful policies are needed which have to fit the type of service climate that the organization wants to achieve. For example, from studies of frontline employees in a bank, it was established that HRM policies were crucial for creating a positive service climate, (Schneider *et al.*, 1985; 1993). More specifically, four main HR themes (hiring procedures, performance feedback, internal equity of compensation and training) were identified as correlating highly with a "service passion", (Schneider and Cox, 1992). Also pay, recruitment and training have been

found to correlate with specific dimensions of the service delivery encounter (speed, courtesy, and convenience) leading to the conclusion that HRM policies and practices are not only crucial for a service climate but should match the type of service to be delivered, (Schneider *et al.*, 1993).

HRM policies and practices are therefore likely to have an impact on the quality of service as the use of coherent HR strategy will enable the selection, recruitment, training, development, and reward of the most appropriate human resources, (Frombrum, 1984). Now that customers probably have different expectations about how different services are delivered, Davidow and Uttal, (1989) add that organizations need employees who deliver the services in a way that meets those expectations, (Rafaeli and Sutton, 1990). Then these organizations need to implement different HR policies and practices in HRM 10 that will provide a useful starting point for identifying significant elements of HRM that constitute the enabling HR climate, (Schuler, 1987; Huselid, 1995; Tyson, 1995).

2.3.3 Effect of Financial Management Practices on Service delivery

Financial management refers to the process of managing financial resources, including management decisions concerning accounting and financial reporting, forecasting, and budgeting, as well as capital budgeting decisions, which include decisions whether to lease or buy, and whether to issue debt or equity (Lightbody, 2000). Financial management framework comprises the processes, systems, internal controls and practices relating to the way the department manages its revenues, expenses, assets, liabilities, and contingencies. It also includes its systems for

managing risk and monitoring its financial and operational performance, including budget performance and reporting on these functions, both internally and externally.

Gitman (2007) defines financial management as the area of business management, devoted to judicious use of capital and a careful selection of sources of capital, in order to enable an organization to move in the direction of reaching its goals. This definition points to certain essential aspects of financial management namely prudent or rational use of capital resource and achieving the goal of the firm. According to Oduware (2011), financial management entails planning for the future of a business enterprise to ensure positive cash flow. Financial management involves planning, organizing, directing and controlling the financial activities such as the procurement and the utilization of funds of the enterprise. From an organizational point of view, the process of financial management is associated with financial planning and financial control. Financial planning seeks to quantify various financial resources available and plan the size and timing of expenditures. This study will specifically focus on annual budget process, internal control, financial reporting and tracking and how they affect organizational performance.

The literature on financial management of firms identifies the components of financial management practices crucial to the performance of small firms as financial planning and control, financial analysis, accounting information, management accounting (pricing and costing), capital budgeting and working capital management (Osman 2007; Azhar *et al.*, 2010; Agyei-Mensah 2011).

2.3.4 Annual Budget Process

Budgets occupy a leading place among the special tools of management employed to direct and control the affairs of large and multifarious organizations (Burke and 12 Modarresi, 2000). They are used not only by governments, where budgeting had its origins but in other public bodies, in industry and commerce and in private families. A budget is a basic tool in management. In this regard, it serves as a tool for planning and controlling the use of scarce financial resources in the accomplishment of organizational goals. The budget is an invaluable aid in planning and formulating policy and in keeping a check on its execution (Premchand, 2004). It stipulates which activities and programs should be actively pursued, emphasized or ignored in the period under the scope, considering the limited financial resources available to the organization.

Any good budget process needs to attain three important objectives, namely, maintenance of fiscal discipline, attaining allocative efficiency, and operational or technical efficiency. Attainment of fiscal discipline has been the main goal of budget reforms. Enlargement of the legislature's role in budgeting is a new contemporary issue budgetary approach. With legislative budgeting, new responsibilities must be accommodated both too long-standing appropriation processes, and to political relations with the government. Further, the legislature's new role in budgeting cannot come from the government's weaknesses. The budget is an end product of a lengthy process of monitoring and controlling public finances involving the Ministry of Finance and other agencies. If thea government is incapacitated in managing the institution's finances, the legislature also will be unable to do so. Historical evidence also indicates that legislatures had fiscal powers before the executive, and the result

was that legislative action became an inadequate means of fiscal control. This means that the legislature's role must be defined more in terms of policy, accountability and performance, and less in terms of control and restriction, (Wagacha, 2000).

Public sector organizations are concerned with the provision of public goods to members of society. Their budgets are therefore mainly intended for authorizing actions and providing ceilings for management actions (Allison and Kaye, 2005). This is unlike the private sector where organizations are profit motivated. Their budgeting reflects a conscious effort to plan for certain desirable results and controls to maximize the chances of achieving those results. According to Lewis (2005), the basic reason for requiring estimates from subordinate officials is that higher officials do not have enough detailed information, time or specialized skills to prepare the plans themselves. It is the decision maker at the subunit level who has the relevant facts to effectively classify activities into various categories according to their importance. It is also at this level, that projects and activities requiring attention and hence financial support can be identified and prioritized.

2.3.5 Financial Reporting and Tracking

Financial reporting is the process of preparing and distributing financial information to users of such information in various forms. Accounting typically restricts itself to information in a normal set of financial statements, that is, a balance sheet, a statement of income, and a statement of retained earnings (Anglo-Saxon countries), together with various footnotes and supporting schedules. Notes and supplementary schedules may contain additional information that is relevant to the needs of users about the items in the balance sheet and income statements, such as disclosures about

the risks and uncertainties affecting the enterprise and any resources and obligations not recognized in the balance sheet (IASB, 1989).

Although a published annual report may include information about plans, new products, projected capital expenditures, and the like, this is generally presented in such a way that it is definitely separated from the ordinary financial statements. Flint (2002) states that fundamental questions in financial reporting are from which users' standpoint have the accounts to be considered and what level of understanding is to be assumed on the part of those who have to form opinions and make decisions. The most common format of formal financial reporting is financial statements. Financial statements are prepared in accordance with rigorously applied standards defined by professional accounting bodies developed according to the legal and professional framework of a specific locale. Financial statements (or financial reports) are formal records of the financial activities of a business, person, or other entity.

Financial statements provide an overview of a business or person's financial condition in both short and long term. All the relevant financial information of a business enterprise presented in a structured manner and in a form easy to understand is called the financial statements. For public institutions like primary schools, these statements are often complex and may include an extensive set of notes to the financial statements and management discussion and analysis. The notes typically describe each item on the balance sheet, income statement and cash flow statement in further detail. Notes to financial statements are considered an integral part of the financial statements (Zadek, 2004).

Financial statements are intended to be understandable by readers who have “reasonable knowledge of business and economic activities and accounting and who are willing to study the information diligently. Financial statements may be used by users for different purposes: Owners and managers require financial statements to make important business decisions that affect its continued operations. Financial analysis is then performed on these statements to provide management with a more detailed understanding of the figures. These statements are also used as part of management's annual report to the stockholders. Employees also need these reports in making collective bargaining agreements (CBA) with the management, in the case of labor unions or for individuals in discussing their compensation, promotion, and rankings. Government entities (tax authorities) need financial statements to ascertain the propriety and accuracy of taxes and other duties declared and paid by a company. Vendors who extend credit to a business require financial statements to assess the creditworthiness of the business. Media and the general public are also interested in financial statements for a variety of reasons (Mautz and Sharaf, 1961).

2.3.6 Internal Controls

According to Cook and Wincle (1976), the Internal Control System resembles the human nervous system which is spread throughout the business carrying orders and reactions to and from the management. In this concept, by measuring and evaluating the effectiveness of organizational controls, internal auditing, itself, is an important managerial control device, which is directly linked to the organizational structure and the general rules of the business (Cai, 1997). In today’s business environment internal auditors are now providing management with a far broader range of information concerning the organization’s financial, operational and compliance activities to

improve effectiveness, efficiency, and economy of management performance and activities.

The internal auditors are expected to provide recommendations for improvement in those areas where opportunities or deficiencies are identified. While management is responsible for internal controls, the internal audit activity provides assurance to management and the audit committee that internal controls are effective and working as intended. The internal audit activity is led by the CAE. The CAE delineates the scope of activities, authority, and independence for internal auditing in a written charter that is approved by the audit committee. An effective internal audit activity is a valuable resource for management and the board or its equivalent, and the audit committee due to its understanding of the organization and its culture, operations and risk profile. The objectivity, skills, and knowledge of competent internal auditors can significantly add value to an organization's internal control, risk management, and governance processes. Similarly, an effective internal audit activity can provide assurance to other stakeholders such as regulators, employees, providers of finance, and shareholders (Amit, 2003).

Internal control was under assessment, partially because of well-publicized corporate failures and partially as a result of moves towards professionalization of the internal audit function. Express changes in IT and decision-making practices in many organizations were motivating moves away from strict, recognized control to situations where liability for control was being pushed down the organization hierarchy and where a mistake by management could not be attained through conventional, fulfillment based internal audit. The study had been able to show an observation that within the corporate governance policy, risk management has

become closely aligned with internal control which proposes the amount to which risks are administered has now been captured as a form of accountability, rather than its focus – considered as an index against which a measurement of performance is being calculated. Thus, the redefinition enables to offer a new vision of risk management as part of the accountability process, which involves an alteration which shadows the difference between responses to risk, through risk management systems and accountability of risk (Spira & Page, 2003).

