

**PERFORMANCE CONTRACTING AND SERVICE DELIVERY OF
MANAGERS IN THE COASTAL REGION COUNTIES OF KENYA**

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**RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

NOVEMBER, 2020

DECLARATION

This research project is my original work and has not been presented for academic purposes in the University of Nairobi or any other University.



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This research project has been submitted for examination with my approval as the University Supervisor.



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ACKNOWLEDGEMENTS

God's name be praised. The kindness and eternal love of the Almighty God allowed for this research to be carried out by the people, resources, time and facilities. Dr. Kennedy Ogollah oversaw this project from beginning to end. For all the assistance and strategic advice, I am extremely grateful to him.

DEDICATION

I dedicate this project work to my late Father Mr. John Mbega (R.I.P) for his great love, support and sacrifices. I also dedicate the project to my wife and children because of their love and moral support.

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ABBREVIATIONS AND ACCRONYMS

| | | |
|-------------|---|---|
| CECs | : | County Executive Committee Members |
| COs | : | Chief Officers |
| ERS | : | Economic Recovery Strategy |
| GoK | : | Government of Kenya |
| GPRA | : | Government Performance and Results Act |
| MDAs | : | Ministries, Departments and Agencies |
| MOU | : | Memorandum of Understanding |
| PC | : | Performance Contract |
| RBM | : | Results Based Management |
| SAPs | : | Structural Adjustment Programs |
| SPSS | : | Statistical Package for Social Sciences |
| USA | : | United States of America |

ABSTRACT

Performance contracting plays a key role in generating the desired behaviours with more emphasis on the outcome. Following the introduction of a devolved system of governance by the Constitution of Kenya (2010), County governments were needed to design a plan for performance management for assessing the public service performance of the county and implementing county policy. The study objective was to determine the performance contracting and service delivery of managers in the coastal region counties of Kenya. This research was anchored on two theories; Agency theory and new public service theory. Cross sectional study design was employed in this study. The population of this study was 210 managers. They included County Executive Committee members (CECs), Chief Officers (COs) and County Directors, from all the six coastal region counties of Kenya, namely Mombasa, Kwale, Kilifi, Lamu, Tana River and Taita Taveta thus making the study a census. The study utilized primary as well as secondary data collection techniques. Using questionnaires, primary data was obtained. Qualitative data was analyzed using content analysis. Descriptive analysis was used for analysing quantitative data with the aid of IBM SPSS (Version 25.0). the study conducted multiple regression for inferential data analysis. The study established that setting targets was based on county priorities, that set county standards and performance targets are clear and that employees comprehends the targets in their departmental under performance contract. The study found that the management supports the efforts of PC in performance evaluations, that the quality of services provided have improved and that performance contracting has increased the number of evaluations. The study concluded that performance feedback had the greatest effect on service delivery in coastal counties in Kenya followed by target setting while performance evaluation had the least effect on the service delivery in coastal counties in Kenya. The study recommends that county governments should encourage their employees to embrace target setting so as to improve in service delivery. The study recommended that county governments needs to ensure that there is a favourable conditions to allow for employee's participation in target setting as a measure to enhance customer satisfaction.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Performance contracting is one of the performance management strategies (Kobia, 2016) achieved by the desire for efficiency and transparency utilization of resources in public sector. Performance contracting system was initiated in late 1960s in France. The most recent decades have shown that Africa's improvement requires serious exertions towards tending its development challenges. One of the approaches to handle these challenges is through public sector efficiency and effectiveness. African countries adopted the structural adjustment programs (SAPs) to achieve this. (World Bank, 1989). On the other hand, service delivery is regarded as the provision of a products or service by an entity to its people. According (Riekert, 2001), service delivery is the process of making public services available for consumption is referred to as service delivery.

This research focused on two theories; Agency theory and new public service theory. Agency theory was first propounded by (Rose, 1972). Accordingly, the theory focuses on the relationship between an organization and its stakeholders, (Rose, 1972). When applied in public service, the theory provides useful insights into the problems of political control of processes and public sector managers, especially in a decentralized environment (Larbi, 2010). The issue is what controls would allow elected politicians to hold public sector managers accountable for their decisions and actions. In addition, the stakeholders include citizens, who expect service delivery from the managers of these public resources who are the agents.

On the other hand, the new public service theory was developed by Hood (1991). It represents asset of ideas, values and practices aimed at emulating private sector practices in the public sector (Bourgon, 2007). The theory, when used in this context helps in understanding service delivery variable. The reason of establishing county governments is to ensure efficient service delivery.

In this regard, county governments are important tool for new public management reforms in improving the quality public services (Wagawa, 2017). Following the promulgation of the Constitution of Kenya (2010), a devolved system of governance was adopted in Kenya. According to the (COK 2010), there are 47 county governments. Out of the 47 county governments, 6 are located in the coastal region. They include Mombasa, Kilifi, Kwale, Lamu, Tana, River and Taita Taveta. These counties comprise of 26 sub counties and 130 wards. These counties have experienced declining performance in public services to citizens which can be attributed inadequate resources, corruption and lack of clear strategic plans among others. Since these counties play a critical role in service delivery to citizens, there was need to evaluate their performance in respect to performance contracting.

The devolved system was intended to address the alienation by the national government and the failure of the former local authorities in delivery of services. In light of this, the County governments were required to design a performance management plan to evaluate performance of the county public service and the implementation of county policies (GoK, 2012).

The Government of Kenya (2015), issued Performance Contracting Guidelines meant to support county governments to design and implement Performance Contracting as a performance management accountability framework, in accordance with Sections 47 and 113 (3) of the County Governments Act (2012). In spite of the performance contracts introduction, efficiency in the provision of services at the counties is yet to be realized. Consumers are still complaining of delay in accessing public goods and services when they are required (Mosomi, Kindiki & Boit, 2014). It is with this background that this research sought to analyse performance contracting and service delivery of managers in the coastal region counties in Kenya.

1.1.1 Performance Contracting

Performance contracting had its beginning in performance as the transformation of inputs to outputs meant to achieve a specific outcome (Armstrong, 2006). Thus, performance depicts the relationship between the realized output also regarded as efficiency and the effective cost. For an establishment to have the ability of achieving achieve its shared purpose, it should be able to voluntarily associate its productive assets, which is the concept of organizational performance Armstrong (2006). The value that those that provide assets to the organization get in return is what makes them committed to the organization, while the assets are also being used alternatively, which makes organizational performance as the basis of value creation. When a firm has the capability to use its resources efficiently and efficiently, it is then able to attain organizational performance.

The process of performance contracting involves target setting, performance evaluation and feedback. Target-setting is a strategic process to establish performance objectives that needs to be achieved at a certain period of time. Organizations must safeguard themselves in the face of the danger of setting targets which are too low to achieve high results but which have an impact on the strategic objectives of the organization (Nickols, 2011).

Performance evaluation is a review and debate of the execution of tasks and responsibilities assigned to the employees (Mullins, 2014). As per Fillipe (2013), A systematic, regular and impartial assessment of an employee's excellence in his / her current responsibilities and his / her potential for a better job is evaluation. For management in any organization a good evaluation system is so essential. The company itself's success depends mainly on a sound assessment system. In order to help the organisation, meet its strategic goals, a good assessment system will adequately recognize those who make more contributions and promote the proper type of people to positions of higher responsibility (Stonner, Freeman & Gilbert, 2013).

Performance feedback is a continuous process between the staff and the manager in which information on the expected performance is exchanged and performance shown (Mosomi, Kindiki & Boit, 2014). Constructive feedback can commend better performance or highlight poor performances, and always be linked to standards of performance.

Feedback from productivity supervisors helped staff to enhance individual development for higher performance and measure actual performance according to predetermined criteria (Larbi, 2010).

