



library@chuka.ac.ke; www.chuka.ac.ke

EFFECTIVENESS OF PERFORMANCE CONTRACTING ON SERVICE DELIVERY IN PUBLIC UNIVERSITIES IN KENYA

Elias, E.M., Muthaa, G.M. and Muriungi, P.K.

*Department of Education, Chuka University, P. O. Box 109-60400, Chuka
Department of Arts and Humanities, Chuka University, P. O. Box 109-60400, Chuka
Correspondence: eliasericmwenda@yahoo.com; emwenda@chuka.ac.ke;*

Citation:

Elias, E.M., Muthaa, G.M. and Muriungi, P.K. (2015). Effectiveness of Performance Contracting on Service Delivery in Public Universities in Kenya. In: Isutsa, D.K. and Githae, E.W. *Proceedings of the First International Research Conference held from 29th to 31st October, 2014 in Chuka University, Chuka, Kenya.*203-209pp.

ABSTRACT

The Government of Kenya introduced Performance Contracting (PC) in the public service to improve service delivery. This study investigated the effectiveness of PC in service delivery in the public universities in Kenya. It evaluated the level of involvement of university staff and students in PC, the effectiveness of PC in improving customer satisfaction and accountability, as well as feedback and conflict resolution. It was based on the assumption that respondents were aware of PC policies. It used descriptive survey design and targeted 132,021 subjects, comprising 84,290 students, 15,937 academic staff, 31,789 non-teaching staff and 5 directors of PC in five public universities. A normal sample size of 384 respondents was appropriate, but 500 were used to compensate for attrition. Purposive sampling was used to select directors and simple random sampling to select academic staff, non-academic staff and students. Questionnaires and interview schedules were used in data collection. Piloting was done in three public universities which had similar characteristics with the sampled universities. Reliability was tested using split half technique and Cronbach formula was used to compute reliability, resulting in 0.81, 0.78, 0.73 and 0.79 for academic staff, non-academic staff, directors and students, respectively. Data analysis was done using SPSS. A response rate of 93% was achieved. Majority of the staff were involved in PC and a positive correlation between level of staff involvement in PC and improvement in service delivery (0.699, $\alpha=0.05$) resulted. A positive correlation between: effectiveness of PC and customer satisfaction (0.807), as well as feedback process (0.90) resulted. Public universities should regularly sensitize staff and students on PC and service delivery, reward staff that perform well in PC and involve students in development of service delivery charters. The Government should strengthen public universities in carrying out PC to progressively improve service delivery.

Key words: *Effectiveness, Performance Contracting, Service Delivery*

INTRODUCTION

Background to the Study

The primary development goal for any country is to achieve broad-based, sustainable improvement in the standards and the quality of life for its citizens (GOK, 2010). This can be achieved by effective and quality delivery of services by the human resource in various public and private institutions (Kobia and Mohammed, 2006). According to Armstrong (2006) human resource refers to a set of individuals who make up the work force of an organization, business or economy. Development of human resource results to increase in productivity, eradication of social and economical backwardness and social and political revolution (Balogun, 2003). Effective human resource management enables employees to contribute effectively to the whole institution and to the accomplishment of the organizational goals and objectives (Balogun, 2003). Human resource management is moving away from traditional personnel administration and transactional roles which are increasingly outsourced. Human resource management is expected to add value to the strategic utilization of employees and employee programmes in measurable ways (Armstrong, 2006). The human resource aspect within an institution contributes to eighty percent of the institutional value and this implies that if people are not managed properly the organization faces a chance of falling apart ((Armstrong, 2006). This shows the critical role that human resource plays in organizations.

When the delivery of services is constrained or becomes ineffective, it affects the quality of life of the people and nations development process (Kobia and Mohammed, 2006). This shows the consequences of service delivery to individual and societies which gives impetus to the current study. According to Balogun, (2003) the civil service inherited at independence had not been designed to grapple with development needs of post-independence Kenya. The gradual erosion of the ethics and accountability has continued to bedevil the public sector reforms that are meant to address these challenges and therefore, have achieved minimal results (Balogun, 2003). This led to the launching of the reform efforts necessitated by need to address the wanting performance of the public service. Performance contract system originated in France in the late 1960's and has been used in about 30 developing countries in the last fifteen years. The problems that have inhibited the performance of government agencies are largely common and have been identified as excessive controls, multiplicity of principles, frequent political interference, poor management and outright mismanaging. The fundamental principle of performance contracting is the devolved management style where emphasis is management by outcome rather than management by process (RBM Guide, 2005).