2.4 Research Gaps

Performance Contracting is a systematic process which brings about many positive changes to the whole organization in attaining the predetermined goals and objectives. However, there is a lot of resistance by members of staff who lack the necessary understanding of the whole idea thereby frustrating the whole process. There is also a problem with the way organizations are implementing the program especially when it comes to the area of employee appraisal. Some employees in a number of organizations have faulted the criteria used in evaluating them, disagreed with the ratings with regard to the performance contract. They argue that ratings are likely to be based on largely subjective judgments and could therefore well be unfair or discriminatory.

Mintzberg argued that effective communication can foster greater commitment, increase job satisfaction and act as a conduit for the promotion and development of collaboration in the organization. According to Harris *et al.* (2000), training and development of any kind should have, as its objectives the redirection or improvement of behavior so that performance of the trainee becomes useful and productive for

himself and the organization. However, these writers did not bring out the main purpose and importance of training on performance contracting. The argument according to Harris *et al.* (2000) is that pay should be linked to performance because this is what organizations need and it is fair, but what is seen as fair varies between national cultures. These studies did not clearly bring out why and how performance contracting affects service delivery. Therefore, this study sought to evaluate the relationship between performance contracting and service delivery in the devolved governance system in County Government of Kisii.

2.5 Conceptual Framework

A conceptual framework is the model of representation where a researcher conceptualizes or represents relationships between variables in the study and shows the relationship graphically or diagrammatically (Assessment, 2013). Figure 2.1 is the graphical depiction of the relationship between the dependent and independent variables in this study. The writing demonstrates that the independent variables (Performance Contracting management, Human Resource Management, Financial Management practices and processes, and procedures) all have an association with the dependent variable (service delivery).

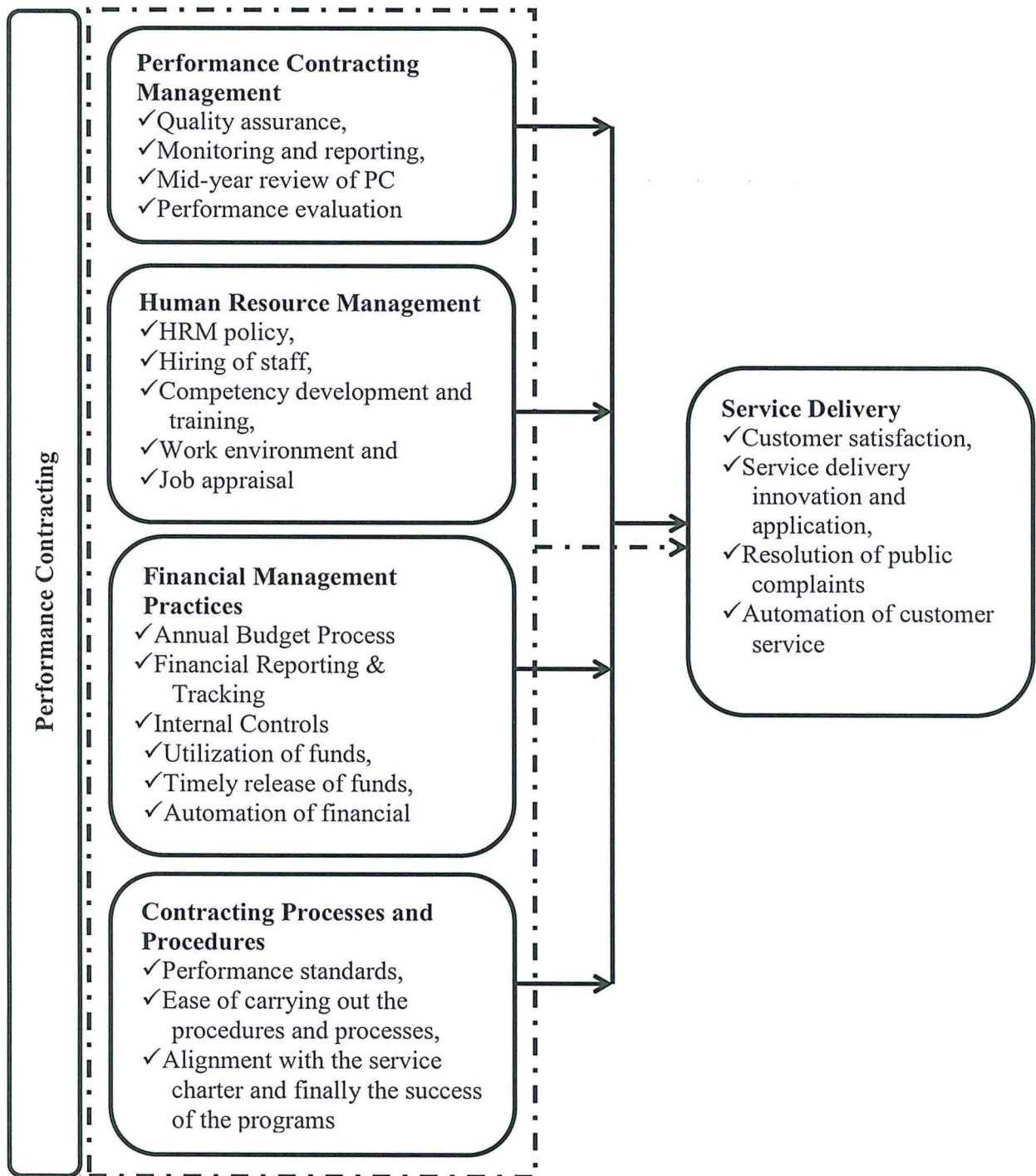


Figure 2.1: Conceptual frameworks

Source: Author (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design used in the study, the target population of the study, sample design, data collection procedure, as well as the data analysis procedure.

3.2 Research Design

This study adopted a descriptive research design to evaluate the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii. According to Riff, Lacy, and Fico (2013), a descriptive study is concerned with finding out who, what, where and how the independent and the dependent variables under study relate. Further, Yin (2013) emphasized that a descriptive analysis is concerned with specific predictions, with the narration of facts and characteristics concerning individual, group or situation. In this study, the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii was the situation under investigation. The design was preferred since it is carefully designed to ensure a complete description of the situation, making sure that there is minimum bias in the collection of data and to reduce errors in interpreting the data collected.

3.3 Target Population

According to Robinson (2014), a population is a full set of subjects that can adequately be studied. This study targeted a total of 7241 employees working under

the Kisii county government. This included the employees from various departments namely; Administration, Education, Agriculture, Health, Lands, Environment, Trade, Finance, Culture, and Roads. Table 3.1 gives a summary of the study population statistics.

Table 3.1: Target Population

Department	Target Population (N)
Administration	1173
Education	1034
Agriculture	1436
Health	2271
Lands	52
Environment	191
Trade	99
Finance	775
Culture	63
Roads	147
Total	7241

3.4 Sampling Design and Sample Size

3.4.1 Sampling Design

Stratified random sampling was used to identify the respondents from each bank and census method was used to select the respondents from the sample. According to Gay (2002), a researcher selects a sample due to various limitations that may not allow researching the whole population. Further, stratified proportional sampling will be used to determine representative sample size per stratum while simple random sampling will be used to determine final respondents based on years of working years.

3.4.2 Sample size

According to Mugenda and Mugenda (2003), a sample is a small group obtained from the accessible population. Since there is an inverse relationship between sample size and the margin of error, the adequate sample size was used which is calculated using

equation 1. The sample size of 366 constitutes a 95% confidence interval with a margin of error set at 0.05 statistically significant levels. The stratified random size is derived from the following formulae, (DeVaus, 2014):

$$n = p\% \times q\% \times \left[\frac{z}{e\%} \right]^2 \dots \dots \dots \text{Equation 1}$$

Where:

n - is the minimum sample size required

$P\%$ - is the percentage belonging to the specified category

$q\%$ - is the percentage not belonging to the specified category

z - is the z value corresponding to the level of confidence required

$e\%$ - is the margin of error required.

Assuming that; 50 percent of the population will have the attributes and 50 percent will not, that the confidence level is 95% then the z value will be 1.96 and the margin of error required is 5%. Then substituting the values in equation 3 will be:

$$n = 50 \times 50 \times \left(\frac{1.96}{5} \right)^2$$

$$n = 2500 \times 0.154$$

$$n = 385$$

Therefore, the minimum sample size will be 385. We can get the adjusted minimum sample by:

$$n' = \frac{385}{1 + \left(\frac{385}{7241} \right)}$$

$$n' = 366$$

The sample will be 366 to avoid loss of accuracy due to none response from the respondents. Table 3.2 shows sample size proportional stratification .