1.1.2 Service Delivery

Service delivery as defined in the context of public service, is the provision of a product or service, by a government entity to its people. Mostly, public services include the following areas of public management, national and County government, Parastatals and other government agencies. The process of making public services available for consumption is referred to as service delivery, (Riekert, 2001).

Most governments introduced new systems to delivering services to the public. These systems included the introduction of strategic plans, public service delivery charters, introduction of performance contracts to the service delivery officers (Balgun, 2003). Performance contracts were introduced as a way to guide service delivery towards achievement of effectiveness and efficiency and also to change effort of work from process to result in the public service sector (Guest, 2007). The public administration has been mainly concerned with efficient public service delivery so as to improve productivity. Challenges of improving delivery of service have continued to plague many countries even with the introduction of performance contracting which constrain their delivery capacities (Lienert, 2003).

Service delivery is measured by reliability, accessibility and responsiveness. Responsiveness is the desire to support and provide prompt service. Reliability is the ability to deliver services promised reliably, periodically and precisely as demanded by the public. An organization must exceed its customer expectations to provide excellent service. Customers' expectations can often be met by the service providers themselves.

1.1.3 County Governments in the Coastal Region of Kenya

The county governments in Kenya were as a result of the long quest for a devolved system of governance. The promulgation of the new constitution in the year 2010 brought in this system of governance. Chapter Eleven of COK 2010 on Devolved Government specifically provides for the setting up of the County Governments. There are 47 Counties listed on the First Schedule of COK 2010. Each of these Counties forms the County Governments comprising of the County Assemblies and County Executives.

There are Six Coastal County governments in the coastal region of Kenya comprising of the defunct coast province. They are Mombasa, Kilifi, Kwale, Lamu, Tana River and Taita Taveta. Mombasa headquarters are in Mombasa City, Mombasa County has 6 sub-counties and 30 wards, Kwale county headquarters are located in Kwale town, and Kwale has 4 sub-counties and 20 wards. Kilifi county headquarters are in Kilifi Town, it has 7 sub counties divided into 35 wards.

Tana River borders Mombasa to the north. Its headquarters are in Hola, Tana River County has 3 sub-counties and is divided into 15 wards. Lamu Town, borders Somalia Lamu County has 2 sub-counties ;divided into 10 wards. Taita Taveta borders Tanzania and Makueni Counties The county headquarters are located in Voi Town Taita Taveta County has 4 sub counties divided into 20 wards. These counties form the context of this study.

Counties in Kenya have the responsibility to deliver public services so as to achieve sustainable development in the country as a whole. Hence, the role that Counties play cannot be underrated. Due to lack of accountability, poor leadership, most Counties provide deteriorated services. Coastal counties have been confronted with declining performance in the provision of public services to the citizens. This is mainly due to low revenue collection as a result of corruption, lack of clear strategic plans, political interference, lack of priorities and lack of sufficient resources among others. This has resulted to lack of economic growth in the various Counties under this study.

1.2 Research Problem

Performance contracting play a key role in generating the desired behaviours with more emphasis on the outcome (Nganyi et al., 2014). Following the introduction of a devolved system of governance by the Constitution of Kenya (2010), County governments were required to design a performance management plan to evaluate performance of the county public service and the implementation of county policies (County Government Act 47(1), 2012).

The plan was to provide among others; objective, measurable and time bound performance indicators; linkage to mandates; annual performance reports; citizen participation in the evaluation of the performance of county government; and public sharing of performance progress reports. The Council of Governors and Ministry of Devolution and Planning Guideline (2015), issued Performance Contracting Guidelines meant to support county governments to design and implement Performance Contracting. It is with this background that this research sought to analyze the implementation of performance contracting within the coastal region counties on service delivery.

Performance contracting has had different effects on performance. According to Song, (1988) in his research paper in Korea, performance was found to be improved by Performance contracting. The study though concentrated on only two variables employee and management. There was an unclear effect on service delivery from Performance Contracting but was found to affect management and governance improved in the state-owned enterprise in India Budiman, (2009). According to Shirley and Xu (1998), China's productivity was greatly improved by Performance contracting. Most of the African countries and France, the effects of PC were not found in their performance (Nellies, 1988). Performance contracting can also have negative effects on productivity, when endogenous nature of Performance contracting participation was taken into account in state owned enterprises in China.

The study by Shirley and Xu (1998) did not assess non-commercial performance. Locally in Kenya, Studies on performance contracting in public sector have revolved around Government ministries, departments and agencies/parastatals. The concept of performance contracting in County Governments is fairly new. Mutembei (2014) in his paper on performance contracting in the devolved system of governance concentrated on only National departments that had been devolved.

Most research done concentrated more on the analysis of performance contracting towards performance, Simiyu (2012) and Makewa (2017) concepts revolved around performance which is a generalized view and does not give tangible evidence as output. Mwangi (2017), on the other hand, reviewed the influence of leadership styles on performance contracting results. Very few studies have tried to link the performance contracting strategy to service delivery. Performance of services delivery in the coastal counties has been declining due to inadequate resources, corruption and lack of clear strategic plans among others hence the need to evaluate their performance in respect to performance contracting. It is these gaps identified in studies of performance contracting in public sector and the fact that County governments in the coastal region face pressure to improve service delivery, lower costs, become more accountable and responsive to stakeholders' needs, that this research sought to answer the question; What is the effect of performance contracting on service delivery of managers in the coastal region counties of Kenya?

1.3 Research Objectives

The study objective was to determine the performance contracting effect on service delivery of managers in the coastal region counties of Kenya.

1.4 Value of the Study

The study findings would be important to County and National governments in understanding what performance contracting has on service delivery. This would then guide in policy formulation for future use. The national parliament and county assemblies would also be able to formulate legislations that support performance contracting at the counties. These policies and legislations would assist in sealing the loopholes that exist in performance contracting process and greatly assist in effective administration of performance contracts.

Furthermore, findings from this research would help the management and staffs in county governments by making them appreciate performance contracting. It would also enable them to refocus their energies towards incorporating the concept in their strategic planning and performance measurement indicators. This would lead to inculcation of a culture of service delivery and ensure accountability and transparency at the county governments. Consequently, the counties would be more responsive to citizens needs at the grassroots leading to improved living standards.

For academicians, this study would play a key role in filling existing gaps in the field of public service performance management in Kenya. The study contributes to a framework for further research and thus is important for future academics and researchers who are allowed to use it as a reference source. In addition, because of the limited existing research in this area, the research results would also be an important reference for other researchers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives a review of relevant literature on the subject of performance contracting and service delivery as presented by various researchers and scholars. The chapter undertakes an in-depth review of several theories that inform the study, and other related past studies. The links established by the literature review will enable the researcher make important deductions.

2.2 Theoretical Foundation

This research was anchored on two theories; Agency theory and new public service theory. The theories were adopted in this study to explain why the research problem under study exists. These theories helped to understand the performance contracting role in the link between the elected governors (government) and the appointed managers (public servants) and in enhancing quality service delivery.

2.2.1 Agency Theory

Agency theory emerged in the 1970s when Rose (1972) and Mitnick (1973), working independently, each presented a paper on the theory of agency. Rose's paper outlined agency as a universal principal and not just a theory while Mitnick gave a general view of the theory with applications to numerous society context. It also includes aspects of costs of agencies and the organization's capital structure. This theory was divided into two key sections by the founders: positive theory and the theory.

The main aim of the principal is to get an optimum investment return, while the main concern of the informant is to receive appropriate compensation (Marwanga, 2017). This theory is founded on the assumption that agents have more facts and regularity interferes with the ability of the principal to efficiently monitor if the agents are adequately serving their interests (Marwanga, 2015). Shirley and Xu (2001), noted that Performance Contracting is effective in decreasing agency issues as long as information asymmetry can be systematically reduced and incentives improved. It cannot evaluate efforts of the agent (CEC / CO) and distinguish efforts from other factors that influence service delivery only by observing results, but not by the governor principle.