Performance contracting is a freely negotiated performance agreement between the government acting as the owner of public agency on one hand and the management of the agency on the other hand (GOK, 2010). The performance contract specifies the mutual performance obligations, intentions and responsibilities of the two parties. It organizes and defines tasks so that management can perform them systematically, purposefully and with reasonable probability of achievement. These also assist in developing points of view, concepts and approaches to determine what should be done and how to go about doing it. The expected outcome of the introduction of the performance contracts includes improved service delivery, improved efficiency in resource utilization, institutionalizing of a performance oriented culture in institutions of higher learning, measurement and evaluation of performance, linking rewards and sanctions to measurable performance, retention or elimination of public agencies on exchequer funding, instilling accountability for results at all levels and enhancing performance in institutions of higher learning. These government initiatives lack the performance information system, comprehensive evaluation system and performance incentive system (GOK, 2005). It is within this context that the Kenyan Government introduced performance contract as a management tool for measuring performance against negotiated performance targets (GOK, 2003). To ensure that standards of the quality life are achieved, performance contracting use has been acclaimed as an effective and promising means of improving the services in public sector all over the world (GOK, 2010).

There are three types of public institutions that sign Performance Contracts (PCs) in Kenya. The parties to the contracts are as follows: Performance Contracts for Government Departments/ Ministries which is signed between the Cabinet Secretary (Principal) and the relevant Permanent Secretary (Agent). PCs for Local Authorities (Municipalities) which is signed between the Permanent Secretary, Ministry of Local Government (Principal) and the Council of Local Authority (Agent) (GOK, 2003). Performance Contracts for State Corporations which is signed between the Permanent Secretary (Principal) of the administrative ministry in charge of supervising the State Corporation and the Board of Directors (Agent) of the State Corporation. Public universities are factored in this category where the performance contract is signed between the Permanent Secretary and the respective university councils which constitute the management board.

The performance contracting reform is not readily accepted by everybody in the public service, especially those who might feel exposed negatively in terms of poor performance by the outcomes. Several questions are being raised as to whether the system is good enough for public service as any loophole within the system are being investigated with a view of discrediting it (GOK, 2011). The GOK (2011) Report on Evaluation of Performance Contracting notes that cases of resistance on the grading structure especially in state corporations where sentiments have been expressed that it is unfair to grade state corporations operating at different sectors of the economy together. Some state corporations would prefer to be grouped and ranked differently citing their uniqueness emerging from their areas of service delivery, size in terms of turnover, number of employees and even mandate.

Balogun (2003) notes that the general public and even high ranking public servants have embraced the idea of performance contracting and measuring performance as it has developed a culture of professionalism, competitiveness, innovation and target setting. On the negative side, Balogun(2003) notes that despite the signing and evaluations of performance contracts between the respective public agencies with the government of Kenya, the culture of non-performing, poor service delivery, lack of accountability and inefficiency is fighting back to resist the performance contracting reform in many state corporations. No studies have been done to evaluate the effectiveness of performance contracting on service delivery in public universities. It is against this background that the need

arises for a research to evaluate the effectiveness of performance contracting on service delivery in public universities in Kenya.

Statement of the Problem

The government of Kenya is tasked with the responsibility of providing services to its citizens. This is done through the public service. To achieve quality service delivery, the government has initiated major reforms in the public sector, including state corporations like the public universities. Performance contracting is the current reform measure. Despite the gains anticipated with the introduction of performance contracting, concerns have been raised on its effectiveness in promoting quality service delivery in public universities in Kenya. Concerns have been raised as to whether involving university staff and students in performance contracting significantly improves service delivery in the public universities. This study therefore, will seek to evaluate the effectiveness of performance contracting on service delivery in public universities in Kenya.

Objectives of the Study

- i. To establish the extent of involvement of the university staff and students in performance contracting activities in public universities in Kenya.
- ii. To evaluate the extent to which involvement of the staff in performance contracting activities improves service delivery in the public universities in Kenya.