Table 3.2: sample size distribution

Department	Target Population (N)	Sample size
Administration	1173	59
Education	1034	52
Agriculture	1436	73
Health	2271	115
Lands	52	3
Environment	191	10
Trade	99	5
Finance	775	39
Culture	63	3
Roads	147	7
Total	7241	366

3.5 Data Collection Methods and Procedure

This study mainly made use of primary data where the study will adopt the use of questionnaires and interview schedules to obtain data from sample respondents. A questionnaire is a set of questions designed to generate the data necessary to accomplish the objectives of the research project (Orodho, 2009). Questionnaires are a good and efficient way of collecting information quickly and relatively cheaply (Bell, 1997). Questionnaire according to Kothari (2007) is the most suitable instrument in the collection of data because a large amount of information is gathered within a short period of time. Confidentiality of the source is guaranteed by way of secrecy at the same time ensuring standardization (Churchill 1991). For the reasons stated, therefore, this study chooses questionnaire as the appropriate instrument to collect data.

The questionnaire was used for data collection because it offers considerable advantages in the administration. It also presents an even stimulus potentially too large numbers of people simultaneously and provides the investigation with an easy accumulation of data. Gay (2002) maintains that questionnaires give respondents the

freedom to express their views or opinion and also to make suggestions. It is also anonymous. Anonymity helps to produce more candid answers that are not possible in an interview. This study adopted the use of questionnaires containing both open and close-ended questions so as to be able to capture more information from the respondents. The close-ended questions were based on a 5-point Likert scale. Questionnaires were administered to all sampled respondents. The researcher with the help of a well-trained research assistant administered the questionnaire and conducted interviews with the respondents.

3.6 Research Quality

3.6.1 Pilot Study

A pilot study was necessary for this research study because it helped in achieving the validity and reliability of the research instruments and tools (Reaven *et al.*, 2009). Simple random sampling was used to select twenty respondents who did not take part in the actual study. The pilot study enabled the researcher to familiarize with research administration procedures and to identify items that required modification, addition or deletion. The efficiency in data collection was tested using researcher produced instruments and matching these tools with the research objectives and hypothesis.

3.6.2 Validity of Instruments

Validity is defined as the accuracy and meaningfulness of inferences, which are based on the research results (Golafsheni, 2005). To ensure that the information collected from the field was accurate and reliable, there was a need for the researcher to determine the content validity of the instruments. Content validity of the instruments was determined by going through the items one at a time and comparing the contents

to ensure that they contained all the information in line with the study objectives and variables of the study. Expert judgment was sought from university supervisors.

The research instruments will be scrutinized by the departmental supervisors to judge the items on their appropriateness of content, and the need for modification to achieve the objectives of the study. The supervisors determined whether the elements of the research instruments evoked the intended responses. The feedback obtained was then incorporated into the final instruments before the actual study. All the research instruments were tested for validity. Additionally, the researcher ensured the validity of the data to be collected by administering the instruments personally with the assistance of a well-trained research assistant. Construct validity technique was used to test the validity of the instrument.

3.6.3 Reliability of Research Instruments

Mugenda and Mugenda (2003) define reliability as a measure of the degree to which a research instrument yields consistent results or data after the repeated trial. The pilot study enabled the researcher to assess the clarity of the questionnaire items so that those items found to be inadequate or vague was modified to improve the quality of the research instrument thus increasing its reliability. Split-Half technique of reliability testing was employed, whereby the pilot questionnaires were divided into two halves, and then a correlation coefficient for the two halves was computed using the Pearson correlation formula.

$$r = 1 - \frac{6\Sigma(D)^2}{N(N^2-1)}$$

Where r = Correlation coefficient

D = Deviation

The coefficient indicates the degree to which the two halves of the test provide the same results and hence describe the internal consistency of the test. According to Orodho (2005), a minimum correlation coefficient of 0.65 is recommended as indicating that an instrument is reliable, and therefore the coefficient equal or above this but less than one was obtained to ensure that the data obtained is reliable. This study obtained a correlation coefficient of 0.65 or higher.

3.7 Data Analysis

Sekaran (2006) defines data analysis as the process of extracting, compiling and modeling raw data with an objective of obtaining constructive information that can be used to formulate conclusion by predicting the outcome of the study. The data was cleaned, edited, coded and systematically organized in a manner that facilitates analysis using the Statistical Package for Social Sciences (SPSS v20).

Primary data from the field was edited to eliminate errors that may be made by the respondents. Coding was done to translate question responses into specific categories to organize and reduce research data into manageable summaries. Quantitative data were analyzed using descriptive statistics such as mean and standard deviation and presented using charts, graphs, and tables.

The study used Analysis of Variance (ANOVA) to test the level of significance of the model on the dependent variable at a 95% confidence level. Also, the study conducted a multiple regression analysis to test the relationship between the study variables. The regression equation was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where Y= Service Delivery

β_1, \dots, β_4 = Coefficients are coefficients of determination

X_1 = Performance contracting management

X_2 = Human resource management

X_3 = Financial management practice

X_4 = Processes and procedures

ϵ = Error term

Preceding multiple regression analysis will be tested for normality, multicollinearity, and homoscedasticity. Data presentation will be in the form of tables and figures.

3.8 Ethical Consideration

Before the commencement of data collection, the researcher obtained all the necessary documents, including an introduction letter from the school of Business, Strathmore University and a research permit from National Commission for Science, Technology, and Innovation (NACOSTI). After that, the county administration was contacted before the start of the study. The researcher assured the respondents that strict confidentiality was maintained in dealing with the responses.

CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The purpose of this study was to evaluate the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii. This chapter presents the descriptive and inferential data analysis of the study findings. The analysis was done in line with the specific objectives of the study and the major findings were grouped into three major sub-categories; general information of the respondents, descriptive statistics regarding the variables under investigation and inferential statistics on the same. The specific objectives of the study were; i) To determine the relationship between performance contracting management on service delivery, ii) To determine the relationship between the influence of human resource management and service delivery, iii) To investigate the relationship between financial management practice and service delivery and iv) To establish the relationship between processes and procedures and service delivery in County Government of Kisii.

4.2 Response Rate

The study had targeted three hundred and sixty six (366) respondents working at the Kisii county government. Consequently, these were the number of questionnaires distributed to respondents in various departments namely; Administration, Education, Agriculture, Health, Lands, Environment, Trade, Finance, Culture, and Roads. The findings of the study were summarized as shown in table 4.2.

Table 4.2: Response Rate

Return Status	Frequency	Percent (%)
Returned	285	77.8
Unreturned	81	22.2
Total	100	94.59

Source: Author (2019)

From Table 4.2, a total of two hundred and eighty-five (285) responses were obtained therefore, the turnout rate was seventy-seven-point eight percent (77.8%). The results are in line with the findings of (Baruch, 1999), who had argued that rate of 60 percent is good, and (Dennis, 2003; Stephen, 2006), who argued that rate of 70 percent is very good. Therefore this response was credible enough to enable the researcher to analyze the findings

4.3 Demographic Characteristics of Sampled Respondents

The data analysis in this section follows the sequence of the research questions as contained in the questionnaire as follows gender, age, the highest level of education and work experience. For each question, the results obtained from the respondent's questionnaires were given and a brief discussion follows the results of each question. Basing on the data collected, the following statistics were obtained concerning the sampled respondent's demographics.

4.3.1 Respondents' Gender

Gender plays an important role in evaluating the relationship between performance contracting and service delivery in the devolved governance system in County Government, in this case, Kisii County. This was considered a factor since the study sought to understand the relationship between gender and service delivery in the devolved governance systems. The study assessed the gender distribution of the sampled respondents and the following is a summary of the findings as shown in Figure 4.3.

Table 4.3: Respondents Gender

Gender	Frequency	Percent
Male	174	61.1
Female	111	38.9
Total	285	100.0

Source: Author (2019)

From table 4.3 above, out of 285 respondents, 61.1 percent were male while 38.9 percent were female. It can, therefore, be said that there was a slight gender balance in the county as the number of male participants seemed to be slightly higher in this study. The slight gender imbalance may be used to explain male dominance in administrative roles in many government offices in Kenya.

4.3.2 Respondents' Age

The study sought to assess the age distribution of the sampled respondents in order to determine which aspect of performance contracting affects service delivery in the devolved governance systems among different age groups. The implication of age becomes important in understanding the aspects of performance contracting management such as organizational leadership, process, structure, culture, human resource management, and financial management practices. The following is a summary of the statistics obtained as shown in table 4.4.

Table 4.4: Respondents Age

Age group	Frequency	Percent
18-28 years	65	22.8
29-38 years	103	36.1
39-48 years	69	24.2
above 48 years	48	16.8
Total	285	100.0

Source: Author (2019)

From above table 4.4, the study findings indicate that majority (36.1 percent) of the sampled respondents were aged between 29-38 years another 24.2 percent were aged

between 39-48 years while some 22.8 percent were aged between 18-28 years and another 16.8 percent were aged above 48 years. From the findings, it can be said that the county under study has employed youthful employees who are deemed to be aggressive in, service delivery. This can be attributed to government policy which requires that youth are given opportunities to serve.