Agency theory when applied to this context, views County governments as a series of agency relationships between the economic resources owners (principal) and managers (the agent) who are responsible to use and control those resources. Performance contracting was therefore, introduced to make sure that the agents/managers who are responsible to use and control the resources quality delivery of services. Gosh (1991) argued that multiple targets of multiple directors governing state owned companies can be translated by the performance contract.

2.2.2 New Public Service Management Theory

Hood (1991), developed the new public management theory and involves the roles played by the government that benefit the public. This theory emphasizes that the role responsibility of firms is value creation for all the budgets it creates, i.e. Suppliers customers, employees and not just its stockholders (Andrews, 2012).

New public management theory is normative, instrumental and descriptive. Social responsibility is advocated by the new public management theory (Bourgon, 2007). The new public management theory is based on assumption of applying market principles, into public policy and management. However, Mongkol (2011) quoting (Hughes, 2003) argued that developing country governments often have only little experience in the operation of markets. Basic infrastructure of management in developing countries is also not developed enough to support market-oriented reforms (Barker, 2006). Moreover, there are various factors which are required before the market can be effective.

But unlike agency theory, the strength of this theory is that all stakeholders' needs are addressed with a view to improving market efficiency. The theory's weak point is that so many researchers find it fundamentally defective and violate every proposal from the organization to focus on a single valued goal, namely economic growth or survival profit maximisation. With a focus on a number of stakeholders, managers are responsible for targeting various stakeholders that can cause confusion and the lack of motivation that can ultimately affect the competitive position and stability of the organization (Wagawa, 2017).

2.3 Performance Contracting as a Strategic Management Tool

Armstrong (2006) mentioned that the performance contracting of an organization is the manner in which an organization tries to achieve a particular outcome after implementation of a strategy. Consequently, it is the basic manner in which different activities in an organization are organized.

The implementation of a strategy in a successful manner involves creation of performance contracting that addresses the key functions within the firm and the strategy to be used in coordinating them in order to achieve the strategic purpose of a firm (Armstrong, 2006).

Song (1988), states that the function of the Chief Executive Officer (CEO) in an organization is to lead other managers in the effecting of change strategy played by Performance contracting. The level of commitment of the CEO to the strategy has a significant influence on the manner in which the subordinates are committed to its implementation. The CEO is thus an important factor during clarification, provision of guidance, and contributing to adjustments during implementation of change.

In the Kenyan context, performance contracting is referred to as an agreement between government and a state agency delivering services to the public, where quantifiable targets are specified for a period of one financial year and performance measured against agreed targets (Obong'o, 2009). GoK, (2004) defines performance contract as a management tool for measuring performance against negotiated performance targets. Performance contracting guidelines, (2015), recommended that both the National and County Governments, performance of public agencies in both levels of government be measured.

2.4 Service Delivery in Public Sector

Public services comprise of a wide range of services, delivered at both the County and National government. Frost & Sullivan (2012) categorizes the major public services into several groups, each of which comprises both protection and development-oriented public services. Since the 1980s, several countries, industrialised and unindustrialized, have been embarking on public sector management reforms. As a result, public service delivery has been enacted in many countries such as, the USA's Government Performance and Results Act (GPRA), Charter for Citizens of UK, Public Service Act of Australia, Public Service Reform Act of Japan and Kenya's Public Sector Reforms Agenda. In United Kingdom (UK), performance contracting in public sector was introduced in 1998 as Public Service Agreement (PSA) system.

It outlined a set of performance targets which all government agencies were to report on. (Metawie & Gilman 2005) noted that it was aimed at improving service delivery. In African countries, experience of poor performance in public agencies called for new comprehensive public sector reforms. Countries such as Ghana, Nigeria, Gambia and Kenya are 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 of comprehensive performance targets.

2.5 Performance Contracting and Service Delivery in Public Service

Performance contracting is a one of the performance management strategies achieved by the desire for efficiency and transparency utilization of resources in public sector. Performance contracting system started in late 1960s in France. The most recent decades have shown that Africa's improvement requires serious exertions towards tending its development challenges. One of the approaches to handle these challenges is through public sector efficiency and effectiveness. African countries adopted the structural adjustment programs (SAPs) to achieve this (RBM Guide, 2005).

In the Kenyan context, performance contracting further shows how well a firm is doing in its way to achieve its goals, vision and mission. The assessment of organizational performance is critical for executives to evaluate and know the performance of their firms in a bid to determine the strategic changes, if any that ought to be made (Obong'o, 2009). Organizational performance is a key indicator for investors to determine whether to invest in an organization or not. It is also a key gauge to the management and other stakeholders that show whether the firm is moving towards the envisioned direction or not (Richard et al, 2009). The Government of Kenya (2007) the performance contract approach has been utilized to achieve performance of the organization where performance is analysed and evaluated in a multi-pronged method.

In 2004, only a few state corporations were participating. This was later expanded to most of the state Ministries, Departments and Agencies (MDAs). This resulted from the advantages of improved administrative and financial performance in participating institutions. In 2015, it was cascaded down to the county governments so as to realign the public service towards the medium-term plans and Vision 2030.

2.6 Empirical Studies and Knowledge Gaps

There were several researches on whether performance contracting has an influence on organizational performance and service delivery. Most researchers agreed that contracting performance within the private sector leads to an improvement in performance, but the implementation of such a government service performance approach was difficult because correct performance measures were difficult to identify (Metawie & Gilman, 2005). This concept has been studied with varying concepts worldwide. Verhuest & Conte (1998), in their review of performance contracting in Belgium government, concentrated on the nature of implementation without critically looking at the output of the strategy which is the service delivery.

The researcher was more interested on the relationships as deduced by agency theory. A further review noted that; Song, (1988), Shirley and Xu (1998) and Nellies (1988) observed that performance contracts showed improvement in dialogue between state-owned enterprise management and government but the effect on performance was unclear. Performance contracts can also have negative effects on productivity when endogenous nature of participation was taken into account in state owned enterprises in China. This assessment however was based on economic performance rather than service delivery. Shirley and Xu (1998), did not assess non-commercial performance.

The study has reviewed previous local studies to analyze and evaluate work done on performance contracting. Simiyu (2012), Njogu (2012), Kemboi (2015), Makewa (2016) among others have all taken up the area of Performance contracting as a human resource issue thereby the need for more research as a strategic management issue. Mutembei, (2014), in a study on the enhancing of performance contracting implementation in public sector under decentralised county governments, noted that strategic planning was of great significance under the new public administration, though, he noted that implementation of devolution was still at the transition stage and studies will need to be done when devolution has stabilized and all organization structures and in place and operational.

Elliubs (2017), Moraa (2015), Kobia (2006), noted that Performance contracting was a component of wider public reforms to enhance effectiveness and quality while reducing the costs. and much of their literature was based on secondary data. Given their scope and limitations, these researchers did not critically address the performance contracting effects on delivery of services especially with the new governance dispensation. Simiyu (2012) in her research on performance contract as an instrument for enhancing performance in local authorities, the context has since changed. In addition the study applied survey design. Mohamed (2009), in his research, performance contracting impacts on performance of the organization, a case study of KRA, the study was majored in Human resource rather than strategic planning topic.

In addition, the study's context was in Government agency. Most of the previous studies reviewed have majored on performance contracting as a human resource topic rather than a strategic management issue. The studies have also focused on studying the effects of performance contracting on performance with only a few looking at the effects on service delivery. Performance contracting under the devolved governments has also been hardly studied with most of the previous studies targeting state corporations. It is against these gaps that the research seeks to analyse the performance contracting effects on service delivery in the coastal counties using a cross-sectional descriptive study of the six coastal county governments.

