

Factors affecting implementation of performance contracting in Parastatals: A case study of Kenya Plant Health inspectorate service

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ABSTRACT

The objective of this study is to investigate whether employees' morale will be a factor affecting implementation of performance contracts, to investigate whether accountability will be factor affecting implementation of performance contracts, to find out whether bureaucracy will be a factor affecting implementation of performance contracts, to investigate whether setting objective mechanism will be a factor affecting productivity by use of performance contract and to make recommendations on policy evaluating and implementation of performance contract on public service staff on areas that need improvement to enable and enhance implementation of performance contract that will be beneficial to both the government and employees of parastatals as implementation is concerned.

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Introduction

With the austerity that is characteristic of good service delivery today, performance contract is gaining significance as a component part of business strategy and the government has not been left out. A lot of attention has been paid to the designing and signing of performance contracts between the government and state parastatals while the implementation is seldom explored. It is vital therefore for individual employees to identify and familiarize themselves with the implementation factors and positive traits available to them and how these can be utilized as planning and management tools. This led to the title of this study, Factors affecting implementation of performance contract in parastatals in Kenya a case study of KEPHIS.

Background of the Study

The use of Performance Contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments. The success of Performance Contracts in such diverse countries as France, Pakistan, South Korea, Malaysia, India, and Kenya has sparked a great deal of interest in this policy around the world. A large number of governments and international organizations are currently implementing policies using this method to improve the performance of public enterprises in their countries. Performance Contracts represent a state-of-the-art tool for improving public sector performance. They are now considered an essential tool for enhancing good governance and accountability for results in the public sector. (Performance Contracts Steering Committee Secretariat Cabinet Office, Office of the President – Kenya, 2005).

International experience with privatization suggests that the process of implementing a well-thought-out privatization program is a lengthy one. Therefore, in the interim, it is imperative that immediate steps be taken to increase the efficiency of the public enterprises and reduce further drain on the country's treasury resulting from these losses.

A rigorous performance contract exercise reveals the true costs and benefits associated with a particular public enterprise. The Performance Contracts with government departments are being used extensively in countries to improve the delivery of public services and effectiveness of government machinery. Many countries have had success in improving the performance of their own public sector by designing Performance Contracts after carefully examining and adapting to their particular needs the lessons of the vast international experience with regards to Performance Contracts.

The goal of Performance based contracts is to improve the value of contracted services by emphasizing objective, measurable, mission-related requirements from the public enterprise. Service-oriented efforts are ideal candidates for Performance based contracts, though they can be used for much more. Together the agencies and the government choose performance measurements to gauge a solution's effectiveness, with rewards for superior performance and penalties for inferior work done. (Public Service Reform and Development Secretariat, 2004).

Through Performance based contracts, the government benefits by receiving better performance, lower cost, reductions of contract time, and administrative burdens, while public enterprises benefit by having more control over their ability to earn profits based on performance. Added benefits of are the mutual establishment of standards to measure performance, which later can be used as reliable indicators of past efforts. This is important since agencies are placing higher values on past performance and are looking for those vendors who can demonstrate a successful history of working with Performance based contracts.

This study therefore seeks to establish factors affecting implantation of performance contract in parastatals.

Statement of the Research Problem

Performance Contract is an agreement between a Government and a Public Agencies or Parastatals which establishes general goals for the agency, sets targets f

measuring performance and provides incentives for achieving these targets. They include a variety of incentive-based mechanisms for controlling public agencies hence controlling the outcome rather than the process.

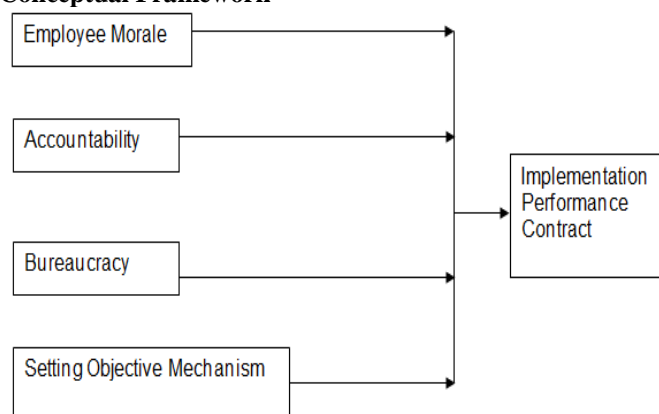
Performance Contract ideally should have clear goal planning; skills development and a true pay-for-performance culture and talent management practices that successful companies use to demonstrate their employees are valued. Effective performance and talent management has been proven to increase employee morale and overall productivity. The problem arose after the President Hon. Mwai Kibaki issued a declaration in the year 2003 to have all public institutions to adhere to performance contracts. Public servants were used to being employed as permanent and pensionable thus they were required to prepare and sign contracts which will be reviewed annually.