4.3.3 Education Level

The purpose of this study was to evaluate the relationship between performance contracting and service delivery in the devolved governance system in the County Government of Kisii. In the pursuit to examine this, the sampled respondent's educational qualification was considered an important factor as service delivery requires competency and therefore requires employees who have an understanding of the good service delivery practices. In this study, this study sought to examine the education level of the respondents in order to determine their understanding of the variables under study and hence determine their ability to give valid responses. Past investigations have discovered that educational qualification expands work trainability prompting fulfillment and consequently performance (Njiru, 1999). Education and training are therefore critical factors in service delivery. Table 4.5. gives a summary of the statistics obtained from respondents.

Table 4.5: Education Level of the Respondents

Level	Frequency	Percent
Certificate	55	19.3
Diploma	73	25.6
Degree	109	38.2
Masters	48	16.8
Total	285	100.0

Source: Author (2019)

Data obtained show that majority (38.2%) of the sampled respondents had an undergraduate degree, some (25.6%) had college diplomas and another 19.3% certificate and only 16.8% master's qualifications in the field under practice. It was observed that the respondents with college certificate/diplomas held a work experience of many years in strategic management. From the level of education, the study finds that the majority of employees are trainable in their areas of work and hence conclusions made are from the informed workforce thus fostering quality service delivery. Again, the majority of employees can relate with different service delivery aspects depending on the level of education and hence service delivery is well understood in the organizations.

4.3.4 Working Experience

The study sought to assess the work experience for the sampled respondents working in Kisii county government to determine its effect on service delivery. It is a general assumption that the longer employees work in a particular area, the more experience they gain and hence become more resourceful (Rabindra, 2016). The following findings were obtained as summarized in table 4.6.

Table 4.6: Working experience

Experience	Frequency	Percent
less than 3 years	48	16.8
more than 3 years	237	83.2
Total	285	100.0

Source: Author (2019)

The results on Table 4.6 indicate that majority of the respondents (83.2%) had worked in devolved governments for more than 3 years while (16.8%) of the respondents had worked for less than three years. The findings imply that the respondents had relevant work experience and hence were more likely to be aware of the factors affecting

service delivery in the county. According to Adquith and Weiss (2016), a period of three years and allows one not only look for consistency in performance but also trends in the firm's operations. From the results, it can be implied that most respondents had enough work experience to understand the topic under study.

4.4 Descriptive and inferential statistics and discussions for variables under study

The study presents descriptive and inferential results of the variables of the study. Descriptive statistics used were percentages and frequencies. Further, inferential statistics used included correlation coefficient and regression analyses.

4.4.1 Performance Contract Management

This section contains respondents' responses relating performance contract management statements.

4.4.1.1 Core business of the department

The study sought to determine if the performance indicators under study matched the core business of the department and the following statistics were obtained as summarized in table 4.7.

Table 4.7: Core business of the department

	Frequency	Percent
Strongly disagree	29	10.2
Disagree	22	7.7
Neutral	97	34.0
Agree	121	42.5
Strongly agree	16	5.6
Total	285	100.0

Source: Author (2019)

Findings in Table 4.7 indicate that majority (42.5%) of the sampled respondents were in agreement that performance indicators match the core business of the department.

Some (34.0%) were neutral to the statement while 10% strongly agreed to the statement on whether performance indicators match the core business of the department. A few 7.7% disagreed while only 5.6% strongly agreed to this statement.

4.4.1.2. Quality Assurance and Performance Contracting

The opinion of the sampled respondents regarding quality assurance during the process of performance contracting, the following findings were obtained as summarized in table 4.8.

Table 4.8: Quality assurance and Performance Contracting

	Frequency (f)	Percent (%)
Not at all	96	33.7
Less extent	58	20.4
Moderate extent	76	26.7
Great extent	42	14.7
Very great extent	13	4.6
Total	285	100.0

Source: Author (2019)

The research findings as summarized in table 4.8 indicate that regarding whether quality assurance on performance contract was done before signing, 96 (33.7%) said not at all, 76 (26.7%) said to some moderate extent, 58 (20.4%) held less extent opinion, 42 (14.7%) said to some great extent while 13 (4.6%) of the respondents indicated that that to a very great extent.

4.4.1.3 Performance Monitoring and Reporting

The study sought to assess how often is performance monitoring and reporting done and the following statistics were obtained as shown in table 4.9.

Table 4.9: Performance Monitoring and Reporting

	Frequency (f)	Percent (%)
Quarterly	57	20.0
Semi annually	20	7.0
Annually	57	20.0
Not sure	78	27.4
Not done at all	73	25.6
Total	285	100.0

Source: Author (2019)

The results on table 4.9 indicate that majority (27.4%) were not sure, some (25.6%) indicated it was not done at all while another 20% cited that performance monitoring and reporting was done annually and 20% cited that it was done quarterly while only (7%) of the respondents indicated that monitoring and reporting was done semi-annually in devolved governance systems in County government of Kisii.

4.4.1.4 Mid-year Review of Performance Contracting

The study respondents were also asked if the county administration carried out a midyear review of performance contracting. The findings obtained were summarized as shown in table 4.10.

Table 4.10: Midyear Review of Performance Contracting

	Frequency (f)	Percent (%)
Yes	107	37.5
No	178	62.5
Total	285	100.0

Source: Author (2019)

As summarized in table 4.10, regarding carrying out midyear review, majority (62.5%) of the respondents were not in agreement that midyear review of performance contracting is carried out while some (37.5%) of the respondents indicated that midyear review on performance contracting are carried out in devolved governance systems in County government of Kisii.

4.4.1.5 Performance Evaluation

The performance evaluation was assessed in order to determine if it leads to rewarding the good and sanctioning the non-performers. The findings obtained were summarized as shown in table 4.11.

Table 4.11: Performance Evaluation

	Frequency (f)	Percent (%)
Not at all	67	23.5
Less extent	58	20.4
Moderate extent	93	32.6
Great Extent	60	21.1
Very great extent	7	2.5
Total	285	100.0

Source: Author (2019)

Basing on the findings summarized in table 4.11 it was observed that majority (23.6%) of the sampled respondents cited that performance evaluation leads to rewarding the good and sanctioning the non-performers to “moderate extent”. Another (23.5%) said not at all while some (21.1%) said to some great extent. A good number (20.4%) were to some less extent response while only 2.5% of the respondents said that to a very great extent, performance evaluation leads to; rewarding the good and sanctioning the non-performers in devolved governance systems in County government of Kisii.

4.4.1.6 Performance Contract Management correlation results

The correlation results in Table 4.12 show a statistically significant positive correlation between Performance contract management and service delivery in devolved governance systems in Kisii County ($r = 0.307, p < 0.05$).

Table 4.12: Correlations

		performance contracting	service delivery
performance contracting	Pearson Correlation	1	.307**
	Sig. (2-tailed)		.000
	N	285	285
service delivery	Pearson Correlation	.307**	1
	Sig. (2-tailed)	.000	
	N	285	285

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

4.4.1.7 Regression results of Performance Contract Management

As shown on Table 4.13 the R square is 0.094 which implies that 9.4% variation in service delivery in devolved governance systems in Kisii County can be explained by Performance contract management.

Table 4.13: Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate	Change in R Square	F	df1	df2	Sig. F Change
1	.307 ^a	.094	.40959	.094	29.497	1	283	.000

a. Predictors: (Constant), performance contracting

The ANOVA results on table 4.14 indicate that the F-statistics of the regression ($F_{(1, 283)} = 29.497$) is statistically significant ($p < 0.05$). This implies that the coefficients of the model are not equal to zero, suggesting that the model significantly fits the data.

Table 4.14: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.949	1	4.949	29.497	.000 ^b
	Residual	47.478	283	.168		
	Total	52.427	284			

a. Dependent Variable: service delivery

b. Predictors: (Constant), performance contracting

The results on Table 4.15 indicate that there exist a statistically significant positive relationship between Performance contract management and service delivery in

devolved governance systems in Kisii County ($\beta = 0.299$, $p < 0.05$). The following regression equation was obtained

$$Y = 1.542 + 0.299 X_1$$

Where;

Y – Service delivery

X_1 – Performance contract management

Table 4.15: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.542	.147		10.509	.000
	performance contracting	.299	.055	.307	5.431	.000

a. Dependent Variable: service delivery

4.4.2 Human Resource Management

Respondents were asked to indicate their responses regarding human resource management measurable indicators.

4.4.2.1 Recruitment Process is Competitive

Table 4.16 gives a summary of the responses obtained from the sampled respondents when they were asked if the recruitment of staff is done through a competitive process.

Table 4.16: Recruitment Process is Competitive

	Frequency (f)	Percent (%)
Not at all	48	16.8
Less extent	52	18.2
Moderate extent	11	41.1
Great Extent	51	17.9
Very great extent	17	6.0
Total	285	100.0

Source: Author (2019)

Basing on the statistics summarized in table 4.16 it is clear that the majority (41.1%) of the respondents held a moderate extent opinion. Some (18.2%) said to some less extent while a few (17.9%) were of the great extent of opinion. Another 16.8% said not at all while only 6.0% of the respondents indicated that to a very great extent, recruitment of the staff was done through a competitive process in devolved governance systems in County government of Kisii.