2.7 Conceptual Framework

The study purpose was to determine to what levels the dependent variable relies on the independent variables. The dependent variable in this study, is the service delivery while the Independent variable is performance contracting which entails target setting, performance evaluation and performance feedback. The conceptual framework in Figure 2.1 illustrates diagrammatically how these variables relate to each other:

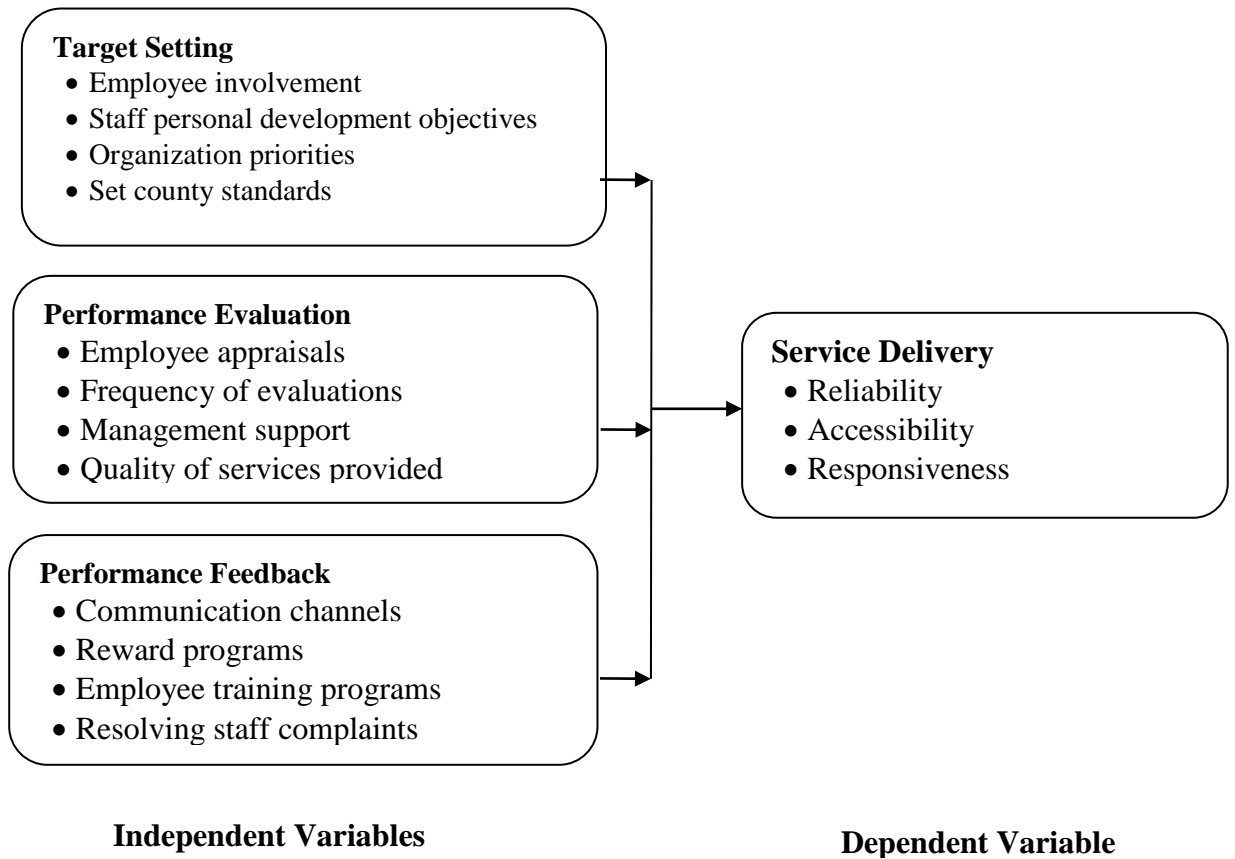


Figure 2.1: Conceptual Framework

From Figure 2.1 it is discernible that the relationship between performance contracting and service delivery was looked at through the three aspects of performance contract namely target setting, performance evaluation and performance feedback. In target setting, it was conceptualized as employee’s involvement, staff personal development objectives, organization’ priorities and set county standards. In performance evaluation, was depicted as employee appraisals, frequency of evaluation, management support and quality of services provided. While in performance feedback, the study looked into communication channels, reward programs, employees training programs and resolving staff complains. Service delivery was conceptualized as reliability, accessibility and responsiveness.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter looks at the research methodology that the study adopted. Research methodology is the way of solving a problem by adopting different steps logically (Scridhar, 2008). It shows the different steps taken by a researcher to study and understand the logic behind the research problem (Kothari, 2004). The chapter covers research design, study population, collection of data, and analysis of data. It then explores the tool used to obtain data, the procedures followed in conducting the study, and the methods used for analysing the data.

3.2 Research Design

Research design is the comprehensive strategy selected to combine the various elements of the study to tackle the research problem. The data collection methods, measurement and analysis methods are included as well as the instruments used for analyzing the data. According to DeVaus (2001) and Trochim (2006), it encompasses the outline for the collecting, assessing and analyzing the data. Getting hold of information pertinent to the research problem requires stating the nature of evidence essential to test a theory, to assess, or to elucidate and evaluate the meaning related to visible phenomenon. The purpose of a research design is to make sure that the evidence acquired permits logical and clear research problem consideration.

The study adopted a descriptive cross sectional study design. As per to Kothari (2004), a descriptive cross sectional study design is concerned with understanding a phenomenon at a particular point in time. This design is useful in collecting data at one point in time from a sample selected to represent a larger population over a short period of time (Owens, 2002). Descriptive study tries to ascertain answers to the question what, who, when, which and sometimes how (Cooper & Schindler, 2003). It defines the degree to which two variables differ or the number of times with which something occurs.

Descriptive cross sectional design was been chosen because it provides information that can be generalized on all the population. The design is preferred due to the fact that the study involved studying the perceptions of different managers from the six coastal counties in Kenya. The managers gave a quick picture of the effects of performance contracting on service delivery in their respective counties.

3.3 Population of the Study

A Population is the total collection of elements about which a researcher make some inference. Cooper and Schindler (2003), describe a population as a subject such as a person, an organization, customer database or amount of quantitative data on which the measurements are being taken. As per Mugenda and Mugenda (2003) population is defined as the entire set of people under study with common characteristics that generalize the study results.

The study population was 210 managers. They included County Executive Committee members (CECs), Chief Officers (COs) and County Directors, from all the six coastal region counties of Kenya, namely Mombasa, Kwale, Kilifi, Lamu, Tana River and Taita Taveta thus making the study a census. The choice of this group as the target population is justified due to the fact that they form the management of the county governments and their performance is usually highly monitored by the county leadership.

Considering the fact that all managers may not be accessible during the period of the study and the voluntary nature of participation in the study, the researcher used the accessible population. Therefore, only the managers who were present during the study period and who gave written consent to participate in the study was considered for inclusion in the study. This might affect the response rate of the study and hence the generalizability of the findings. However, Mugenda and Mugenda (2008) recommend that a rate of response of 50% or more is adequate to represent the views of the target population.

3.4 Data Collection

The study used both primary and secondary methods of data collection. Primary data was collected using questionnaires. Structured questionnaires were used to collect data from the managers of the six counties which captured data regarding both independent and dependent variables. The questionnaire consisted of close ended questions measured on a Likert scale of 1-5 in order to quantify data (Kothari, 2004).

The questionnaire was piloted on 21 respondents (10% of the sample) from the study population, before the final distribution, who were then excluded from the final study to eliminate bias. Cooper and Schindler (2001) note that this is usually done to detect any weaknesses in the research design. The pilot study was done with the aim of refining and fine tuning the questionnaire so as to ensure that the questions are clear and unambiguous in order to enhance proper interpretation by the respondents.

Secondary data was collected using document review method from the various Counties' reports and documents. Document review involves systematic data collection from existing records. Documents such as the County Integrated Development Plans (CIDPs), Sector Plans, Strategic Plan, among others shall be consulted. While reports that the study interrogated include performance contracts evaluation reports, human resource reports and annual reports.