However, the difficulties of changing large, bureaucratic government organizations are immense. Despite the latest Performance based contracts revolution, many agencies are not adhering to the guidance while others remain poorly outfitted to capitalize on performance-based contracting. Most still view it as simply adding performance measurements or incentives to their statement of work and the final contract. This narrow take on Performance based contracts is inadequate and ill-fated. The problem being researched are the factors affecting implementation of performance contract hence leading to inadequate work results among public servants. Public Service workers face various challenges in implementing performance contracts. The research aims to investigate how public servants can improve their work efficiency and how best they can embrace performance contracts. Eventually, all employees shift to performance contract and anticipate result in clearer expectations for performance, better communication between the organization and the employees, greater accountability for results, flexibility, innovation and reduced costs overall.

Objectives of the Study

The general objective is the challenges affecting the implementation of the performance contract in government parastatals.

Conceptual Framework



Independent variable

Dependent variable

Source: Author (2009)

Related Literature

Theoretical literature

1. Agency Theory Framework

There are different models and strategies used for the reforms of public management. Taking the Agency theory explains how to best organize relationships in which one party (the principal) / the government determines the work, which

another party (the agent) / parastatals undertakes (Eisenhardt, 1985). The theory argues that under conditions of incomplete information and uncertainty, which characterize most business settings, two agency problems arise: adverse selection and moral hazard. Adverse selection is the condition under which the principal cannot ascertain if the agent accurately represents his ability to do the work for which he is being paid. Moral hazard is the condition under which the principal cannot be sure if the agent has put forth maximal effort (Eisenhardt, 1989).

The problems of adverse selection and moral hazard mean that fixed wage contracts are not always the optimal way to organize relationships between principals and agents (Jensen and Meckling, 1976). A fixed wage might create an incentive for the agent to shirk since his compensation will be the same regardless of the quality of his work or his effort level (Eisenhardt, 1985). When agents have incentive to shirk, it is often more efficient to replace fixed wages with compensation based on residual claimancy on the profits of the firm (Alchian and Demsetz, 1972). The provision of ownership rights reduces the incentive for agents' adverse selection and moral hazard since it makes their compensation dependent on their performance (Jensen, 1983).

Several dimensions of performance are hard to measure. This may result in the fact that only those dimensions of performance that are easy to measure are included in the incentive scheme, which may have undesirable effects on overall performance (Burgess and Ratto, 2003; Tirole, 1994). Agency theory assumes that an agent gets utility solely from the incentives, and disutility from the effort he exerts on behalf of the principal. In reality, agents in public sector organizations may get utility from some aspects of the task itself. Agents in the public sector may be motivated by the idealistic or ethical purpose served by the agency intrinsic motivation, which may result in a match of workers in public sector organizations. This match of workers and public sector organizations may have also resulted in the fact that more risk-averse employees have opted for public sector organizations (Pearle/Robinson).

Finally, professionalism may motivate agents in public sector organizations. As a result, organizations can use so called "low powered incentives" that is incentives are not based on performance - if the goals of the workers are aligned with those of the organization (Dixit, 2002). On the other hand, organizations will have a higher marginal cost of effort if these goals deviate.

In Summary, although agency theory suggests that incentives should be positively associated with performance, agency theory on this issue in the public sector is inconclusive. Overall, the use of incentives appears associated with an increase in quantity performance yet a decrease in quality performance.

