International Journal of Economics, Commerce and Management
United Kingdom Vol. V, Issue 5, May 2017
http://ijecm.co.uk/ ISSN 2348 0386

IMPACT OF PERFORMANCE CONTRACTING ON EFFICIENCY IN SERVICE DELIVERY IN THE PUBLIC SECTOR

Timothy C. Okech
Associate Professor of Economics, United States International University, Kenya
tcokech@usiu.ac.ke; ctokech@gmail.com

Abstract

The purpose of the study was to examine the influence of performance contracting on efficiency in the provision of service delivery in the public sector. Twofold objectives were pursued namely to examine the effects of performance contracting on the utilization of resources; and establish the challenges facing implementation of performance contracting. Using descriptive research design, the study targeted employees in selected state agencies and departments identified using simple random sampling. Both primary and secondary data were utilized with primary data collected using questionnaires and key informant interview guide while secondary data was collected through review of published literature. Pilot testing was conducted for purposes of validity and reliability of the research instruments while data collected was analyzed to obtain both descriptive and inferential statistics. The study revealed existence of a positive and strong relationship between performance contracting and efficiency in the provision of service delivery realized through decline in operating costs, improved revenue and output, enhanced resource use and allocation, among others. Key challenges identified in the implementation of performance contact include unrealistic performance targets, inadequate resources, lack of formal rewards systems and lack of independent monitoring and evaluation office, among others. The study recommends continuous training, initiating policies for fast tracking performance targets; provision of resources to facilitate performance contracting, implementation of performance contracting in all public institution, introduction and implementation of strategies that reward performing employees, establishing an independent institution to negotiate performance contracts and conduct evaluation objectively.

Keywords: Performance Contacting, Efficiency, Productivity, Monitoring and Evaluation

INTRODUCTION

Globally, efficiency in the provision of public service aimed at improving productivity has been a concern in the public administration. The demand for quality services from the tax payers and other stakeholders has forced many governments to initiate and implement institutionalized public sector reforms aimed at harnessing efficiency, effectiveness and ethical delivery of services to the populace (Kobia & Nuru, 2006; Akaranga, 2008). The reforms emphasize outputs and results instead of inputs, and to improve target setting and follow-up through performance contracting. Though defined differently, there seem to be an agreement that performance contracting is an array of management instruments used in defining responsibility and expectations between parties to accomplish common results (OCED, 1999, Kumar, 1994). Performance contracting is also considered as a management tool for measuring negotiated performance targets between the employer - government as the owner of public agency, and the managers of state corporations as the management of the agency (GOK, 2005).

Institutionalization of performance contracting requires an active support and encouragement of top management of an organization who ensures that the process is a vital means of achieving sustained organizational success (Armsrong, 2006). Management would realize this by emphasizing the need for employee to recognize the importance of the exercise that their performance will be measured by reference to the extent to which they will have achieved the agreed set targets. In the end, this would ensure delivery of quality service to the public in a transparent manner for the survival of the organization (Burke *et al.,* 1992; Armstrong & Baron, 2004; Armsrong, 2006). Performance contracting also entails setting performance expectations and goals for individuals and groups so as to channel their efforts towards achieving the objectives of an organization (Jiang & Seidmann, 2014).

Getting employees involved in the planning process helps them in the understanding of the organization goals as well as what needs to be done, why it needs to be done, and how well it should be done. It also involves a highly structured phase of evaluating results with rigorous technical exercise on one hand, and a morale-boosting exercise for worker on the other hand (Grapinet, 1999). The exercise need to address the individual and the organizational levels simultaneously so that it is evident that the organization’s performance is strongly linked with the performance of the people involved (Riku & Perrot, 2008). Involvement of members of staff in drawing up contracts in a negotiated manner is important. This will ensure that performance goals are not perceived to be imposed by the management to the staff for purposes of encouraging staff ownership of the performance contract.

Governments continue to experience challenges of improving service delivery, while ensuring efficiency in the utilization of the limited resources. For instance, Finland adopted the concept in public institutions in the late 1980s as part of the public service reforms aimed at making public institutions and agencies more accountable and responsible (Patari & Sinkkonen, 2014).USA adopted the concept in the early 1990s with the aim of making government institutions more productive aimed at improving public confidence in the public entities (Mc Gowan, 2001). In Africa, following the aftermath of the structural adjustment programmes (SAPS), many countries were encouraged to deregulate state enterprises and ensure that they adopted the best practices adopted by the private enterprises (Obong'o, 2009). This was meant to maintain a macro-economic stability in terms of lower inflation, cutting deficit spending and reducing the scope and cost of government supported by the implementation of New Public Management (NPM) models including performance contracting. In the model, employees would sign a contract that would spell out the obligations that the employee would be held accountable, and specify rewards and penalties as the consequences of performance management (Raisch, 2004).