4.4.2.2 Departmental Staff Schemes

The study also assessed if there were schemes of service for all the staff in your department. The findings were summarized as shown in table 4.17.

Table 4.17: Departmental Staff Schemes

	Frequency (f)	Percent (%)
Yes	173	60.7
No	56	19.6
Not sure	56	19.6
Total	285	100.0

Source: Author (2019)

According to the summary of the study findings in table 4.17, it was observed the majority (60.7%) of the respondents cited that they had a scheme of service for all the staff in their departments. 56 (19.6%) said no while another 56 (19.6%) said they were not sure whether the scheme of service for all the staff was available in the departments.

4.4.2.2 Rating of Departments Staff Schemes

The sampled respondents were asked to rate scheme of service in your department and the following statistics were obtained as summarized in table 4.18.

Table 4.18: Rating of Departments Staff Schemes

	Frequency (f)	Percent (%)
Satisfactory	135	78.0
High	34	19.7
Very high	4	2.3
Total	173	100.0

Source: Author (2018)

The study findings reveal that majority (78%) of the respondents rated the scheme of service in their department was satisfactory, while some (19.7%) high and only (2.3%) of the respondents rated the scheme of service in their department as very high.

4.4.2.3 Competency Development for County Staff

The study asked the sampled respondents how regular they have competency development for county staff. The following statistics were obtained as shown in table 4.19.

Table 4.19: Competency Development for County Staff

	Frequency (f)	Percent (%)
Not at all	74	26.0
Rarely	115	40.4
Moderately	65	22.8
Often	20	7.0
Very often	11	3.9
Total	285	100.0

Source: Author (2019)

The study findings revealed that the majority (40.4%) of the sampled respondents cited that they rarely had competency development for county staff. Some (26%) of the respondents held a not at all opinion while a few (22.8%) held moderately response and very few 7% said often and only 3.9% said that very often there was competency development for county staff in County government of Kisii.

4.4.2.4 Rating of the Work Environment for Workers in the County

The study asked the sampled respondents to rate the work environment for workers in the County. The following statistics were obtained as shown in table 4.20.

Table 4.20: Rating of the Work Environment for Workers in the County

	Frequency (f)	Percent (%)
Extremely low	29	10.2
Low	68	23.9
Neutral	144	50.5
High	34	11.9
very high	10	3.5
Total	285	100.0

Source: Author (2018)

According to the findings of this study, the majority (50.5%) of the sampled respondents gave a neutral rating. Some (23.9%) indicated a low rating while a few (11.9%) said that the rating was high. Another (10.2%) were of the opinion that the

rating was extremely low while very few 3.5% of the respondents rated very high the work environment for workers in the County of Kisii.

4.4.2.5 Job Appraisal

Table 4.21 gives a summary of the responses obtained from the sampled respondents when they were asked if Job appraisal was being done in the county of Kisii.

Table 4.21: Job Appraisal

	Frequency (f)	Percent (%)
Yes	94	33.0
No	116	40.7
Not sure	75	26.3
Total	285	100.0

Source: Author (2019)

The findings of this study reveal that majority (40.7%) of the respondents disagreed that job appraisal was being done in the county of Kisii, while some (33%) held the opinion that job appraisal was being carried out in the county. Further another 26.3% of the respondents indicated that they not sure whether that Job appraisal was being done in the county of Kisii,

4.4.2.6 Human Resource Management correlation results

The results on table 4.22 show that there exist a statistically significant positive correlation between human resource management and service delivery in devolved governance systems in Kisii County ($r = 0.390, p < 0.05$).

Table 4.22: Correlations

		Human resource management	service delivery
Human resource management	Pearson Correlation	1	.390**
	Sig. (2-tailed)		.000
	N	285	285
service delivery	Pearson Correlation	.390**	1

	Sig. (2-tailed)	.000	
	N	285	285

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

4.4.2.7 Regression results of Human Resource Management

As shown on Table 4.23 the R square is 0.152 which implies that 15.2% variation in service delivery in devolved governance systems in Kisii County can be explained by human resource management

Table 4.23:Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate	Change in R Square	F Change	df1	df2	Sig. F Change
1	.390 ^a	.152	.39633	.152	50.765	1	283	.000

a. Predictors: (Constant), human resource management

The results on table 4.24 indicate that the F-statistics of the regression ($F_{(1, 283)} = 50.765$) is statistically significant ($p < 0.05$) which indicates that the model applied significantly predict the change of the dependent variable as result of the independent variable included in the model.

Table 4.24:ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.974	1	7.974	50.765	.000 ^b
	Residual	44.453	283	.157		
	Total	52.427	284			

a. Dependent Variable: service delivery

b. Predictors: (Constant), human resource management

The results on Table 4.25 indicate that there exist a statistically significant positive relationship between human resource management and service delivery in devolved governance systems in Kisii County ($\beta = 0.385$, $p < 0.05$). The following regression equation was obtained

$$Y = 1.437 + 0.385 X_2$$

Where;

Y – Service delivery

X₂– Financial management

Table 4.25: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.437	.127		11.309	.000
	Human resource management	.385	.054	.390	7.125	.000

a. Dependent Variable: service delivery

4.4.3 Financial Management

Respondents were asked to indicate their responses regarding financial management statements.

4.4.3.1 Budgetary Allocation

The study sought to find out if the sampled respondents were satisfied with budgetary allocation in their department; the study findings were summarized as shown in table 4.26.

Table 4.26: Budgetary Allocation

	Frequency (f)	Percent (%)
Yes	71	24.9
No	164	57.5
Not sure	50	17.5
Total	285	100.0

Source: Author (2019)

Findings obtained indicates the majority (57.5%) of the respondents y were not satisfied with the budgetary allocation in their departments. Some 24.9% of the

respondents indicated that they were not satisfied while only 17.5% of the respondents held the not sure opinion on satisfaction with departmental budgetary allocation.

4.4.3.2 Departmental Rating on Utilization of Funds

The sampled respondents were asked to rate their department basing on the utilization of funds. Table 4.27 gives a summary of the study findings.

Table 4.27: Departmental Rating on Utilization of Funds

	Frequency (f)	Percent (%)
Very low	51	17.9
Low	71	24.9
Neutral	118	41.4
High	38	13.3
Very high	7	2.5
Total	285	100.0

Source: Author (2019)

According to the study findings, the majority (41.4%) of the sampled respondents gave a neutral rating. Some (24.9%) gave low rating while another 17.9% rated very low utilization of funds in their departments. Further, 13.3% of the respondents gave a high rating while only 2.5% of the respondents indicated that the utilization of funds in their departments was very high.

4.4.3.3 Funds are released on Time

The asked the sampled respondents on whether were released on time and the following statistics were obtained as summarized in table 4.28.

Table 4.28: Funds are released on Time

	Frequency (f)	Percent (%)
Yes	35	12.3
No	211	74.0
Not sure	39	13.7

Total	285	100.0
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Source: Author (2019)

Based on the study findings it was clear that the majority (74%) of the respondents indicated that funds for programs are not released on time. Some (13.7%) were not sure while only 12.3% of the respondents held the opinion that funds for the programs were being released on time in County Government of Kisii.

4.4.3.4 Projects are paid for as per Contractual Agreements

The study sought to find out if whether the county projects were paid for as per Contractual Agreements; the study findings were summarized as summarized in table 4.29.

Table 4.29: Projects are paid for as per Contractual Agreements

	Frequency (f)	Percent (%)
Yes	62	21.8
No	78	27.4
Not sure	145	50.9
Total	285	100.0

Source: Author (2019)

According to the study findings, it was observed the majority of the respondents (50.9%) were not sure if projects were paid for as per Contractual Agreements. some (27.4%) said “no” response while 21.8% of the respondents agreed that projects are paid for as per contractual agreements as presented.

4.4.3.5 Financial Management is Fully Automated and Functional

The study sought to find out if whether financial management was fully automated and functional in County Government of Kisii; the study findings were summarized as summarized in table 4.30.

Table 4.30: Financial Management is Fully Automated and Functional

	Frequency (f)	Percent (%)
Strongly Disagree	37	13.0
Disagree	49	17.2
Neutral	125	43.9
Agree	68	23.9
Strongly Agree	6	2.1
Total	285	100.0

Source: Author (2019)

The results on Table 4.30 show that majority (43.9%) of the respondents held a neutral opinion on whether financial management was fully automated and functional in the County Government of Kisii. There was disagreement among with 30.2% of the total population of the sampled respondents while 26% of the respondents were in agreement that financial management was fully automated and functional in devolved governance systems in County government of Kisii.

4.4.3.6 Financial Management Compliance

The study sought to find out if financial management at the county is compliant with the constitutional and other legal obligations;

Table 4.31: Financial Management Compliance

	Frequency (f)	Percent (%)
Not at all	27	9.5
Less extent	71	24.9
Moderate extent	113	39.6
Great extent	57	20.0
Very great extent	17	6.0
Total	285	100.0

Source: Author (2019)

Regarding whether financial management was compliant with the constitutional and other legal obligation, majority (39.6%) of the respondents indicated to a moderate extent, some (26%) indicated to a great extent while 24.9% held less extent opinion and only 9.5% said that financial management is not at all compliant with the constitutional and other legal obligation in devolved governance systems in County government of Kisii.