Hypothesis

There is no statistically significant relationship between the involvement of the university staff in performance contracting activities and improving service delivery in public universities in Kenya.

METHODOLOGY

This study used descriptive survey research design. Descriptive survey research design is used in preliminary and exploratory studies to allow researchers to gather information, summarize, present, and interpret for the purpose of clarification (Orodho, 2004). The design was based on the fact that the researcher did a status study; collect, analyze and interpret information from the respondents without manipulating the variables involved in the study.

Location of the Study

This study was carried out in the public universities in Kenya. Public universities in Kenya are part of state corporations that sign performance contracts and the choice of the universities for the study was made based on that strength. The public institutions were: University of Nairobi, Moi University, Kenyatta University, Egerton University, Jomo Kenyatta University of Agriculture and Technology.

Population

The population for the study was 132,021 subjects which consisted of 15,937 academic staff, 31,789 non-teaching staff, 84,290 students and 05 directors of performance contracting in the public universities in Kenya (GOK, 2012). According to Kathuri and Pals (1993) for a population of 132,021 a normal sample size of 384 is considered appropriate. The researcher used a sample size of 500 for the study to take care of attrition and to enhance representativeness of the sample to the population. Random sampling was used to select 5 universities from the public universities. Proportionate sampling was used to select 60 teaching staff, 120 non-teaching staff and 320 students who were distributed in the 5 universities.

In the 5 sampled universities, 6 academic departments were randomly selected and the head of sections were purposively selected. One academic staff and one non-teaching staff in these departments were randomly selected to participate in the study making a total of 12 academic and 6 non-academics staff members. Random sampling was used to select 9 non-academic departments from each of the public universities. The head of departments were purposively sampled and 1 staff member randomly sampled making a total of 90 respondents. The 320 students were equally distributed in the 5 universities to give a total of 64 students in each university. Purposive sampling was used to select the 4 student leaders and 60 students randomly distributed in the 6 academic departments. Purposive sampling was used to select the directors of performance contracting for the study.

Instruments

The instruments that were used for data collection were the questionnaires and interview schedule. There were three sets of questionnaires: academic staff questionnaire, non-academic staff questionnaires and student's questionnaire.

Borg and Gall (1996) points out that questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivation, attitudes and accomplishment as well as experiences of individuals. Questionnaires were chosen for this study on the basis of these strengths.

Reliability and Validity

The research instruments were piloted in 3 of the public universities that have similar characteristics and manage performance contracting like the other public universities in Kenya. Piloting was deemed important in this study in developing and testing the adequacy of questionnaire items. The pre-testing assessed the clarity of the questionnaire items and discarded/modified inadequate or vague items. The Cronbach's alpha reliability coefficient of the academic staff, non-academic staff, students questionnaires and director performance contracting interview schedule were found to be 0.81, 0.78, 0.79 and 0.73 respectively hence recommended for the study. Validity is the degree to which a test measures what it is supposed to measure (Gay, 1992). Validity of the research instruments was ensured through expert judgment of faculty members and supervisors competent in research techniques and performance contracting process. Borg and Gall (1996) points out the content experts helped determine validity by defining in precise terms the domain of the specific contents that the test is assumed to represent and then determine how well that content universe is sampled by the test item.

Data Collection Procedures

The researcher obtained the research permit from the National Commission for Science and Technology (NACOST). The researcher was assisted by 3 research assistants to administer the instruments to all the respondents. The research assistants were trained on data collection before the actual data collection. The research assistants gave the respondents about four days so as to respond to all the items adequately and the researcher took two months for data collection.

Methods of Data Analysis

Data analysis used the Statistical Package for Social Sciences (SPSS) version 11.5. Descriptive as well as inferential statistics was used. The statistics included frequencies, percentages and Pearson moment correlation coefficient for qualitative and quantitative trends.

RESULTS AND DISCUSSION

Response Rate

The response rate was 91.6% of the academic staff who returned the answered questionnaires, 88.3% of the non academic staff and 95% of the students. All the directors of performance contracting were interviewed. According to CAPAM (2005), the consensus response rate of 70% from the items is acceptable for analysis of data. The consensus response rate for the study was 93% and therefore acceptable for the analysis.