In Kenya, upon experiencing plummet performance in service delivery, the government embarked on reform and restructuring agenda of the state public services in the early 1990s. One of the policy issues of the reform agenda was change from executive form of evaluation based on rules to results centered on performance evaluation (Sawe, 1997). Further, as part of improving the deteriorating performance in state corporations and departments, the government in a policy document dubbed "*Strategy for Performance Improvement in the Public Service"* initiated various reforms aimed at revamping service delivery in the public sector (GoK, 2005). These included Results Based Management (RBM), service delivery surveys, developing service delivery benchmarks and service charters (GoK, 2005). These were aimed at shaping institution and operationalizing activities for the accomplishment of agreed set of outcomes, while re-orienting the goals of the human resource towards efficiency and responsiveness to clients' demand and requirement (ibid, 2005).

RBM involved advancing from the customary government practice of rightful application of government policy frameworks towards an empowered, results and service oriented public sector. It involved the development of a performance management system, while aligning it with accountability and decision making authority by introducing a performance oriented culture in the government services deliver through performance contracting. The contract specified the mutual performance obligations, intentions and responsibilities between two parties with the expected outcomes of improving service delivery as well as enhanced efficiency in resource utilization. Similarly, the contracts were meant to institutionalize a performance-oriented culture in service delivery, measurement and evaluation of performance, linking rewards and sanctions to measurable performance among others. In the implementation phase, the government established the Performance Contracts Steering Committee (PCSC), whose overall responsibility was to administer and coordinate the performance contracts in the public sector. The committee was assisted by an Ad-Hoc Negotiation/Evaluation Task Force comprising experts drawn from outside the public sector. The Ad-Hoc Task Force was responsible for negotiating, evaluating and moderating performance of ministries and state owned enterprises.

Statement of the Problem

The public service sector plays an important role in the provision of public goods necessary for the economy as whole (Okech, 2016). The government of Kenya with the support of various stakeholders embarked on reform agenda aimed at enhancing delivery of quality services, while ensuring efficiency in the provision of the services. This resulted in the implementation of performance contracts in the public sector. Since the initiation, reports show that efficiency in the provision of services in the public sector has not been realized. Cases of sloppy management in the utilization and management of public resources continue to be experienced (Mosomi, Kindiki & Boit, 2014). Similarly, cases of lack of effectiveness still exist with consumers complaining of delay in access to public goods when required. The quest for enhanced outcome and minimization of resource use are important management tools and techniques for the survival of an organization, and therefore state agencies and departments are not exempt. If pursued from strategic direction, this will not only enhance performance but also continued provision of the public goods.

Typically, the institutions are not clear about their goals or are aiming at the wrong goals. This lack of clarity can be attributed to the fact that most state agencies and departments have to deal with multiple principals with multiple (and often conflicting) interests (Triveldi 2000). The purpose of this study was to establish the influence of the implementation of performance contracting on efficiency in resource use in the public sector. The objectives of this study were twofold namely to establish how performance contracting on the utilization of resources in selected state agencies and departments; and to determine the challenges facing the implementation of performance contracting in Kenya's public sector.

METHODOLOGY

Given the nature of the target population, the study applied descriptive survey research design in order to examine the influence of the independent variable on the dependent variable. The target population comprised of selected state corporations and departments at both national and county departments. These institutions were targeted because of their active engagement in performance contracting and therefore directly affected by the process. The unit of analysis constituted staff at managerial, technical and support level in selected state corporations and departments (both at National and County governments). This was informed by the fact that in the country, performance contracting is implemented by all state entities. In order to identify the sample unit, simple random sampling was applied by preparing the sampling frame. Thereafter all these were allocated random numbers from which thirty five were picked randomly.