2. Theory of Performance Contracting.

Although there are no general definitive statement on the theory has been found, most of the major elements are presented here. Two especially pertinent contributions are reviewed to provide a foundation for a fully articulated theory of performance contracting: "A Formal Theory of the Employment Relationship," by H. A. Simon; and "Optimal Rewards in Incentive Systems," by (G. M. Yowell, Jr. Simon's, 2004) work is based on the assumption that it may be advantageous to defer production decisions; Yowell's theory of incentives concerns situations in which the agent makes production decisions early in the contract.

If the theory of incentives were broadened to include the agent's response to unforeseen events, it would become a more realistic theory and would nearly constitute a theory of performance contracting. (James P. Stucker, 2005).

Performance based Contracts (PBCs) have been around for more than 20 years and have long been identified as an effective way to acquire quality goods and services within available budgetary resources. In fact, the government has been promoting them as a way to achieve savings and obtain greater value while also pushing government agencies to outsource more work to the private sector. Hence, PBCs have never before had such profound potential to significantly affect the world of government procurement.

The extent performance contract aims to improve co-ordination and efficiency

The government support for joined – up administration and emphasis on policy networks rather than centralization should be welcomed, performance contracts have had unintended side – effects such as bureaucracy, bad perceptual and negative attitude towards implementation.

According to Clarke J. Wood D. (2001) at the level of the individual civil servant, performance is monitored and supported by the line manager. This takes place through annual appraisals interviews that include feedback from manager, objective setting for the future and employee participation.

3. Theory of bureaucratic dysfunction

Crozier argues that: "... the bureaucratic system of organization is primarily characterized by the existence of a series of relatively stable vicious circles that stem from centralization and impersonality" (Crozier, 1964.).

He outlines four such 'vicious circles' that he observed in the organizations he studied.

The development of impersonal rules: In an attempt to be rational and egalitarian, bureaucracies attempt to come up with a set of abstract impersonal rules to cover all possible events. Crozier gives the example of the concours (competitive examinations) which mean that, once the exams are passed, promotion becomes simply a matter of seniority and avoiding damaging conflicts. The result, he argues, is that hierarchical relationships decline in importance or disappear completely which means that higher level in the bureaucracy have effectively lost the power to govern the lower levels. (Crozier, 1964).

The centralization of decisions: If one wishes to maintain the impersonal nature of decision making, it is necessary to ensure that decisions are made at a level where those who make them are protected from the influence of those who are affected by them. The effect of this is that problems are resolved by people who have no direct knowledge of the problems they are called upon to solve, and so, priority is given to the resolution of internal political problems instead. In this case, the power to influence events over which one has direct experience is lost and it is passed to some impartial central body. (Crozier, 1964).

The isolation of strata and group pressure within strata: The suppression of the possibility of exercising discretion among superiors and the removal of opportunities for bargaining from subordinates results in an organization that consists of a series of isolated strata. The notional equality within the strata becomes the only defense for the individual against demands from other parts of the organization and allows groups some degree of control over their own domain.

The result is very strong per group pressure to conform to the norms of the strata regardless of individual beliefs or the wider goals of the organization (Bruce H. Charnov, 2005).

The development of parallel power relationships: It is impossible to account for every eventuality, even by the constant addition of impersonal rules and the progressive centralization of decision making; consequently, individuals or groups that control the remaining zones of uncertainty, wield a considerable amount of power. This can lead to the creation of parallel power structures that give certain groups or individuals in certain situations, disproportionate power in an otherwise regulated and egalitarian organization. Once again, this can lead to decisions being made based on factors separate from the overall goals of the organization (Patrick J. Montana, 2004).

Empirical literature

According to Shiramin (2003) performance contract is a tool for better co-ordination of work between the government and the parastatals as it offers an ideal solution for determining enterprise performance and a framework for assessing productivity. Implementation of performance contract should resolve the problem of multi – objectives by listing preferred objectives which the owner (government) would like the public enterprise (parastatals) to achieve.

The traditional public service systems developed overtime through the incremental addition of procedural requirements that ensured similar treatment of all system participants, addressed through institutional values and political process, however this incremental procedure did not articulate implementation process. In addition, although many public administration scholars provided perspectives about this challenges that are important to government administration in general and the public service system in particular, the literature offers no agreement on a set of important matters and there has been little empirical research on this issue.