Demographic Characteristics of the Respondents

The demographic profile provides information about the population structure and helps create a mental picture of the characteristics of the subgroups that exist in the overall population (Greiling, 2002). The study sought to find out the gender composition of the respondents. The information obtained is presented in Figure 1.

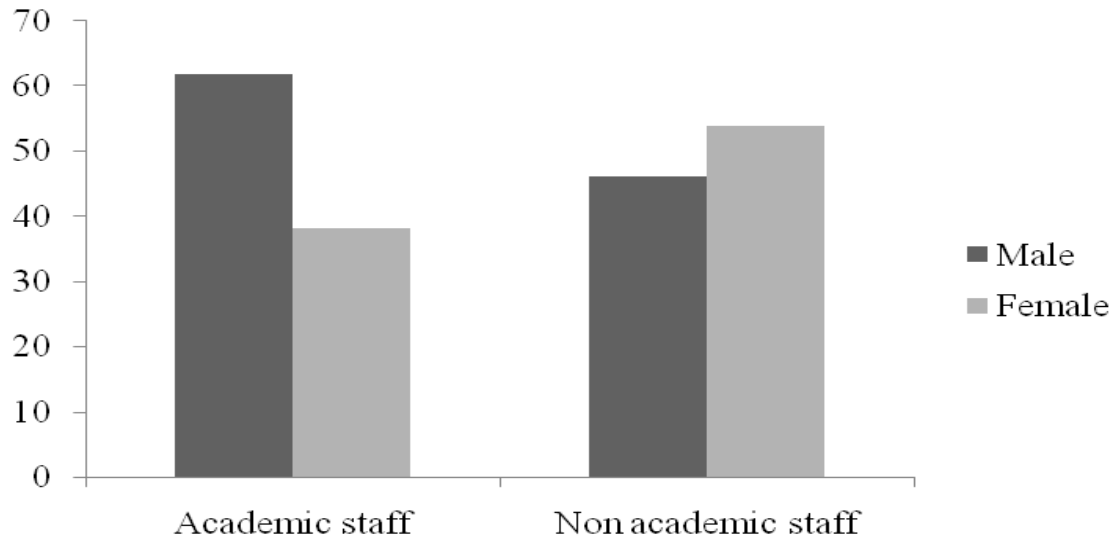


Figure 1. Gender of the Respondents

There were more male respondents from the academic staff (61.8%) and more female respondents from the nonacademic staff (53.8%) compared to (38.2%) from the academic staff. This information reveals that gender was fairly distributed across the study population. On the academic achievement of the non academic and academic staff in public universities in Kenya, majority (61.8%) of the academic staff had a masters degree, 23.6% had a bachelors degree, while 14% had doctorate degree. The study further established that the majority (69.4%) of the non academic staff had bachelor's degree, 22.2% were diploma holders, and 5.6% had a certificate, while only 2.8% had a doctorate degree. Majority of the academic staff (72.2%) interviewed had the working experience between 2-10 years, 15% had a working experience of 0-1 years while 13% with over 10 years working experience. Majority (67.6%) of the non academic staff in the public universities had a working experience of between 2-10 years and 20% had the working experience of over 10 years. This indicated that majority of the staff in the public universities where the study was conducted had less than 10 years working experience. Majority (72.1%) of the students' respondents were regular students and 51% of the students respondents were male students.

Involvement of University Staff in Performance Contracting Activities

Majority (44.1%) of the staff in the universities said that they were involved in setting performance targets to a great extent. The study further established that the staffs were being involved in ensuring that cascading of performance contracts is done effectively to a great extent, as was indicated by the majority (48.4%) of the respondents. The study further established that 30.4% of the staffs were being involved in ensuring that performance contracts were signed within the first quarter to a great extent and 17.4% to a very great extent. The signing of performance contracts ensures effective implementation of the set target activities. The study further established that the staffs were involved to a great extent in explaining the link between performance contracting and service delivery to other staff members as was revealed by the 34.8% of the respondents.

On the extent of involvement in ensuring that performance appraisals are linked to performance contracting, 34.2% indicated that the staffs were being involved to a great extent and 18.0% to a very great extent. The study further established that the staffs were being involved to a great extent in encouraging teamwork in the universities, as was indicated by the majority (24.8%) of the respondents and 24.2% to a very great extent.