The study used both primary and secondary data with primary data collected using questionnaires, key informant interviews and observation method, while, secondary data was collected from various organization reports and documents. The reports and documents included performance contracting evaluation reports, strategic plans, human resources reports, annual plans, among others. Questions contained in the questionnaire were both closed ended and open ended with the latter being a set of likert-scale type of questions. A structured interviews schedule was used to collect supplementary data to complement data collected using questionnaire that allowed for flexibility and probing. The interview targeted key informants ranging from senior managers, technical staff, and middle level managers, supervisors, among others, with an aim of getting data that were used to verify and add meaning to the data collected using questionnaires.

Testing of the research instruments on a pilot sample was done, which allowed the researcher to identify whether respondents understood the questions and instructions, and whether the meanings of questions were the same for all respondents. Documents from a few organizations were reviewed to check if the themes developed for document analysis are appropriate using test-retest method. The tools were modified in terms of content, wording, layout, length, format and instructions that might not have been clear. Data reliability was measured using Cronbach's apha coefficient with the highest and lowest values of 0.928 and 0.787, respectively reported. This therefore suggests that the questions as contained in the questionnaire would yield information that was reliable and acceptable.

Data generated was first cleaned to detect errors and omissions, while documents were reviewed to determine data that would be chunked into smaller meaningful parts. Similarly coding was done by developing a code book where numerals were assigned to ensure that data is put into a limited number of categories or classes**.** Correlation analysis was conducted to examine the direction and strength of the variables to determine the amount of correlation between them. In the study, descriptive analysis was done to study distributions of variables in terms of means and standard deviation, while correlation analysis was conducted to study the direction and strength of the variables to determine the amount of correlation between them. Before contacting regression analysis, a number of statistical tests namely normality tests, linearity, multicolinearity, were conducted.

FINDINGS AND DISCUSSIONS

The findings are reported first in terms of response rate and profile of the respondents followed by the descriptive statistics based on the study objectives. The last sub-section provides the regression analysis with a composite mean of efficiency as the endogenous and performance contracting as the exogenous variable.

Profile of Respondents

A total of two hundred and fifty respondents were conducted through the use of questionnaires and interview guide, with one hundred and seventy five responding. This represented seventy percent (70%) response rate, a value considered adequate for the study as described by Richardson (2005). In the work of Richardson (2005), a response rate of sixty and above is desirable in social sciences though in some cases it could go lower. Face to face discussions were conducted guided by an interview schedule for the purpose of triangulating the results from the questionnaires. Further, document analysis was used to collect secondary data from although only an insignificant percentage of the sample unit accepted to share the documents, while the rest were reluctant citing sensitivity of the documents, despite the assurance of objectivity and confidentiality. The inability to share could imply either non-availability of the documents in the organization or that the organizations could be *"closed*" and not willing to share project related documents with people not directly involved in the project activities. In terms of gender, 56.08% of the respondents were male, while the remaining 43.92% were females. This shows a near equitable gender distribution of the respondents in the survey and that the organizations have embraced affirmative action. Regarding age, the study show that majority of the employees were aged between 26 – 55 years of age, with thirty five point three percent aged between 36 – 45 years, while thirty two point four percent were between 26 and 35 years old. Less than a quarter of the respondents were aged between 46 – 55 years with Ten point three percent aged between 41 – 45 years. Similarly, four point four percent were aged between 18 – 25 years, while only one-point five were over 55 years. Overall, majority of the respondents were in the productive age of between 36 – 55 years. This is likely to impact positively on productively. The results thus show that state corporations and departments strictly operate within the labour laws with regard to employment.

In terms of education, more than half of the respondents had masters' degree, followed by bachelors and doctorate degree at 41.2% and 4.41%, respectively with diploma reported as the least qualification at 2.94%. The results are an indication that the institutions consider academic qualification for the employees. The results could be linked to government's concerted efforts in attracting the "best" through the harmonization program as well as promotion criteria where education qualification are highly regarded. Like in the case of age, academic qualifications are expected to influence productivity positively. It is also necessary to impute that most of the institutions surveyed are technical in nature and, therefore expected to employee individuals with relevant skills as reflected in the academic qualifications.

More than half of the respondents were technical staff estimated at 66.18%, with slightly more than a quarter (30.79%) at senior management, while the remaining 3.04% constituted support staff. Whereas the results indicate a near proportionate representation of all groups ranging from management to the junior staff, performance contracting in many cases targets technical and management staff that are involved in production of goods and services. This finding correlates the findings under the level of education where majority of employees had masters' degree which in a normal situation would be employees either at technical or senior management level.