4.4.3.7 Financial Management correlation results

The correlation results in Table 4.32 show a statistically significant positive correlation between financial management and service delivery in devolved governance systems in Kisii County ($r = 0.546, p < 0.05$).

Table 4.32: Correlations

	financial management	service delivery
financial management	Pearson Correlation 1	.546**
	Sig. (2-tailed)	.000
	N	285
service delivery	Pearson Correlation .546**	1
	Sig. (2-tailed)	.000
	N	285

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

4.4.3.8 Regression results of Human Resource Management

As shown on Table 4.33 the R square is 0.298 which implies that 29.8% variation in service delivery in devolved governance systems in Kisii County can be explained by financial management.

Table 4.33:Model Summary

Model	R	Adjusted R Square	Std. Error Change Statistics			Sig. F Change		
			Estimate	Change	df1		df2	
1	.546 ^a	.298	.296	.36062	.298	120.1331	283	.000

a. Predictors: (Constant), financial management

b.

The ANOVA results on table 4.34 indicate that the F-statistics of the regression ($F_{(1, 283)} = 120.133$) is statistically significant ($p < 0.05$). This implies that the coefficients of the model are not equal to zero, suggesting that the model significantly fits the data.

Table 4.34:ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.623	1	15.623	120.133	.000 ^b
	Residual	36.804	283	.130		
	Total	52.427	284			

a. Dependent Variable: service delivery

b. Predictors: (Constant), financial management

The results on Table 4.35 indicate that there exist a statistically significant positive relationship between financial management and service delivery in devolved governance systems in Kisii County ($\beta = 0.549$, $p < 0.05$). The following regression equation was obtained

The following regression equation was obtained

$$Y = 0.997 + 0.549 X_3$$

Where;

Y – Service delivery

X₃– Financial management

Table 4.35: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.997	.123		8.086	.000
	financial management	.549	.050	.546	10.961	.000

a. Dependent Variable: service delivery

4.4.4 Processes and procedures

Respondents were asked to indicate their responses regarding processes and procedures statements.

4.4.4.1 Carrying Out of Duties

Table 4.36 gives a summary of the responses obtained from the sampled respondents when they were to rate the ease of carrying out their duties.

Table 4.36: Rating on the Ease of Carrying out your Duties

	Frequency (f)	Percent (%)
very low	27	9.5
Low	45	15.8
Neutral	147	51.6
High	50	17.5
very high	16	5.6
Total	285	100.0

Source: Author (2019)

The study findings revealed that the majority (51.6%) of the respondents rated neutral the ease of carrying out their duties. Some (23.1%) of the respondents gave a high rating while another 25.3% of the respondents gave a low rating the ease of carrying out their duties in devolved governance systems in County government of Kisii.

4.4.4.2 Program Outcomes are aligned to Sector Performance Standards

Table 4.37 gives a summary of the responses obtained from the sampled respondents when they were asked if the Program outcomes are aligned to Sector Performance Standards.

Table 4.37: Program Outcomes Aligned to the Sector Performance Standards

	Frequency (f)	Percent (%)
Yes	158	55.4
No	127	44.6
Total	285	100.0

Source: Author (2019)

The results on table 4.37 indicate that a fair majority (55.4%) of the sampled respondents agreed while some (44.6%) disagreed that program outcomes are not aligned to sector performance standards.

4.4.4.3 Processes and procedures are aligned to the Service Delivery charter

The study sought to find out if the processes and procedures are aligned to the service delivery charter; the findings were summarized as shown in table 4.38.

Table 4.38: Processes and Procedures are aligned to the service Delivery Charter

	Frequency (f)	Percent (%)
Yes	123	43.2
No	29	10.2
not sure	133	46.7
Total	285	100.0

Source: Author (2019)

Based on the results on table 4.38, the majority (43.2%) of the respondents indicated that processes and procedures are aligned to the service delivery charter. Further, 46.7% of the respondents were not sure while 29(10.2%) of the respondents held the opinion that processes and procedures were not aligned to the service delivery charter.

4.4.4.4 Success Rate of Programs at the County

The study asked the sampled respondents to rate the success of county programs and the following is a summary of the study findings as shown in table 4.39.

Table 4.39: Success Rate of Programs

	Frequency (f)	Percent (%)
Very low	23	8.1
Low	66	23.2
Neutral	128	44.9
High	59	20.7
Very high	9	3.2
Total	285	100.0

Source: Author (2019)

According to the study findings summarized in table 4.39, it was observed that the majority (44.9%) of the respondents held a neutral opinion. Some (31.3%) said the rating was low while only 23.9% rated the success of the programs as being high in devolved governance systems in County government of Kisii.

4.4.4.5 Processes and Procedures correlation results

The results on table 4.40 show that there exists a statistically significant positive non causal relationship between processes and procedures and service delivery in devolved governance systems in Kisii County ($r = 0.411, p < 0.05$).

Table 4.40: Correlations

		Processes and procedures	service delivery
Processes and procedures	Pearson Correlation	1	.411**
	Sig. (2-tailed)		.000
	N	285	285
Service delivery	Pearson Correlation	.411**	1
	Sig. (2-tailed)	.000	
	N	285	285

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

4.4.4.5 Regression results of Processes and Procedures

As shown on Table 4.41 the R square is 0.169 which implies that 16.9% variation in service delivery in devolved governance systems in Kisii County can be explained by processes and procedures.

Table 4.41: Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate	Change in R Square	F	df1	df2	Sig. F Change
1	.411 ^a	.169	.39240	.169	57.487	1	283	.000

a. Predictors: (Constant), processes and procedures

As presented on table 4.42, the F-statistics of the regression ($F_{(1, 283)} = 57.487$) which is statistically significant ($p < 0.05$) indicating that the model applied significantly predict the change of the dependent variable as result of the predictor variable included in the model.

Table 4.42: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.852	1	8.852	57.487	.000 ^b
	Residual	43.575	283	.154		
	Total	52.427	284			

a. Dependent Variable: service delivery

b. Predictors: (Constant), processes and procedures

Further, the results on table 4.43 indicate that there exist a statistically significant positive relationship between processes and procedures and service delivery in devolved governance systems in Kisii County ($\beta = 0.381$, $p < 0.05$). The following regression equation was obtained

$$Y = 1.411 + 0.381 X_4$$

Where;

Y – Service delivery

X₄ – Processes and procedures

Table 4.43: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.411	.123		11.466	.000
	Processes and procedures	.381	.050	.411	7.582	.000

a. Dependent Variable: service delivery

4.4.5 Service Delivery

Respondents were asked to indicate their responses regarding service delivery statements.

4.4.5.1 Customers Satisfaction with Services Offered in the County

The study sought to assess the sampled respondent's opinion on whether their customers were satisfied with the services offered in the county. The following findings were obtained as summarized in table 4.44.

Table 4.44: Customers Satisfaction with Services Offered in the County

	Frequency (f)	Percent (%)
No at all	19	6.7
Less extent	40	14.0
Moderate extent	184	64.6
Great extent	30	10.5
Very great extent	12	4.2
Total	285	100.0

Source: Author (2019)

As presented on table 4.44, the majority (64.6%) of the respondents cited that to a "moderate extent" customers were satisfied with service delivery in the county. Some (14.7%) indicated it was to a great extent while a few (14%) and very few (6.7%) of the respondents indicated less extent and not at all respectively.

4.4.5.2. Department's Resolution of Public Complaints

The sampled respondents were also asked to rate the department's resolution on public complaints. The following statistics were obtained as shown in table 4.45.

Table 4.45: Department's Resolution of Public Complaints

	Frequency (f)	Percent (%)
Very low	30	10.5
Low	117	41.1
Neutral	43	15.1
High	86	30.2
Very high	9	3.2
Total	285	100.0

Source: Author (2019)

The results on table 4.45 indicate that majority (51.6%) of the respondents rated their departments low in terms of resolving public complaints. Some (33.4%) of the respondents gave a high rating while very few (15.1%) of the respondents held a neutral opinion on whether the department's resolution of public complaints.

4.4.5.3 The Key focus is on Service Delivery Innovation and Implementation

The sampled respondents were asked to state if service delivery innovation and implement were the key focus in their department. Table 4.46 gives a summary of the study findings.

Table 4.46: The Key Focus is on Service Delivery Innovation and Implementation

	Frequency (f)	Percent (%)
Yes	176	61.8
No	28	9.8
Not sure	81	28.4
Total	285	100.0

Source: Author (2019)

According to the results presented in table 4.46 majority (61.8%) of the respondents said “Yes” the key focus is on service delivery innovation and implementation. Some (28.4%) of the respondents were not sure while 28(9.8%) of the respondents indicated that the key focus was not on service delivery innovation and implementation in devolved governance systems in County government of Kisii.

4.4.5.4 Satisfaction with Service Delivery in the Department

The study assessed the sampled respondents on whether they were satisfied with the quality of service delivery in the department. The findings of this study were as summarized in table 4.47.