3.5 Data Analysis

Data collected was both qualitative and quantitative in nature. Content analysis was utilized for analyzing the qualitative data. Kothari (2004) defines content analysis as any technique used to deduce the characteristics of messages by systematically identifying them objectively. Kothari (2004) also describes content analysis as an analysis of documentary and oral content, describing it as a quality analysis on the particular importation of messages and measurable pervasiveness of existing documents.

Data collected was prearranged into various themes in order to build a profile about performance contracting and service delivery at the six counties. Quantitative data was analysed using descriptive analysis with the aid of IBM SPSS (Version 25.0) (IBM Corp, 2012). Frequency distribution, Statistic mean and standard deviation was utilized to summarize data and inferences drawn based on Chi-square goodness-of-fit tests. Comparison of findings among the respective counties was done using one-way ANOVA and the relationship between the study variables was conducted using spearman rank correlation (R) and coefficient of determination (R²). The level of significance for the various inferential tests were set at 5% (95% confidence level).

Multiple regression analysis was utilised to analyse inferential data. The links amongst the independent variable and dependent variables were determined through multiple regression analyses. This study assumed the following equation for the multiple regression model;

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

Where: -

Y= Service delivery in Coastal Counties

β_0 =constant; $\beta_1, \beta_2, \beta_3$ = regression coefficients

X₁= Target setting,

X₂= Performance evaluation

X₃= Performance feedback

3.6 Data Validity and Reliability

Validity means how far an instrument measures what is meant to be measured, Golafshani, (2003). Reliability on the other hand is the consistency of scores over time or across raters. To check for validity and reliability in the instruments to be used, questionnaire items' internal consistency was assessed by Cronbach's alpha so as to evaluate the questionnaire reliability. Cronbach's alpha is an accuracy or reliability measurement of a test scale expressed in numbers between 0 and 1 (Cronbach 1951). Any reliability value that is more than 0.7 depicts that the instrument is reliability (Williams et al., 2012).

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The analysis of data and the discussion of research results are covered in this section. This chapter covers the results based on the study's objectives. The aim of the study was to determine the performance contracting effect on service delivery in the coastal region counties of Kenya. The chapter therefore presents findings for response rate, reliability analysis, demographic data, performance contracting, service delivery in coast region counties and multiple regressions. The results of research have been presented in tables.

4.2 Response Rate

The researcher issued 210 questionnaires to the respondents out of which 164 respondents returned their questionnaires fully filled. This gave a 78% rate of response as illustrated in Table 4.1. This was regarded adequate for analysis as noted by Kothari (2004) that the response rate that is over 70% is adequate for data analysis to be undertaken.

Table 4.1: Response Rate

| | | Total |
|--------------|------------|--------------|
| Response | 164 | 78 |
| Non-response | 46 | 22 |
| Total | 210 | 100 |

Source: Research Data (2020)

4.3 Reliability Analysis

To check for validity and reliability in the instruments to be used, questionnaire items' internal consistency was assessed by Cronbach's alpha so as to evaluate the questionnaire reliability. Any reliability value that is more than 0.7 depicts that the instrument is reliability. The findings are shown in Table 4.2.

Table 4.2: Reliability Analysis

| | Cronbach's Alpha |
|------------------------|-------------------------|
| Target setting | 0.816 |
| Performance evaluation | 0.912 |
| Performance feedback | 0.806 |

Source: ResearchData (2020)

As per results in Table 4.1, the target setting had a Cronbach's alpha of 0.816, performance evaluation had a Cronbach's alpha of 0.912 and performance feedback had a Cronbach's alpha of 0.806. The reliability results show that the reliability alpha of Cronbach of all the factors was higher than 0.7, and thus no change in the measures and indicators was necessary in these areas.

4.4 Demographic Data

This section covers the respondents' demographic data. The aspects of demographic presented were the respondents' gender, age in years, level of education, period working in the county government and their position in the county government. These data were used to evaluate the participants' eligibility for data collection for this study. This overview was presented in the form of tables.

4.4.1 Respondents' Gender

The aim of this was to determine the gender of the respondents involved in the study. The researcher asked the respondents to specify their gender. The objective was to determine the distribution of gender amongst those who took part. The findings are portrayed in Table 4.3.

Table 4. 3: Respondents' Gender

| | Frequency | Percent |
|--------------|------------------|----------------|
| Male | 104 | 63.4 |
| Female | 60 | 36.6 |
| Total | 164 | 100 |

Source: Research Data (2020)

From the study results in Table 4.3, majority of the respondents indicated that their gender was male respondents as shown by 63.4%. Other respondents indicated that their gender was female as shown by as shown by 36.6% were female. This is an indication that there were more males who participated in data collection than females. However, all the respondents were included in data collection regardless of their gender and hence the research was not biased based on gender.

4.4.2 Respondents' Age in Years

Further the study sought to determine the age of the respondents who were targeted for data collection. Hence, the respondents were requested to specify their age in years. The results are as displayed in Table 4.4.

Table 4.4: Respondents' Age in Years

| | Frequency | Percent |
|--------------|------------------|----------------|
| 30-39 years | 89 | 54.3 |
| 40-49 years | 46 | 28 |
| 50-59 years | 29 | 17.7 |
| Total | 164 | 100 |

Source: Research Data (2020)

The findings revealed that majority of the respondents indicated to be aged between 30 and 39 years as illustrated by 54.3% followed those aged between 40 and 49 years as illustrated by 28% while the rest were aged between 50 and 59 years as shown by 17.7%. This is an indication that respondents aged between 30 and 39 years participated in the study more than other age groups. However, the data was collected from all targeted age groups and hence the data collected was rich in information.

4.4.3 Respondents' Level of Education

The study also aimed at determining the highest education level for those who participated in the study. The researcher required the respondents to specify their education level. This was very significant for this study as it determined how the respondents would answer and understand questions regarding the subject under study. The results are shown in Table 4.5.

Table 4.5: Education Level of Respondents

| | Frequency | Percent |
|----------------------|------------------|----------------|
| Bachelor's Degree | 67 | 40.9 |
| Post Graduate Degree | 97 | 59.1 |
| Total | 164 | 100 |

Source: Research Data (2020)

From the findings, majority of the participants specified that their education level was post graduate degree as shown by 59.1% while the rest had a bachelor's degree as shown by 40.9%. This implies that all respondents were learned enough to read and comprehend the questions, the purpose of the study and give reliable and precise information. The respondents were also able to provide accurate information regarding performance contracting effect on service delivery in the coastal region counties of Kenya as they had high academic qualifications.

4.4.4 Respondents' Period of Working in the County Government

Further the study aimed at establishing the number of years the participants have worked in the county government. Further, the respondents were requested to specify the period they have worked in the county government. The goal of this was to determine how experience the respondents have and how familiar they are in relation to the performance contracting effect on delivery of services. The results are shown in Table 4.6.

Table 4.6: Respondents' Period of Working in the County Government

| | Frequency | Percent |
|-------------------|------------------|----------------|
| Less than 2 years | 14 | 8.5 |
| 2 to 3 years | 44 | 26.8 |
| 4 to 5 years | 60 | 36.6 |
| More than 5 years | 46 | 28 |
| Total | 164 | 100 |

Source: Research Data (2020)

The findings established that most of respondents had been worked in the county government for 4 to 5 years as shown by 36.6%. In addition, other participants indicated that they had been worked in the county government for more than 5 years as shown by 28%, had worked for 2 to 3 years as illustrated by 26.8% and less than 2 years as illustrated by 8.5%. This indicates that most of the respondents had for the county government long enough to give answers to all the questions regarding the subject under study. In addition, with most respondents being more experienced, they were familiar with performance contracting effect on service delivery in their respective counties.