Descriptive Analysis

Descriptive statistics are reported in terms of mean and standard deviation based on the two objectives. The first sub-section provides the summary statistics in terms of performance contracting and efficiency followed by challenges affecting the implementation of performance contracting from the respondents' perspective.

Performance Contracting and Efficiency

The objectives of a performance contract in the public sector include improving public service delivery; drawing back the deterioration in efficiency and making sure that public resources are engrossed in achievement of the main state policy priorities. In this sub-section, respondents' responses in terms of performance contracting and efficiency issues are reported. Issues considered include performance contracting and cost reduction in the organization, productivity, resource use and allocation, governance, productivity, improved production, transparency and accountability and revenue generation. These were measured on a five point's scale measure that measured the respondent level of agreement with the factors. The results are summarized in table 1.

Table 1: Performance Contracting and Efficiency Concerns

Performance Contracting and Efficiency Considerations	Mean	Std. Deviation
Performance contracting has led to cost reduction in the organization	2.04	0.96
Performance contracting has improved governance	2.54	1.18
Performance contracting has improved productivity (output)	2.40	1.06
Performance contracting has led to improved resource use	2.53	0.94

Performance contracting has led to improvements in the allocation and use of resources	2.62	1.16	Table 1...
Performance contracting has led towards increase in the organization's revenue	2.85	1.11	
Composite Index	2.50	1.06	

The composite mean score and standard deviation for performance contracting and efficiency was 2.50 and 1.06, respectively. Notable impact of performance contracting with regard to efficiency were demonstrated in terms of cost reduction, improved governance as well as increase in revenue generation and improved productivity. Specifically, respondents agreed that performance contracting had contributed towards reduction in cost of production and increased revenue with each scoring a mean score of 2.04 and standard deviation of 0.96 each. This is an indication that performance contracting seem to be achieving the intended objectives in terms of efficiency especially in minimizing costs and facilitating productivity and eventually revenue generation. This compares with the intended objectives in the initiation stage where improving public service delivery, drawing back the deterioration in efficiency and making sure that public resources are engrossed in achievement of the main state policy priorities of the government were key (GoK, 2005).

The mean score of the linkage between performance contracting and improvements in the allocation and use of resources was 2.22 and standard deviation of 0.98, while the mean score for performance contracting and resource allocation in the organization was 2.53 with a standard deviation of 0.94. This compares to the mean score of 2.40 and standard of 1.16 for improved productivity and standard deviation. This finding agrees with the thinking behind the introduction of performance contracting whereby the intention was to set up structured management principles towards good discipline, specific and detailed job descriptions, frequent and accurate reporting of performance, pay and promotion based on merit, clearly defined hierarchy of superiors and subordinates, enforcement of personal responsibility and accountability (GoK, 2005). Through this approach, the institutions are expected to direct all their resources towards the delivery of targeted services and maintenance of enhanced productivity as well as transparency and accountability in the usage of the resources. The contracts would help improve the service delivery of the government institution to the public by making sure that top-level management was responsible for results, improving productivity levels and ensuring the public assets were focused towards fulfilling the main state policy priorities, and institutionalizing performance oriented philosophy in public service, measure and appraise (Mulei & Orodho, 2014).

Challenges affecting Performance Contracting

This section illustrate the study results on a number the challenges that affected performance contracting in organizations. Table 2 provides a summary of the distribution of the factors respondents identified as inhibiting performance contracting in the surveyed institutions.

Table 2: Challenges affecting Performance Contracting

Challenges	**Percentage**
Unrealistic targets are usually given	10.24%
Inadequate resources and funding necessary to perform tasks assigned	31.50%
Inconsistence feedbacks on performance evaluation results	4.72%
Lack of Rewards systems and those available not based on performance contract	10.24%
Lack or training needs not tied to the performance contract	12.60%
Failure to involve all staffs in performance contract such as staff in union	3.15%
Inadequacy in the monitoring and evaluation of the performance contract	11.02%
Lack of consultation to all parties in formulating performance contract	7.09%
Poor system (failure) i.e. some duties not rated, late signing of performance contract, rewarding best performance after a long time, confusion between PC & performance management	9.45%
Total	**100.00%**