The staffs were being involved in providing resources in a timely manner for implementation of performance contract targets to a great extent, as was revealed by the majority (34.2%) of the respondents and 26.1% of the staff were involved to a very great extent. The study further established that the staffs were being involved in ensuring that the performance contracting process is linked to core mandates of the university to a great extent, as was revealed by the 34.2% of the respondents.

On ensuring that there was feedback on performance contracting process, the staffs were being involved to a great extent, as was revealed by 31.1% of the respondents. The staffs were also being involved in developing the

performance evaluation framework, to a great extent, as was indicated by the 27.3% of the respondents. The study further established that the staffs were being involved to a great extent, in ensuring that performance contracts are anchored on the medium term plans and the university performance standards, as was revealed by the 28.0% of the respondents. The study indicates that university staffs are significantly involved in the performance contracting activities in the public universities.

The study revealed that the directors of performance contracting in all the universities were involved in performance contracting activities. Further the study revealed through the directors of performance contracting that the universities ensured that performance contracting effectively improves service delivery despite some of the internal inefficiencies in the public universities.

The Extent of Involvement of Students in Performance Contracting Activities

The information reveals that 27.3% of the students' respondents indicated that they were involved to a great extent in discussing what performance contracting is with the university management and 8.9% were involved to a very great extent. However, 23.9% of the students respondents were not involved in discussing what performance contracting is with the university management and 10.9% were undecided. Majority (27.3%) of the student's respondents was not involved in explanations on the link between performance contracting and service delivery by in the universities, 24% were involved to a small extent and 15.1% were undecided. A minority (5.9%) of the students' respondents were involved to a very great extent in explanations on the link between performance contracting and service delivery in the universities.

Majority (36.2%) of the student's respondents indicated that they were involved to great extent in team building activities in the universities and 22.7% were involved to a very great extent. However, the students were not involved in developing university service delivery charter, as was indicated by the majority (32.9%) of the respondents and 18.1% were undecided. A minority (6.9%) of the students' respondents were involved in developing the service delivery charter.

The students were being involved in meeting other student's needs to a small extent, as was indicated by the 33.9% of the respondents. The study further established that students were involved in gender mainstreaming activities to a small extent, as was indicated by the 21.1% of the respondents and 15.5% were undecided. The students were being involved in creating awareness on HIV/AIDS to university community to a great extent, as was indicated by the majority (29.6%) of the respondents. However, the majority (33.9%) indicated that they did not discuss the issues related to their social life, with the management of the universities. The majority (25.7%) of the respondents indicated that they did discuss the academic issues that affect them with their lecturers.

Extent to Which Involvement of Staff in PC Activities Improves Service Delivery in the Public Universities

The study sought to establish from the academic and non academic staff, the extent to which involvement in performance contracting activities improves service delivery in the public universities. Majority (42.2%) of the staff respondents indicated that involvement of in setting performance targets improves service delivery in the universities. The study further established that involvement of staff in cascading of performance contracts improves service delivery in the universities to a great extent as was indicated by the majority (44.7%) of the respondents.

The study further established that involvement of the staff in ensuring that performance contracts are signed within the first quarter improves service delivery to a great extent, as was revealed by the majority (42.9%) of the respondents. The study also revealed that involvement of the staff in explaining the link between performance contracting and service delivery to other staff members led to an improvement of service delivery to a great extent, as was revealed by the majority (39.8%) of the respondents.

Involvement of staff in ensuring that performance appraisals are linked to performance contracting targets led to improvement of service delivery to a great extent, as was revealed by the majority (42.9%) of the respondents. Linking appraisal with performance contracting is a necessary step towards service delivery as Muthaura (2007) argues that performance contracting forms a very strong base for employees' employment terms of service since they have to justify their stay in the payroll through performance and reckon that "every employee has to justify why they should be retained in the payroll through performance".

The involvement of staff in encouraging teamwork in the university improves service delivery to a great extent, as was revealed by the majority (39.1%) of the respondents. The majority (37.9%) of the respondents indicated that involving the staff in providing resources in a timely manner for implementation of performance contract targets improved service delivery to a great extent. The study further established that involvement of staff in ensuring that the performance contracting process is linked to core mandates of the university, led to an improvement in service delivery, to a great extent, as was revealed by the majority (41.0%) of the respondents.