Table 4.47: Satisfaction with Service Delivery in the Department

	Frequency (f)	Percent (%)
Yes	124	43.5
No	116	40.7
Not sure	45	15.8
Total	285	100.0

Source: Author (2019)

According to the study finding summarized in table 4.47, it was observed that the majority (43.5%) of the sampled respondents said “Yes” they were satisfied with the quality of service delivery at the department. Some (40.7%) said “No” while only 15.8% were “Not Sure”.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings, conclusions of the findings, recommendations of the study and suggestions for further research.

5.2 Discussion of Findings

The main purpose of the study was to evaluate the relationship between Performance Contracting and service delivery in the devolved governance system in the County Government of Kisii. The study sought to examine the relationship between the effect of performance contracting management, human resource management, financial management practices, processes and procedures and services in County Government of Kisii. Data collected were analyzed using descriptive and inferential statistics. Findings were presented using statistical tables while the response rate was 77.8%. The research findings are discussed based on the objectives of the study.

5.2.1 The relationship between Performance Contracting Management and Service Delivery

The first objective of the study was to determine the relationship between the effects of performance contracting management on service delivery in the County Government of Kisii. The research findings indicate that respondents were in agreement that performance indicators match the core business of the department in devolved governments while quality assurance on performance contract was not really done before signing. Further, the results indicate that performance monitoring and reporting was not done in devolved governance systems. Respondents were in

disagreement that mid-year review of performance contracting is carried out. The reasons why performance contracting review was not done were; not yet introduced in their job cadre, lack of facilitation, implementation still in its planning stage or review Process still in formation stage. Moreover, some respondents indicated that they were aware of performance contracting while others indicated that performance contracting review was not given the value it deserves with others holding the opinion that reporting not followed. Further respondents were in moderately agreed that performance evaluation leads to rewarding the good and sanctioning the non-performers in devolved governance systems in the County government of Kisii. There exists a statistically significant positive relationship between the effect of performance contract management and service delivery in devolved governance systems in Kisii County. A beta coefficient of 0.299 means that when Performance contract management increases by an additional unit, service delivery in devolved governance systems in Kisii County increases by 0.299 units. These findings are in agreement with those of Mutembei (2014), a study 'enhancing implementation of performance contacting in the public service under devolved county governments of Kenya' found that a well-defined program is key in supporting the implementation of performance contracting.

5.2.2 The relationship between Human Resource Management and Service Delivery

The second objective of the study was to determine the relationship between the influence of human resource management and service delivery in the County Government of Kisii. Respondents held a moderate extent opinion on whether recruitment of staff is done through a competitive process. The scheme of service for all the staff in County Government of Kisii was rated satisfactory. Further, it was

established that competency development for county staff is not regularly done with respondents giving a moderate rating to the work environment in County Government of Kisii. Most respondents were in disagreement that job appraisal was being done in the county of Kisii, with a fair majority indicating that they are not sure whether that Job appraisal was being done in the county of Kisii. The results indicate that the relationship between the effect of human resource management and service delivery in devolved governance systems in Kisii County was positive and statistically significant. A beta coefficient of 0.385 implies that when human resource management increases by an additional unit, service delivery in devolved governance systems in Kisii County increases by 0.385 units. These findings are consistent with those of Purcell et al. (2003) in a study of 12 companies to establish how people management impacts on organization performance, the study noted that proper human resource management has a positive influence on performance and hence service delivery.

5.2.3 The relationship between Financial Management Practice and Service Delivery

The third objective of the study was to investigate the relationship between financial management practice and service delivery in the County Government of Kisii. The results indicate that most respondents indicated that they were not satisfied with the budgetary allocation in their departments, reasons that the respondents gave for their dissatisfaction with budgetary allocation in their departments were that; there were no funds allocated in some of the departments while others indicated that the allocated funds were inadequate, respondents indicated that they lacked satisfaction with budgetary allocation because most projects were stagnant or underdeveloped. There were also views from the respondents that transparency lacked in budgetary allocation

with others indicating that funds were not allocated on time. Regarding the rating of the departments in the utilization of funds, the majority of the respondents gave neutral rating while it was established that funds for programs are not released on time in County Government of Kisii. Further, few respondents agreed that projects are paid for as per contractual agreements. Majority of the respondents held a neutral opinion on whether financial management was fully automated and functional in County Government of Kisii while respondents held the opinion that financial management was not fully automated and functional in devolved governance systems in County government of Kisii. It was established that there exists a statistically significant positive relationship between the effect of financial management and service delivery in devolved governance systems in Kisii County. A beta coefficient of 0.549 indicates that when financial management increases by an additional unit, service delivery in devolved governance systems in Kisii County increases by 0.549 units. These findings are in agreement with those of Cheche (2014), in his review of literature noted that performance contracting is key in service delivery and emphasized the key influence being the financial management practice on the service delivery .

5.2.4 The relationship between Processes and Procedures and Service Delivery

The fourth objective of the study was to establish the relationship between the effect of processes and procedures and service delivery in the County Government of Kisii. Majority of the respondent rated neutral the ease of carrying out their duties in devolved governance systems in the County government of Kisii. Although the respondents agreed that program outcomes were not aligned to sector performance standards, there was also disagreement among most respondents. Some of the reasons that the respondents gave for non-alignment of the outcome of the program to sector

performance standards were; that there was no order in the release of funds by the treasury, while others indicated that most staff are not involved. In performance standards review. Further respondents indicated that other reasons why program outcomes were not aligned to sector performance standards were because there have been a lot of complaints and political influence and poor public sensitization. Processes and procedures were not fully aligned to the service delivery charter because there was no service delivery charter and proper structure as well as due to inadequate funds. Regarding rating the success of programs most respondents held a neutral opinion on rating the success of the programs high in devolved governance systems in County government of Kisii. Further, the results indicate that the relationship between the effect of processes and procedures and service delivery in devolved governance systems in Kisii County was positive and statistically significant. A beta coefficient of 0.381 implies that when processes and procedures increase by an additional unit, service delivery in devolved governance systems in Kisii County increases by 0.381 units. These findings are in agreement with those of Kobia and Mohamed (2006), who found that institutional environment which includes the processes and procedures is key in the service delivery and keeps the public servants on check.

5.3 Conclusions of the Study

It was concluded that the effect of performance contracting management has a significant relationship with service delivery in devolved governance systems in Kisii County. Performance monitoring and reporting were not done in devolved governance systems. Respondents were in disagreement that mid-year review of performance contracting is carried out. The reasons why performance contracting review was not

done were; not yet introduced in their job cadre, lack of facilitation, implementation still in its planning stage or review process still in formation stage. Further, conclusions were made that performance contracting review was not given the value it deserves in devolved governance systems.

Conclusions were made that the effect of human resource management has a significant relationship with service delivery in devolved governance systems in Kisii County. Recruitment of staff is not done through a competitive process while competency development for county staff is not regularly done. Employees were not very satisfied with the work environment in the County Government of Kisii. Moreover, it can be concluded that job appraisal is not done in devolved governance systems in Kisii County. Further, conclusions can be made that the effect of financial management practice has a significant relationship with service delivery in devolved governance systems in Kisii County. The staffs in County Government of Kisii were not satisfied with the budgetary allocation in their departments. Conclusions were made that funds for programs are not released on time leading to a low rating of the departments by the respondents. Financial management was not fully automated and functional in devolved governance systems in the County government of Kisii. It was concluded that the effect of processes and procedures has a significant relationship with service delivery in devolved governance systems in Kisii County. There was no ease of carrying out their duties in devolved governance systems in County government of Kisii while program outcomes were not aligned to sector performance standards. It was concluded that processes and procedures were not fully aligned to the service delivery charter because there was no service delivery charter and proper structure as well as due to inadequate funds.

5.4 Recommendations of the Study

It was recommended that devolved governance systems should initiate performance monitoring and reporting as we as ensure mid-year review of performance contracting is carried out so as to enhance performance contracting implementation and review.

Recommendations were made that the recruitment of staff should be done through a competitive process while competency development and job appraisal for county staff should regularly be done. This will ensure skilled employees' thus enhancing performance contracting in County Government of Kisii.

It was recommended that devolved governance systems should ensure budgetary allocation in departments is done on time. Further, funds for programs should be released on time to the departments so as to ensure effective service delivery. Ease of carrying out duties among the employees in devolved governance systems should be enhanced, the introduction of service delivery charter and alignment of program outcomes to sector performance standards in a bid to ensure effective service delivery in County Government of Kisii.

5.5 Suggestion for Further Research

The study employed a case study approach of Kisii County; it is recommended that this study is carried on a broader scale in Kenya. Yin (2003) asserts that a single case study is weaker than a multiple case study as the research findings cannot be applied in any other situations. In determining key measurable indicators under each study's variable qualitative research was used. Further research can be conducted to test and validate the research findings using a quantitative approach.

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APPENDICES

APPENDIX A: LETTER TO THE RESPONDENT

Skitter W. Mbugua
Strathmore University
P.o Box 59857-00200, Nairobi.

Date:

Through,
County Secretary
Kisii County Government
P.o Box 4550-40200, Kisii.