As shown in Table 2, inadequate resources and funding, necessary to perform tasks assigned in the performance contract was the most challenging factor to performance contracting with 31.50% of the respondent citing it as a concern. This was followed by inadequate training needs necessary for the implementation of the contracts (12.60%). Others challenges were lack of monitoring and evaluation system that contribute to irregular evaluation was also affecting the performance contracting negatively with 11.02% respondent supporting this. Additionally, unrealistic targets given in the performance contracting was found to also be a challenge in performance contracting in the organization as indicated with 10.24% of the respondent. Further, lack of rewards systems and those available not grounded on performance contracting, was another challenge to performance contracting in the organization as indicated by 10.24% respondent. Other factors found to impact negatively on the implementation of performance contract in the organization were lack of consultation to all parties in formulating performance contract (7.09%); lack or inconsistence feedbacks on performance evaluation results (4.72%), and finally failure to involve all staffs in performance contracting such as staff in union (3.15%).

Correlation Analysis of Variables

Using Pearson Product Moment Correlation, correlation analysis was done to explore the direction and the strength of the relationships between independent variable and dependent variable. Whereas the sign was determined by checking the positive or negative value before the r-value, the strength of the relationships was considered by looking at the r-value. As noted by Chen (1988), a correlation of 0 indicates no relationship at all, while a correlation of 1.0 indicates a perfect positive correlation and finally a value of –1.0 indicates a perfect negative correlation. The judgment rule on the strength of the correlation was guided by the guidelines suggested by Cohen (1988) that r-value of between .10 to .29 means small or weak correlation with r-value of between .30 to .4.9 implying medium or moderate correlation, while r-value of between .50 to 1.0 shows a large or strong correlation. Given the variable measurement, Pearson Product Moment Correlation were determined at a 95% level of confidence, meaning that the sample proportion (p) was less than or equal to 0.05. The Pearson Product Moment Correlation was used and these relationships were determined at a 95% level of confidence, meaning that the sample proportion (p) was less than or equal to 0.05.

Table 3: Correlation Analysis

		Service Delivery	**Performance Targets**	**Performance & Efficiency**	**PC & Implementation Strategies**	**PC & Implementation**
Service Delivery	Pearson Correlation	1	.701**	.688**	.742**	.659**
	Sig. (2-tailed)		.000	.000	.000	.000
Performance Targets	Pearson Correlation	.701**	1	.625**	.716**	.769**
	Sig. (2-tailed)	.000		.000	.000	.000
Performance & Efficiency	Pearson Correlation	.688**	.625**	1	.721**	.574**
	Sig. (2-tailed)	.000	.000		.000	.000
PC Implementation Strategies	Pearson Correlation	.742**	.716**	.721**	1	.783**
	Sig. (2-tailed)	.000	.000	.000		.000
PC & Implementation	Pearson Correlation	.659**	.769**	.574**	.783**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

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

The table shows a strong relationship between service deliver and other variables with correlation between service delivery and performance targets of r-value of 0.701, p< .000. Correlation between service deliver and efficiency was equally strong reporting r-value of 0.688;

p<.000. Similarly, the correlation between service deliver and performance contract implementation strategies was strong with r-value of 0.742, p<.000, while the correlation between service delivery and performance contract implementation was 0.659; p<.000. The correlation between performance targets and the other variables also shows a strong relationship, while the correlation between performance targets and efficiency demonstrate was 0.625; p<.000. The correlation between efficiency and the other variables was also strong relationship with the same relationship reported between efficiency and performance contract implementation strategies. The correlation between efficiency and performance contract implementation was equally strong with r-value of 0.574; p<.000. In summary, there was positive and strong correlation in the variables under consideration.

Regression Analysis

Linear regression analysis was conducted to examine the influence of performance contracting on utilization of resources as a proxy for efficiency in order to realize objective number two (2) of the study. In this case, performance contracting was the exogenous variable, while a composite mean of utilization of resources constituted the endogenous variable (Table 4).

Table 4: Model Summary on Performance Contracting and Utilization of Resources

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721[a]	.519	.512	.64804

a. Predictors: (Constant), performance contracting

There was a strong correlation between performance contracting and efficiency in the utilization of resources with r-value of 0.721. The coefficient of determination was 0.519 (r^2= .519) indicating that performance contracting accounted for 51.9% of the variations in efficiency in the utilization of resource, while the remaining 49.1% of efficiency in the utilization of resources was influenced by other factors besides performance contracting. The ANOVA was also performed and the results summarized in table 5.