The majority (40.4%) of the respondents indicated that involving the staff in ensuring that there is feedback on performance contracting process, did improve service delivery. The study further established that staff involvement in developing the performance evaluation framework also helped in improving service delivery in the universities to a great extent, as was revealed by the majority (30.4%) of the respondents. The study further established that involvement of the staff in ensuring that performance contracts are anchored on the medium term plans and the university performance standards also improved on service delivery in the universities to a great extent, as was revealed by the majority (34.2%) of the respondents. The study revealed that involvement of university staff in performance contracting activities significantly improves service delivery in the public universities.

Pearson Correlation analysis was run to test whether there was statistically significant relationship in the extent of involvement of the university staff in performance contracting and improving service delivery in public universities in Kenya. Table 1 shows the relationship of the level of involvement of the university staff in performance contracting and improving service delivery. The results in Table 1 indicate a positive correlation coefficient, r -value=0.699 and a highly significant correlation ($P<0.05$) between the extent of involvement of university staff in performance contracting and improving service delivery. This shows that the degree of association between the extent of involvement of the university staff in performance contracting and improving service delivery is high. This is evidenced by 48.86% ($r^2=0.699^2$) of the variations in improvement of the service delivery is explained by the staff involvement in performance contracting. The positive correlation between the involvement of the university staff in performance contracting activities and improving service delivery shows that the university staff ensures responsiveness in the involvement of performance contracting activities. This is in line with the government's objectives that the purpose of performance contracting is to establish the basis for ensuring that efficient and effective services are delivered by ensuring responsiveness by public servants in delivery of services (GOK, 2010).

Table 1. Correlation Analysis between the Involvement of the University Staff in Performance Contracting activities and Improving Service Delivery

		Involvement of university staff Service delivery	
Involvement of university staff	Pearson Correlation	1	.699**
	Sig. (2-tailed)		.001
	N	161	153

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

REFERENCES

- Armstrong, M. 2006. Performance Management: Key Strategies and Practical guidelines, 3rd Ed. Bodmin, Cornwall: MPG Books Ltd.
- Aosa, E. 2000. Development of Strategic Management: An Historical Perspective. Nairobi: University of Nairobi Press.
- Balogun, M.J. 2003. Performance Management and Agency Governance for Africa Development: The search for common cause on Excellence in the Public Service. Addis Ababa: UNCEA. Public Policy and Administration Research www.iiste.org ISSN 2224-5731. Paper ISSN 2225-0972. Online Vol. 3:60.
- CAPAM. 2005. In: Pursuit of Excellence: Developing and Maintaining a High-Quality Public Service. A report on a CAPAM High-Level Seminar on Commonwealth training and development institutes, October, 2005.
- Gianakis, G. 2002. The promise of public sector performance measurement: Anodyne or placebo?" Public Administration Quarterly, 26:34-64.
- Greiling, D. 2006. Performance measurement: A remedy for increasing the efficiency of Public services. International Journal of Productivity and Performance Management, 55:448-465.
- GOK, 2003. Economic Recovery Strategy for Wealth and Employment Creation. Nairobi: Government Printer.
- GOK, 2005. Ministry Human Resources Development Strategy. Government Printers: Nairobi.
- GOK, 2010. Public Sector Reforms and Performance Contracting. Retrieved on 08 July 2012 from <http://www.psrpc.go.ke/index.php?option=com-content&view=article&id=86>.

- GOK, 2011. Results for Kenyans: Performance Evaluation 2011. Available at: [www.primeminister.go.ke/.../Draft report POE Summary. Pdf](http://www.primeminister.go.ke/.../Draft-report-POE-Summary.Pdf).
- Kathuri, N.J. and Pals, D.A. 1993. introduction to Education Research Kenya Education Media Centre: Egerton University Press.
- Kobia, M. and Mohammed, N. 2006. The Kenyan Experience with Performance Contracting: Discussion Paper, 28th AAPAM Annual Roundtable Conference, Arusha, Tanzania.
- Muthaura, F.K. 2007. Performance Contracts in Kenya: Restoring Trust in Government through Innovations to Promote Quality of Public Service. Nairobi: Government Press.
- Obong'o, S.O. 2009. Implementation of performance contracting in Kenya: International Public Management Review, 10:66-84.
- RBM Guide, 2005 Kenya, Results Based Management: Training Manual, Kenya.