Dear respondent,

Re: Participation in Filling of questionnaire

I am a student at Strathmore University, school of business undertaking a masters degree program in Business administration. Partial fulfillment requirement for the degree requires an undertaking of a research that leads to writing of a dissertation. The title of the research is “effectiveness of performance contracting on service delivery in devolved governance system: a case study of Kisii County, Kenya”. As an officer directly/ indirectly involved with performance contracting in the county, your knowledge and experience will be valuable in the research.

Kindly spare 15 minutes to complete the attached questionnaire by providing your personal and honest opinion to the questions provided in the questionnaire; tick in the boxes provided after every question or when required to give remarks, write in the spaces provided after the question.

You do not require writing your name anywhere in the questionnaire for anonymity. The information will be treated with high level of confidentiality and solely for academic purpose. Your co-operation is highly appreciated.

Thank you for accepting to take part in the study.

Yours Sincerely,

Skitter W. Mbugua.
Skitter.mbugua@strathmore.edu

APENDIX B: RESEARCH QUESTIONNAIRE

INSTRUCTION:

To participate in the research study on the "effectiveness of performance contracting on service delivery in the devolved governance system: a case study of Kisii county, Kenya". You are kindly requested to give your personal and honest opinion regarding performance contracting by ticking the box that gives the best answer, where explanation or remarks is requested, please write in the spaces provided after the question. Confidentiality and anonymity is guaranteed.

PART I GENERAL INFORMATION

- 1 Gender Male Female
- 2 Age in years 18 - 29 - <38 39 - <48
 <28 > 48
- 3 Highest level of education
 Certificate Diplom a Degree
 Masters Any other, specify

- 4 Current designation CEC CO
 Director A. Director
- 5 Work experience 1-3 Yrs 4-8 Yrs 9-14 Yrs
 15 Yrs & above

PART II PERFORMANCE CONTRACT MANAGEMENT

- 6 Performance indicators match the core business of the department

Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 7 Quality assurance on performance contract was done before signing

Not at All 1	Less Extent 2	Moderate Extent 3	Great Extent 4	Very great Extent 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 8 How often is performance monitoring and reporting done?

Quarterly 1	Semi Annualy 2	Annually 3	Not sure 4	Not done at all 5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 9 Do you carry out Mid-year review of performance contracting?
 Yes No

If no briefly explain

.....

.....

- 10 Performance Evaluation leads to; rewarding the good and sanctioning the non-perform

Not at All	Less Extent	Moderate Extent	Great Extent	Very great Extent
1	2	3	4	5

PART III HUMAN RESOURCE MANAGEMENT

- 11 Is Recruitment of staff is done through a competitive process?

Not at All	Less Extent	Moderate Extent	Great Extent	Very great Extent
1	2	3	4	5

- 12 Do you have a scheme of service for all the staff in your department?

Yes No Not sure

- 13 If yes, how do you rate with the scheme of service in your department?

Not Sure	Poor	Satisfactor y	High	Very High
1	2	3	4	5

- 14 How regular do you have competency development for county staff?

Not at All	Rarely	Moderatel y	Often	Very often
1	2	3	4	5

- 15 How would you rate the work environment for workers in the County?

Extremely Low	Low	Neutral	High	Very High
1	2	3	4	5

16 Is Job appraisal done in the county?
 Yes No Not Sure

PART IV FINANCIAL MANAGEMENT

17 Are you satisfied with budgetary allocation in your department?
 Yes No Not Sure

If No briefly explain

18 In a scale of 1 to 5 how would you rate the department utilization of funds? (Where 1 is very low, 3 is neutral, 4 is high and 5 is very high)

1	2	3	4	5

19 Are Funds for programs released on time?
 Yes No Not Sure

20 Projects are paid for as per contractual agreements
 Yes No Not Sure

21 Financial management is fully automated and functional

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

22 Financial management is compliant with the constitutional and other legal obligation

Not at All	Less Extent	Moderate Extent	Great Extent	Very great Extent
1	2	3	4	5

PART V PROCESSES AND PROCEDURES

23 How would you rate the ease of carrying out your duties? (In the scale of 1 to 5 where 1 is very low, 2 is low, 3 is neutral, 4 is high and 5 is very high)

1	2	3	4	5

24 Are the programme outcomes aligned to sector performance standards?

25 If no, please explain

26 Are the processes and procedures aligned to the service delivery charter?

Yes No Not Sure

27 If no, please explain

28 How would you rate the success of programs? (In the scale of 1 to 5 where 1 is very low,

2 is low, 3 is neutral, 4 is high and 5 is very high) please tick in the appropriate box

1	2	3	4	5

PART VI SERVICE DELIVERY

- 29 To what extent are customers satisfied with services you are offering in the County?
Please tick in the appropriate box

Not at All	Less Extent	Moderate Extent	Great Extent	Very great Extent
1	2	3	4	5

- 30 In a scale of 1 to 5 rate your department's resolution of public complaints, where 1 is very low, 2 is low, 3 is neutral, 4 is high and 5 is very high. Please tick in the appropriate box

1	2	3	4	5

- 31 The key focus is on service delivery innovation and implementation

Yes No Not Sure

- 32 Are you satisfied with the service delivery in the department?

Yes No Not Sure

- 33 If the answer above is **No** what do you think is the cause?
-

- 34 What are your recommendations to effective service delivery?

1.
2.
3.
4.

Thank you very much for taking your time to respond to this Questionnaire.

APPENDIX C: FACILITATION OF RESEARCH



Strathmore Business School

Wednesday, 27 September 2017

To Whom It May Concern.

Dear Sir/ Madam,

RE: FACILITATION OF RESEARCH – SKITTER WANGECI MBUGUA

This is to introduce Skitter Mbugua, who is a Master of Business Administration student at Strathmore Business School, admission number MBA/92702/16. As part of our MBA Program, Skitter is expected to do applied research and to undertake a project. This is in partial fulfillment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organization.

Skitter is undertaking a research paper on “**Evaluation of The Effect of Performance Contracting on Service Delivery in Devolved Governance System – A Case Study of County Government of Kisii, Kenya.**” The information obtained from you shall be treated confidentially and shall be used for academic purposes only.

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

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

Yours sincerely,


Muriithi Njogu

Director – MBA Programs



Ole Sangale Rd, Madaraka Estate
P.O. Box 59857-00200, Nairobi, Kenya
Tel: 0703 034 414/416/417 Email: info@sbs.ac.ke
www.sbs.strathmore.edu
Twitter: @SBSKenya

Strathmore Business School is a proud member of:



APPENDIX D: ETHICAL CLEARANCE



18th April 2019

Dr. Mbugua, Skiter Wangeci
skiterwm@gmail.com

Dear Dr. Mbugua,

REF Protocol ID: SU-IERC0387/19 Student Number: 92762

EVALUATION OF THE EFFECT OF PERFORMANCE CONTRACTING ON SERVICE DELIVERY IN DEVOLVED GOVERNANCE SYSTEM- A CASE STUDY OF COUNTY GOVERNMENT OF KISII, KENYA

We acknowledge receipt of your application documents to the Strathmore University Institutional Ethics Review Committee (SU-IERC) which includes:

1. Study Protocol submitted 15th April 2019
2. Cover letter listing all submitted documents 4th April 2019
3. Proposal declaration Page signed by supervisors 4th April 2019

The committee has reviewed your application, and your study "*Evaluation of the Effect of Performance Contracting on Service Delivery in Devolved Governance System- A Case Study of County Government of Kisii, Kenya*" has been granted approval.

This approval is valid for one year beginning 18th April 2019 until 17th April 2020

In case the study extends beyond one year, you are required to seek an extension of the Ethics approval prior to its expiry. You are required to submit any proposed changes to this proposal to SU-IERC for review and approval prior to implementation of any change.

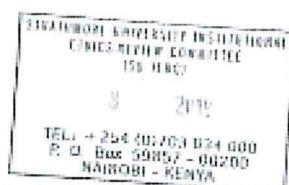
SU-IERC should be notified when your study is complete.

Thank you

Sincerely,


Prof Florence Oloo

Secretary
Strathmore University Institutional Ethics Review Committee



APPENDIX E: NACOSTI PERMIT



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-221-4471
224434,3310571,2219459
Fax: +254-20-218243,218249
Email: cp@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI Upper Kabete
Off Nairobi Way
P.O. Box 39823-00100
NAIROBI-KENYA

REF: NACOSTI/P/19/82375/29905

Date: 8th May, 2019

Dr. Skitter Wangeci Mbugua
Strathmore University
P.O. Box 59857-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"Evaluation of the effect of performance contracting on service delivery in devolved governance system: A case study of County Government of Kisii, Kenya"* I am pleased to inform you that you have been authorized to undertake research in Kisii County for the period ending 8th May, 2020.

You are advised to report to the County Commissioner and the County Director of Education, Kisii County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

A handwritten signature in black ink, appearing to read 'Dr. Stephen K. Kibiru', is written over a horizontal line.

DR. STEPHEN K. KIBIRU, PhD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kisii County.

The County Director of Education
Kisii County.