Table 5: ANOVA Results of Performance Contracting and Utilization of Resources

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.491	1	29.491	70.223	.000[b]
	Residual	27.297	65	.420		
	Total	56.787	66			

a. Dependent Variable: utilization of resources b. Predictors: (Constant), performance contracting

As shown in the table, there a statistically significant correlation between performance contracting and efficiency in the utilization of resources, $F=70.223$, $p< .000$. This indicates that the overall regression model was significant. In terms of the coefficient, the analysis shows a statistically significant value ($\beta=.876$, p-value=.000). This implies that there was a linear dependence of efficiency and performance contracting.

Table 6: Coefficients on Performance Contracting and Utilization of Resources

		Unstandardized Coefficients		Standardized Coefficients		
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	.143	.313		.458	.649
	performance contracting	.876	.105	.721	8.380	.000

a. Dependent Variable: utilization of resources

In summary, the regression equation to estimate the impact of performance contracting on utilization of resources was:

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

Y = Utilization of Resources;

β_0 = Constant;

β_1 = Beta coefficient;

X_1 = Performance Contracting;

ε = Error term.

From the coefficient table, performance contracting significantly influence efficiency in the utilization of resources in terms of resource use and allocation, reduction in operating costs as well improved governance, and revenue generation.

CONCLUSION

Performance contracting has brought about efficiency in the utilization of resources in public organization. In the study, a strong positive relationship between performance contracting and resource utilization among the public organizations was identified. The results demonstrated that performance contracting led to cost reduction in the organization, improved governance as well as productivity, resource use and allocation in the public organizations. Performance contracting in public organizations also resulted to transparency and accountability in the organizations. Further, it contributed towards increase in the organization’s revenue as well as customer satisfaction. In a nutshell, efficiency in resource utilization was found to be enhanced by performance contracting. Thus performance contracting in organizations facilitates efficient utilization of the scarce resources in the organizations.

Implementation of performance contracting in the public sector in Kenya has not been without challenges, it was initially introduced but failed to establish until recently. According to this study, the challenges that undermine performance contracting implementation in the public sector include unrealistic targets in performance contract; inadequate resources and funding necessary to perform assigned tasks; lack and inconsistence feedbacks on performance evaluation results. Others include lack of rewards systems; lack or training needs not tied to the performance contracts; failure to involve all staffs; lack of monitoring and evaluation office. This study concludes that in order to enable the implementation of performance contracting efficiently the organization should address and solve these problems that are seen to be a challenge to performance contracting implementation.

RECOMMENDATIONS

In order to ensure there is effectiveness in service delivery in the public sector, it is recommended that performance contracting should be implemented across all public institution. The study also recommends the implementation of performance contracting in all public institution in order to realize the efficient utilization of resources. Further, this study recommends that performance contracting in public organization should have a strategic plan that will include various strategies for implementing performance contracting. These strategies will help address the challenges faced in the implementation of performance contracting. The strategies for implementing performance contracting should include employee motivations, training and capacity building as well as putting in place an autonomous institution that will ensure objectivity of performance contracting process. Having an independent institution to negotiate performance contracts and carry out evaluation can ensure objectivity of performance contracting. There is also the need to put in place a rewarding system that is impartial. The organization should also provide the necessary resources to facilitate the implementation of performance contracting. In cases where there exist different categories of employee such as unionized staff, performance contract should also include them. It is also necessary that the process of performance contracting is all inclusive to minimize on cases of resistance by a few stakeholders.

REFERENCES

Agili, J. & Okibo, W., (2014) Factors Influencing Implementation of Change in Selected Public State corporations in Kenya. International Journal of Economics, Commerce and Management, 3(5), 1201-1219.

Bosse, D. A., & Phillips, R. A., (2016). Agency Theory and Bounded Self-Interest. Academy of Management Review, 41(2), 276-297.

Cheche, S.G. & Muathe S.M.A., (2014). A Critical Review of Literature on Performance Contracting. Global Journal of Commerce & Management Perspective (GJCMP). 3(6), 65-70.

Cooper, D. R., & Schindler, P. S., (2006). Business Research Methods. New Delhi: Tata McGraw Hill.

Creswell, J.W., (2006) Research design. Qualitative, quantitative, and mixed methods approaches. Thousand Oaks CA: Sage.