Implementation of performance contract

Performance management is the process of assessing progress toward achieving predetermined goals. It involves building on that process, adding the relevant communication and action on the progress achieved against these predetermined goals helping organizations achieve their strategic goals. Rather than discarding the data accessibility previous systems fostered, performance management harnesses it to help ensure that an organization's data works in service to organizational goals to provide information that is actually useful in achieving them and focus on the Operational Networking Processes between that performance levels. The main purpose of performance management is to link individual objectives and organizational objectives and bring about that individuals obey important worth for enterprise. Additionally, performance management tries to develop skills of people to achieve their capability to satisfy their ambitiousness and also increase profit of a firm. Performance management is closely connected to performance measurement.

Employee Morale

According to "Japanese Management" and Theory Z based on Dr. W. Edwards Deming's (2004) famous "14 points". Deming, an American scholar whose management and motivation theories have been researched, went on to help lay the foundation of Japanese organizational development during their expansion in the world economy in the 1980s.

Theory Z, distinguishing between the Japanese approach and that of traditional American management it describes how he sought evidence to show that the seven elements of the Theory Z management philosophy could work in American companies. Deming (2004) discusses length of employment decision making; locus of responsibility; speed of evaluation and promotion; the use of implicit or explicit control through social or quantitative measures for evaluation and promotion; career path specialization; and scope of concern.

Findings - That in Theory Z Deming (2004) identified a strong and explicit statement of corporate philosophy and values as the key to employee trust and the participative management approach. He adds that higher participative management approach was associated with higher productivity, consensus decision-making with higher quality and efficiency and that the Type Z firms had lower employee turnover and absenteeism.

Equity Theory (Adams, 1965) attempts to explain relational satisfaction in terms of perceptions of fair/unfair distributions of resources within interpersonal relationships. Equity theory is considered as one of the justice theories; it was first developed in 1962 by John Stacey Adams, a workplace and behavioral psychologist, who asserted that employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others (Adams, 1965).

Equity theory proposes that individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress, and that this distress leads to efforts to restore equity within the relationship.

Much like other prevalent theories of motivation, such as Maslow's hierarchy of needs, Equity Theory acknowledges that subtle and variable individual factors affect each person's assessment and perception of their relationship with their relational partners. According to Adams (1965), employee morale is induced by proper payment and equity.

In any position, an employee wants to feel that their contributions and work performance are being rewarded. If an employee feels unappreciated then they can result feeling hostile towards the organization and perhaps their co-workers, which may result the employee not performing well at work anymore.

Criticism has been directed toward both the assumptions and practical application of Equity Theory. Scholars have questioned the simplicity of the model, arguing that a number of demographic and psychological variables affect people's perceptions of fairness and interactions with others. Furthermore, much of the research supporting the basic propositions of equity theory has been conducted in laboratory settings, and thus has questionable applicability to real-world situations (Huseman, Hatfield & Miles, 1987). Critics have also argued that people might perceive equity/inequity not only in terms of the specific inputs and outcomes of a relationship, but also in terms of the overarching system that determines those inputs and outputs. Thus, in a business setting, one might feel that his or her compensation is equitable to other employees', but one might view the entire compensation system as unfair (Carrell and Ditttrich, 1978).

Accountability

In government performance contract, performance can be thought of as Actual Results vs. Desired Results (Jensen, M., and Meckling, W, 1976).

Any discrepancy, where Actual is less than Desired, could constitute the performance improvement zone. Performance management and improvement can be thought of as a cycle, first performance planning starts with goals and objectives being established, secondly performance coaching where a manager intervenes to give feedback and adjust performance and finally performance appraisals where individual performance is formally documented and feedback delivered.

A performance problem is any gap between Desired Results and Actual Results. Performance improvement is any effort targeted at closing the gap between Actual Results and Desired Results (Jensen, M., and Meckling, W, 1976).

The government's Office of Personnel Management indicates that Performance Management consists of a system or process whereby work is planned and expectations are set, performance of work is monitored, staff ability to perform is developed and enhanced, performance is rated or measured and the ratings summarized and top performance is rewarded (Ministry of State for Public Service, 2006).