4.4.5 Respondents Position in the County Government

Further the study sought to establish the respondent's position in the county government. Thus the researcher asked the respondents to specify their position in the county government. The purpose of this was to establish if the position of the respondents affected their responses regarding the subject under study. The results are illustrated in Table 4.7.

Table 4.7: Respondents Position in the County Government

| | Frequency | Percent |
|-----------------------------------|------------------|----------------|
| County Executive Committee Member | 31 | 19 |
| Chief Officer | 50 | 30 |
| County Director | 83 | 51 |
| Total | 164 | 100 |

Source: Research Data (2020)

From the findings, majority of the participants specified that their position in the county government was County directors shown by 51%. Other respondents indicated that their position was chief officer as shown by 30% and county executive committee member as shown by 19%. This shows that all the respondents were in senior positions in their respective counties and hence in better position to respond to questions regarding performance contracting effect on delivery of services in the coastal region counties of Kenya. Hence the information they provided could be relied upon in establish how performance contracting affects service delivery in the coastal region counties of Kenya.

4.5 Performance Contracting

The study sought to determine the aspects performance contracting embraced among the counties in coastal region. This section provides findings for aspects of performance contracting which include target setting, performance evaluation and performance feedback.

4.5.1 Target Setting

The study sought responses from the respondents on target setting as one of performance contracting aspect among the counties in coastal region. Hence, the participants were requested to specify their agreement level with various statements on target setting in their counties. The findings are illustrated in Table 4.8.

Table 4. 8: Agreement with Various Statements on Target Setting

| | Mean | Std. Dev. |
|--|-------|-----------|
| The employees are involved in setting performance targets | 2.445 | 1.058 |
| performance contract takes into consideration staff personal development objectives when setting targets | 3.878 | 0.827 |
| Employees understand their departmental targets under performance contract | 4.043 | 0.839 |
| Setting targets are based on county priorities | 4.250 | 0.695 |
| Set county standards and performance targets are clear | 4.207 | 0.818 |
| All employees are aware of what is to be achieved | 4.037 | 0.878 |
| The goals and objectives of county governments are clearer with performance contracting | 3.896 | 0.740 |

Source: Research Data (2020)

From the results, the respondents agreed that setting targets are based on county priorities as illustrated by mean score of 4.250, that set county standards and performance targets are clear as illustrated by mean score of 4.207 and that staff know their performance contract departmental objectives as illustrated by mean score of 4.043.

Moreover, the respondents agreed that all employees are aware of what is to be achieved as shown by an average of illustrated by mean score of 4.037, that the goals and objectives of county governments are clearer with performance contracting as shown by an average of 3.896 and that performance contract takes into consideration staff personal development objectives when setting targets as illustrated by an average of 3.878. Though, the respondents disagreed that the employees participate in performance targets' setting as illustrated by an average of 2.445. The respondents specified that they know in which ways they think target setting influence service delivery in the coastal region counties of Kenya and they indicated it helps the staff to attain their goals in the organization and enhancing their performance. The findings are in line with Nickols (2011) who argues that target setting is a strategic process to establish performance objectives that needs to be achieved at a certain period of time. Organizations must safeguard themselves in the face of the danger of setting targets which are too low to achieve high results but which have an impact on the strategic objectives of the organisation.

4.5.2 Performance Evaluation

The study also sought responses from the respondents on performance evaluation as one of performance contracting aspect among the counties in coastal region. The respondents were asked to specify their agreement level with various statements on performance evaluation in their counties. The results are shown in Table 4.9.

Table 4. 9: Agreement with Various Statements on Performance Evaluation

| | Mean | Std. Dev. |
|--|-------------|------------------|
| The employee appraisals are conducted every year | 3.524 | 0.896 |
| Performance contracting have increased the number of evaluations | 3.872 | 0.887 |
| The management supports the efforts of PC in performance evaluations | 4.067 | 0.760 |
| The quality of services provided have improved | 3.976 | 0.691 |
| Management practices and procedures are flexible. | 2.390 | 1.159 |

Source: Research Data (2020)

The findings showed that the participants were in agreement that the management supports the efforts of PC in performance evaluations as illustrated by mean score of 4.067, that the quality of services provided have improved as illustrated by an average of 3.976 and that performance contracting has increased the number of evaluations as illustrated by an average of 3.872. The respondents were also in agreement that the employee appraisals are conducted every year as shown by an average of 3.524 but disagreed that management practices and procedures are flexible as shown by an average of 2.390. The respondents specified that the ways in which performance evaluation influence service delivery in the coastal region counties of Kenya were that it points out areas of weakness and remedial measures. These findings are in line with Fillipe (2013) who noted that appraisal represents a systematic, regular and impartial evaluation of employee excellence in matters relating to his current tasks and the possibility of a better job. A good assessment scheme is so essential to any organization's management and the company's success depends largely on a good assessment system.

4.5.3 Performance Feedback

The study also sought responses from the respondents on performance feedback as one of performance contracting aspect among the counties in coastal region. The respondents were asked to specify their agreement levels with various performance feedback in their counties statements. The findings are illustrated in Table 4.10.

Table 4. 10: Agreement with Various Statements on Performance Feedback

| | Mean | Std. Dev. |
|---|-------------|------------------|
| There are clear communication channels for performance feedback | 3.811 | 0.756 |
| The appraisal feedback received help staff to take appropriate action to address poor performance | 3.579 | 0.858 |
| County staff receive timely feedback regarding my performance | 2.372 | 1.086 |
| Since performance contracting was introduced, staff complaints have reduced | 2.433 | 1.157 |
| There are laid strategies in PC for resolving staff complaints | 3.683 | 0.773 |
| Performance contracts advocates for employee training programs | 4.067 | 0.736 |

Source: Research Data (2020)

As per the results, the respondents agreed that performance contracts advocate for employee training programs as illustrated by mean score of 4.067, that there are clear communication channels for performance feedback as shown by an average of 3.811 and that there are laid strategies in PC for resolving staff complaints as shown an average of 3.683.

The respondents were also in agreement that the appraisal feedback received help staff to take appropriate action to address poor performance as shown by an average of 3.579. Though, the respondents were in disagreement that staff complaints have reduced since the performance contracting was introduced as shown by an average of 2.433 and that county staff receive timely feedback regarding their performance as illustrated by mean score of 2.372. The respondents specified that ways in which performance evaluation influence service delivery in the coastal region counties of Kenya were that it inspires the service giver, follow up on work plans /targets and improves consultations. These findings concur with Mosomi, Kindiki and Boit (2014) who argues that constructive feedback can commend excellent results or poor performance and should always be linked to the standards of performance. Feedback from productivity supervisors helped employees enhance individual development in higher performance and measure the actual performance of their employees against prescribed guidelines.

4.6 Service Delivery of managers in Coast Region Counties

The study sought responses from the respondents concerning service delivery in coast region counties. The researcher requested the participants to specify their agreement level with various statements on service delivery of managers in coast region counties. The findings are shown in Table 4.11.

Table 4.11: Agreement with Statements on Service Delivery in Coast Region Counties

| | Mean | Std. Dev. |
|---|-------------|------------------|
| Service delivery has improved | 3.963 | 0.864 |
| There is more accountability for results | 3.354 | 1.020 |
| Access to public services has been made easier | 3.652 | 0.976 |
| Employees are able to offer services dependably and accurately | 3.390 | 0.950 |
| Services are delivered as promised | 2.171 | 0.995 |
| There is willingness among the county staff to provide prompt service to citizens | 4.043 | 0.754 |
| County governments effectively responds to county residents development needs | 3.683 | 0.932 |

Source: Research Data (2020)

From the findings, the respondents agreed that there is willingness among the county staff to provide swift service to citizens as illustrated by mean of 4.043, that service delivery has enhanced as illustrated by mean of 3.963, that county governments effectively responds to county resident’s development needs as shown by an average of 3.683 and that access to public services has been made easier as shown by an average of 3.652. However, the respondents were neutral that employees have the ability of offering services dependably and accurately as illustrated by mean of 3.390 and that there is more accountability for results as shown by an average of 3.354. Nevertheless, the participants were in disagreement that services are delivered as promised as illustrated by mean of 2.171.