Daykin C., (2002) Contracting-Out in the United Kingdom: A Partnership Between Social Security and Private Pension Plans. Journal of Aging & Social Policy, 14(1), 23.

Drucker, P. F., (1995) The information executives truly need. Harvard Business Review, 73 (1), 1-24.

Eisenhardt, K.. (1989) Agency theory: An assessment and review". Academy of Management Review, 14 (1), 57–74.

Elmore, R. F., (2007) “When Good Policies Go Bad: Political Accountability and Quality of Service in Education”. Paper was prepared for the IPPMN Workshop on Rating and Ranking Public Services, Worcester College, Oxford, UK August.

Fisher, J. G., Peffer, S. A., Sprinkle, G. B., & Williamson, M. G., (2015) Performance Target Levels and Effort: Reciprocity across Single- and Repeated-Interaction Settings. Journal of Management Accounting Research, 27(2), 145-164.

Fried, Y., & Slowik, L. H., (2004) Enriching Goal-Setting Theory With Time: An Integrated Approach. Academy Of Management Review, 29(3), 404-422.

Gakure, R.W., Muriu, S.M. & Orwa, G., (2013) Role of Performance Contracting in Enhancing Effectiveness of Performance in the Civil Service in Kenya, State Department of Infrastructure. IOSR Journal of Business and Management, 14(6), 73-82

Gaunya, C.R., (2014) An Evaluation of Change Management and Its Implications on Competitiveness of Public State corporations in Kenya. European Journal of Business and Management, 6(37), 179-189.

Government of Kenya (2010) Evaluation of the performance of public agencies for the financial year 2008/2009 (Kenya, Performance Contracting Department, Office of the Prime Minister). Government Printer, Nairobi

Government of Kenya (2003) Economic Recovery Strategy for Wealth and Employment Creation 2003 – 2007, Government Printer, Nairobi

Government of Kenya (2005) Donor/GOK Consultative Meeting(Kenya, Public Service Reform and Development Secretariat, Office of the President). Government Printer, Nairobi

Greiling, D., (2006) Performance Measurement: A Remedy For Increasing The Efficiency of Public Services. International Journal of Productivity and Performance Management. 55(6), 448-465.

Gruening, G., (2001) Origin and theoretical basis of New Public Management. International Public Management Journal, 4 (2001),

Jiang, Y., & Seidmann, A., (2014) Capacity planning and performance contracting for service facilities. Decision Support Systems, 5, 831-42.

Jin, T., & Wang P., (2012) Planning performance based contracts considering reliability and uncertain system usage. Journal of the Operational Research Society, 63(10), 1467-1478

Kadai, A., Sall, F. L., Andriantsara, G., & Perrot, J., (2006) The benefits of setting the ground rules and regulating contracting practices. Bulletin of The World Health Organization, 84(11), 897-902.

Karl, J., Rodriques, S. & Sheils, S., (2010) Results based management: Theory and application. UNDP Training Programme, 7-11.

Kemboi, A., (2015). Performance Contracting As a Strategy for Enhanced Employee Commitment: A Case of the Vocational Training Centre Sikri, Kenya. International Journal of Business and Social Research, 5(12), 56-67.

Kinanga, R.O. & Partoip, S., (2013) Effects of Target Setting in Performance Contracting on Employees Performance in Kenyan Public Enterprises. 20th IBIMA Conference, Kuala Lumpur, Malaysia, 25-26 March 2013.

Kobia, M., & Mohammed, N., (2006) The Kenyan Experience with Performance Contracting. Paper presented at 28thAfrican Association for Public Administration and Management Annual Round-Table Conference, Arusha, Tanzania.

Korir, S. C. R., Rotich, J., & Bengat, J., (2015). Performance Management and Public Service Delivery in Kenya. European Journal of Research and Reflection in Management Sciences, 3(4).

Kothari, C. R., (2004) Research methodology: Methods and techniques. New Delhi: New Age International (P) Limited Publishers.

Letangule, S. L., & Letting, N. K., (2012) Effects of Performance Contract on Organization Performance: The Case Study of Kenya's Ministry of Education. International Journal of Management & Business studies, 2(3), 29-37

Mauya, E.N., (2015) The Importance of Setting Performance Targets on Service Delivery in Performance Contracting At the Ministry of Tourism, Kenya. Global Journal of Human Resource Management, 3(5), 1-8.

Mbua, P., & Sarisar, J. O., (2013) Challenges in the implementation of performance contracting initiative in Kenya. Public Policy and Administration Research, 3(2), 44 – 61

Mishra, R.K. & Potaraju, G., (2015) Performance Target Setting System and MoU Experience in India. Journal of US-China Public Administration, 12(8), 603-613.

Mosomi, B. M., Kindiki, J. N & Boit, J. M., (2014) Impact of performance contract on the utilization of teaching and learning resources in Technical Institutes in Kenya. International Journal of educational Administration and policy studies. 6(9), 170-180.

Mulei, J. M., & Orodho, J. A., (2014) Performance Contracts and Service Delivery: What is The Level of Preparedness of School Managers in Management ofSecondary Schools in Makueni County, Kenya? Research on Humanities and Social Sciences, 4(21), 128 - 139.

Nedelea, Ş., & Păun, L. A., (2009) The importance of the strategic management process in the knowledge-based economy. Review of International Comparative Management, 10(1), 95-105.

Nganyi, J.E., Shigogodi, J.M. & Owano, A., (2014) The Effectiveness of Performance Contracting in Service Delivery in Public State corporations in Kenya. International Journal of Academic Research in Business and Social Sciences, 4(10), 413-513.

Obongo, S. O., (2009) Implementation of Performance Contracting in Kenya. International Public Management Review, 10(2), 66-84.

Okech C.T., (2016) Devolution and Universal Health Coverage in Kenya: Situational Analysis of Health Financing, Infrastructure and Personnel International Journal of Economics, Commerce and Management United Kingdom Vol. IV, (5) May PP 1094 – 1110 ISSN 2348 0386

Okiiya, A. S., Kisiangani, B. W. & Oparanya, W., (2013) Change Management and Performance Of Public Secondary Schools In Siaya Sub County. International Journal of Scientific & Technology Research, 4(4), 23-37.

Oliver, J. & Nakamura, A., (2013) Can Shared Performance Targets Help Co-Ordinate Public Organizations? Rational Control and Organizational Politics in UK Government Crosscutting Public Service Agreements. COCOPS Working Paper No. 13

Omboi, B.M., (2011) Factors Affecting Implementation of Performance Contract Initiative at Municipal Council of Maua-Kenya. Research Journal of Finance and Accounting, 2(2), 1-12.

Omondi, J.D., (2015), A Study on Effects of Performance Contracting Implementation on Service Delivery at Kenya Ports Authority, 4(6), 34-45.

Russell, R.B., (2013) Social research method: qualitative and quantitative approaches. Los Angeles: SAGE Publications.

Saunders, M., Lewis, P., & Thornhill, A. (2007).Research Methods for Business Students, (4th Ed.). Harlow: Prentice Hall Financial Times.

Sawe, A., (1997) Performance Contracting: Case-Study of the Kenya Civil Service Reform (CSR) Programme, Directorate of Personnel Management). Retrieved January 26, 2017

Schang, L., & Morton, A., (2016) Complementary logics of target-setting: hierarchist and experimentalist governance in the Scottish National Health Service. Health Economics, Policy, And Law, 1-21.

Tonui, E. K., (2010) Effects of Performance Targets on Employee Delivery in Public Institutions in Kenya: A Case of National Social Security Fund

Trivedi, P., (1990) Theory and Practice of the Contracting Approach: Lessons for LCDs. In P. Trivedi (Ed.), Memorandum of Understanding : An Approach to Improving Public Enterprise Performance (1st ed.). New Delhi: International Management Publishers.

UNDP (2009) Handbook on, Monitoring And Evaluating For Development Results. NewYork, NY: United Nations Development Programme.

Verhoest, K., (2005) Effects of Autonomy, Performance Contracting, and Competition on the Performance of a Public Agency: A Case Study. Policy Studies Journal, 33(2), 235-258.

Waithera, S.L. & Wanyoike, D.M., (2015) Influence of project monitoring and evaluation on performance of youth funded agribusiness projects in Bahati Sub-County, Nakuru, Kenya. International Journal of Economics, Commerce and Management, 3(11), 375.

Waswa, F., Ombuki, C., Migosi, J., & Metet, J., (2013) Assessment of Corporate Management Practices in Public State corporations in Kenya. International Journal of Educational Administration And Policy Studies, 5(2), 22-32.