The respondents specified that to enhance delivery of services in the coastal region counties of Kenya there is a need for refined management, more staff training, financial incentive such as allowances to staff, more training for staff, proper induction of new staff and more regular consultation and evaluation of targets. These findings correlate with Guest (2007) who argues that effectiveness in the public service delivery intended at enhancing success has been a main worry in the public administration and challenges of improving service delivery have continued to plague many countries even with the introduction of performance contracting which constrain their delivery capacities.

4.7 Multiple Regression Analysis

Regression analysis is applied when the study aims at establishing if a variable (independent) predicts another variable (dependent). This study sought to examine performance contracting effect on delivery of services in coastal counties in Kenya. The findings were presented in various Tables.

Table 4. 12: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error |
|--------------|----------|-----------------|--------------------------|-------------------|
| 1 | 0.828 | 0.686 | 0.680 | 0.515 |

Source: Research Data (2020)

From the results, the adjusted R square was 0.68. This implied that 68% changes in service delivery in coastal counties in Kenya are explained by target setting, performance evaluation and performance feedback. Other factors affecting service delivery in coastal counties in Kenya which were not considered in this study accounted for 32%.

Table 4. 13: ANOVA Table

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|------------|-----------------------|------------|--------------------|----------|-------------|
| 1 | Regression | 93.787 | 3 | 31.262 | 116.455 | .000 |
| | Residual | 42.952 | 160 | 0.268 | | |
| Total | | 136.739 | 163 | | | |
| F-critical (obtained from F tables)= 2.6611 | | | | | | |

Source: Research Data (2020)

From the ANOVA Table, p-value was 0.000 and F-calculated was 116.455. Since p-value was less than 0.05 and the F-calculated was greater than F-critical (2.6611), then the regression model was significant in determining how target setting, performance evaluation and performance feedback affected service delivery in coastal counties in Kenya.

Table 4. 14: Regression Coefficients

| Model | Unstandardized | | Standardized | t | Sig. |
|------------------------|-----------------------|-------------------|---------------------|----------|-------------|
| | Coefficients | | | | |
| | B | Std. Error | Beta | | |
| (Constant) | 0.909 | 0.211 | | 4.308 | .000 |
| Target setting | 0.751 | 0.362 | 0.602 | 2.075 | .039 |
| Performance evaluation | 0.609 | 0.208 | 0.501 | 2.928 | .004 |
| Performance feedback | 0.807 | 0.262 | 0.665 | 3.080 | .002 |

Source: Research Data (2020)

The regression equation was:

$$Y = 0.909 + 0.751X_1 + 0.609X_2 + 0.807X_3$$

Where: -

Y= Service delivery in coastal counties

X₁= Target setting

X₂= Performance evaluation

X₃= Performance feedback

The findings established that delivery in coastal counties in Kenya would be 0.909 if performance contracting aspects were held constant. The findings also revealed that a unit increase in target setting leads to 0.751 increases in service delivery in coastal counties in Kenya holding performance contracting constant. Since p-value (0.039<0.05), the variable was significant.

Further, the study established that a unit increase in performance evaluation would lead to 0.609 increase in service delivery in coastal counties in Kenya. Since p-value (0.004<0.05), the variable was significant. The study also established that changes in performance feedback would lead to a 0.807 increase in service delivery in coastal counties in Kenya. Since p-value (0.002<0.05), the variable was significant. This is an indication that any change in performance feedback, there will be a significant change in service delivery in coastal counties in Kenya.

Overall, performance feedback had the greatest effect on delivery of service in coastal counties in Kenya followed by target setting while performance evaluation had the least effect on the delivery of service in coastal counties in Kenya. The aspects of performance contracting were significant because their significance values were less than 0.05.

4.8 Discussion of Findings

On target setting, the study established that setting targets are based on county priorities, that set county standards and performance targets are clear and that staff know their performance contract departmental objectives. Moreover, the study found that all staff knows what they are expected to achieve, that the goals and objectives of county governments are clearer with performance contracting and that performance contract takes into consideration staff personal development objectives when setting targets. The study also established that employees are not involved in setting performance targets. The findings are in line with Nickols (2011) who argues that target setting is a strategic process to establish performance objectives that needs to be achieved at a certain period of time. Organizations must safeguard themselves in the face of the danger of setting targets which are too low to achieve high results but which have an impact on the strategic objectives of the organisation.

On performance evaluation, the study established that management supports the efforts of PC in performance evaluations, that the quality of services provided have improved and that performance contracting has increased the number of evaluations. The study also found that the employee appraisals are conducted every year and that there is no

flexibility in management practices and procedures as illustrated by mean of 2.390. The respondents specified that the ways in which performance evaluation influence service delivery in the coastal region counties of Kenya were that it points out areas of weakness and remedial measures. These findings concur with Fillipe (2013) who noted that appraisal represents a systematic, regular and impartial evaluation of employee excellence in matters relating to his current tasks and the possibility of a better job. A good assessment scheme is so essential to any organization's management and the company's success depends largely on a good assessment system.

On performance feedback, the study established that performance contracts advocate for employee training programs, that there are clear communication channels for performance feedback and that there are laid strategies in PC for resolving staff complaints. The study also found that the appraisal feedback received help staff to take appropriate action to address poor performance, that staff grievances have not been reduced since performance contracting was established and that county staff don't receive timely feedback regarding their performance. These findings are in agreement with Mosomi, Kindiki and Boit (2014) who argues that constructive feedback can commend excellent results or poor performance and should always be linked to the standards of performance. Feedback from productivity supervisors helped employees enhance individual development in higher performance and measure the actual performance of their employees against prescribed guidelines.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of the study was to determine the performance contracting effect on service delivery of managers in the coastal region counties of Kenya. Hence chapter presents findings summary, conclusions, limitations and recommendations in attempt achieve the objective. The conclusions and recommendations were deduced from the findings in chapter four.

5.2 Summary of Findings

The study established that setting targets are based on county priorities, that set county standards and performance targets are clear and that staff know their performance contract departmental objectives. Moreover, the study found that all staffs know what they are expected to achieve since goals and objectives of county governments are clearer with performance contracting and that performance contract takes into consideration staff personal development objectives when setting targets. The study also found that the employees did not participate in setting targets of performance.

The study found that the management supports the efforts of PC in performance evaluations, that the quality of services provided have improved and that performance contracting has increased the number of evaluations. The study also established that the employee appraisals are conducted every year and that management practices and procedures are not flexible.

The study also established that the ways in which performance evaluation influence service delivery of managers in the coastal region counties of Kenya were that it points out areas of weakness and remedial measures. Further the study found that performance contracts advocate for employee training programs, that there are clear communication channels for performance feedback and that there are laid strategies in PC for resolving staff complaints. The study also revealed that the appraisal feedback received help staff to take appropriate action to address poor performance. The study further found that staff grievances have not been reduced since performance contracting was established and that county staff don't receive timely feedback regarding their performance.

5.3 Conclusions

The study concluded that setting targets positively and significantly affects service delivery of managers in the coastal region counties of Kenya. This was attributed to the fact that setting targets are based on county priorities and set county standards and performance targets are clear. The employees are able to comprehend their departmental targets under performance contract and are aware of what they are expected to achieve since the goals and objectives of county governments are clearer with performance contracting.

The study concluded that performance evaluation positively and significantly affects service delivery of managers in the coastal region counties of Kenya. The management supports the efforts of PC in performance evaluations and the quality of services provided have improved. Performance contracting has increased the number of evaluations however; there is no flexibility in management practices and procedures.

The study further concluded that performance feedback positively and significantly affects service delivery of managers in the coastal region counties of Kenya. Performance contracts advocate for employee training programs and establish clear communication channels for performance feedback. In most counties, there are laid strategies in PC for resolving staff complaints and appraisal feedback received helps staff to take appropriate action to address poor performance.

5.4 Recommendations

The study recommends that county governments needs to motivate their staff to embrace target setting so as to improve in service delivery. Also, managers should endeavour to promote clear target setting that motivates employees to offer better services. Institutions should put in place role clarity in their job descriptions to obtain high staff productivity. Additionally, management should offer support to their employees which would in turn promote job flexibility.

The study recommended that county government management needs to make sure that staffs are involved in setting the performance targets. This will ensure that employees understand their performance contract departmental objectives and are aware of the goals and objectives of county governments that needs to achieved. The study as well recommended that county governments needs to ensure favourable conditions that allows for employee's participation in target setting as a measure to enhance customer satisfaction. Additionally, management team should ensure that goals of the organization are smartly crafted to enable effective and faster time processing.

Time is of primary importance job completion therefore organizations should set realistic time frames for the allocated tasks. The study also recommended that county government management needs to develop strategies to improve performance evaluation. This can be done by ensuring that employee appraisals are conducted every year so as to make the staff aware when they are not performing well. This will make sure that employees put more efforts to improve their performance in delivery of services.

The study recommended that there is a need for the government to make sure that all organizations in various departments undertake performance appraisals since this will make these organizations to be quality conscious. There is a need for the various organizations to be smart in their service delivery since this shall greatly improve their performance. The study also recommended that county government management needs to develop with strategies to improve performance evaluation. This can be done by ensuring that there are clear communication channels for communicating performance feedback to the staff so as to ensure that they take appropriate action to address their poor performance. The study also recommends that county governments should conduct training programs for all employees to raise awareness of the performance contract objectives and to achieve the objectives set. The participation of employees in these goals is also important. The study further recommends that performance evaluation mechanisms should be reviewed to reflect the real impact and tangible deliverables to the county staff fraternity as opposed to current trend where provision of documents as evidence of achievement of performance targets could lead to manipulation of data for purposes of favourable staff rewarding.

5.5 Limitations

The study was limited to Managers in the coastal region counties alone. Further studies should be conducted on managers in other region's counties such as central region. Furthermore, the scope can be expanded to other public service entities such as parastatals and national government ministries.

The study only limited itself to descriptive cross sectional study design and applied primary and questionnaires as a primary data collection method. Further studies could be carried out using additional qualitative or mixed methods to add into the findings. Also further study should use different research instruments in order to generate detailed information which will determine the relationship between performance contracting and service delivery.

Moreover, the study was conducted during the Covid-19 crisis which made some of the participants not to take part in the study due to fear of being infected. The researcher observed all the ministry of health guidelines while conducting the study and assured the respondents of their safety during their participation in data collection.

5.6 Recommendations for Further Studies

The study recommended that future studies should be conducted to examine performance contracting effect on delivery of service of managers in counties in other regions in Kenya like Rift valley, North eastern, Eastern and central regions. Further future studies should focus on establishing how implementation of performance contracting has affected service delivery in government parastatals since this study focused only on counties.

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APPENDICES

Appendix I: Research Questionnaire

SECTION A: DEMOGRAPHIC DATA

| | |
|--|---|
| Name of your County | |
| Name of your Department | |
| Gender | Male <input type="checkbox"/> Female <input type="checkbox"/> |
| What is your age in years? | 20-29 <input type="checkbox"/> 30-39 <input type="checkbox"/> 40-49 <input type="checkbox"/> 50-59 <input type="checkbox"/> |
| What is your level of education? | Certificate <input type="checkbox"/> Diploma <input type="checkbox"/> Bachelor's Degree <input type="checkbox"/> Post Graduate Degree <input type="checkbox"/> Other <input type="checkbox"/> |
| How long have you worked for the county government | Less than 2 years <input type="checkbox"/> 2 to 3 years <input type="checkbox"/> 4 to 5 years <input type="checkbox"/> More than 5 years <input type="checkbox"/> |
| What is your position in the county government | County Executive Committee Member <input type="checkbox"/> Chief Officer <input type="checkbox"/> County Director <input type="checkbox"/> |

SECTION B: PERFORMANCE CONTRACTING AND SERVICE DELIVERY

This section wants your opinion on how the performance contracting process of the County Government affects service delivery. Tick just one box to show your agreement with statements given on the scale 1 to 5 where

1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree

| Statements on Target setting | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| The employees are involvement in setting performance targets | | | | | |
| Performance contract takes into consideration staff personal development objectives when setting targets | | | | | |
| Staff know their performance contract departmental objectives | | | | | |
| Setting targets are based on county priorities | | | | | |
| Set county standards and performance targets are clear | | | | | |
| All employees are aware of what is to be achieved | | | | | |
| The goals and objectives of county governments are clearer with performance contracting | | | | | |
| | | | | | |
| Statements on Performance Evaluation | 1 | 2 | 3 | 4 | 5 |
| The employee appraisals are conducted every year | | | | | |
| performance contracting have increased the number of evaluations | | | | | |
| The management supports the efforts of PC in performance evaluations | | | | | |
| The quality of services provided have improved | | | | | |
| Management practices and procedures are flexible. | | | | | |
| | | | | | |
| Statements on Performance feedback | 1 | 2 | 3 | 4 | 5 |
| There are clear communication channels for performance | | | | | |

| | | | | | |
|---|----------|----------|----------|----------|----------|
| feedback | | | | | |
| The appraisal feedback received help staff to take appropriate action to address poor performance | | | | | |
| County staff receive timely feedback regarding my performance | | | | | |
| Staff complaints have reduced since introduction of performance contracting | | | | | |
| There are laid strategies in PC for resolving staff complaints | | | | | |
| Performance contracts advocates for employee training programs | | | | | |
| | | | | | |
| Statements on Service Delivery | 1 | 2 | 3 | 4 | 5 |
| Service delivery has improved | | | | | |
| There is more accountability for results | | | | | |
| Access to public services has been made easier | | | | | |
| Employees are able to offer services dependably and accurately | | | | | |
| Services are delivered as promised | | | | | |
| There is willingness among the county staff to provide prompt service to citizens | | | | | |
| County governments effectively responds to county residents development needs | | | | | |

1) In which ways do you think target setting influence service delivery in the coastal region counties of Kenya?

.....
.....
.....

2) In which ways do you think performance evaluation influence service delivery in the coastal region counties of Kenya?

.....
.....
.....

3) In which ways do you think performance evaluation influence service delivery in the coastal region counties of Kenya?

.....
.....
.....

4) What do you think should be done to enhance delivery of services in the coastal region counties of Kenya?

.....
.....
.....

Appendix II: Secondary Data Collection Sheet

COUNTY:

DEPARTMENT:

| Attribute | Description | Indicate response in the space provided |
|------------------------------------|--|---|
| 1. CIDP | Availability | |
| a. Vision | Vision statement relevance to County Government mandate | |
| b. Mission | Mission statement relevance to County Government mandate | |
| 2. STRATEGIC PLAN | Availability | |
| a. Strategic objectives | Strategic objectives available in the strategic plan | |
| b. Communication of strategic plan | Strategic plan well known by all stakeholders | |
| 3. PERFORMANCE CONTRACT | Availability | |
| a. Linkage to strategic plan | Strategic objectives available in the Performance contract | |
| b. Contract Period | Length of contract | |
| c. Measures of target | Units of measure e.g, Ksh, Km | |
| 7.ANNUAL APPRAISAL REPORTS | Availability | |
| a. Performance | Level of performance in achieving the strategic objectives | |
| c. Customer satisfaction | Level of satisfaction upon consumption of Services | |