Bureaucracy

Bureaucracy is the structure and set of regulations in place to control activity, usually in large organizations and government. As opposed to adhocracy, it is represented by standardized procedure rule-following that dictates the execution of most or all processes within the body, formal division of powers, hierarchy, and relationships. In practice the interpretation and execution of policy can lead to informal influence (Joseph La Palombara 2006).

Bureaucracy is a concept in sociology and political science referring to the way that the administrative execution and enforcement of legal rules are socially organized. An ideal bureaucracy should have a well-defined division of administrative labor among persons and offices, a personnel system with consistent patterns of recruitment and stable linear careers, a hierarchy among offices, such that the authority and status are differentially distributed among actors, and formal and informal networks that connect organizational actors to one another through flows of information and patterns of cooperation (Neil Garston, 1993).

According to Weber (1905), the attributes of modern bureaucracy include its impersonality, concentration of the means of administration, a leveling effect on social and economic differences and implementation of a system of authority that is practically indestructible. Weber's (1905) analysis of bureaucracy concerns the historical and administrative reasons for the process of bureaucratization (especially in the Western civilization), the impact of the rule of law upon the functioning of bureaucratic organisations, the typical personal orientation and occupational position of a bureaucratic officials as a status group, the most important attributes and consequences of bureaucracy in the modern world.

Weber's(1905), analysis bureaucratic organization as governed by the following principles; official business is conducted on a continuous basis, official business is conducted with strict accordance to the following rules, the duty of each official to do certain types of work is delimited in terms of impersonal criteria, the official is given the authority necessary to carry out his assigned functions, the means of coercion at his disposal are strictly limited and conditions of their use strictly defined, every official's responsibilities and authority are part of a vertical hierarchy of authority, with respective rights of supervision and appeal, officials do not

own the resources necessary for the performance of their assigned functions but are accountable for their use of these resources, official and private business and income are strictly separated, offices cannot be appropriated by their incumbents that is inherited or sold and official business is conducted on the basis of written documents.

A bureaucratic Official is personally free and appointed to his position on the basis of conduct, exercises the authority delegated to him in accordance with impersonal rules, and his or her loyalty is enlisted on behalf of the faithful execution of his official duties, appointment and job placement are dependent upon his or her technical qualifications, administrative work is a full-time occupation and work is rewarded by a regular salary and prospects of advancement in a lifetime career. (D. Venkatachalam, 1998).

An official must exercise his or her judgment and his or her skills, but his or her duty is to place these at the service of a higher authority; ultimately he/she is responsible only for the impartial execution of assigned tasks and must sacrifice his or her personal judgment if it runs counter to his or her official duties (Joseph La Palombara 2006).

Setting Objective Mechanism

This is achieved by the process of Strategic planning. Setting objective mechanism in an organization is through the process of defining its strategy, direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people. Various business analysis techniques can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) and PEST analysis (Political, Economic, Social, and Technological analysis) or STEER analysis involving Socio-cultural, Technological, Economic, Ecological, and Regulatory factors and EPISTEL (Environment, Political, Informatics, Social, Technological, Economic and Legal), (Patrick Regner 2005).

According to Reuben Sokol (1992) Looks at the benefits of finding ways to simplify the strategic planning process which include saving time in developing a plan and shortening the lead time to implement it, making the plan easier to understand, focusing better on only the most relevant business issues, and assembling a more consistent strategy for the whole company. Recommends that we should use only a few core planning tools in order to avoid redundancies in our use of planning tools and analyses. It should be short and completed within a few months, to save time and to remain current. A plan process should use both tools of analysis and synthesis. Planning tools should present market and organizational dynamics, not static point-in-time snapshots.

Strategic planning is a very important government activity and also important in the public sector. Strategic planning and decision processes should end with objectives and a roadmap of ways to achieve those objectives.

The following terms have been used in strategic planning: desired end states, plans, policies, goals, objectives, strategies, tactics and actions. Definitions vary, overlap and fail to achieve clarity. The most common of these concepts are

specific; time bound statements of intended future results and general and continuing statements of intended future results, which most models refer to as either goals or objectives. (Patrick Regner 2005).

Summary of the literature

An implementation of performance contract problem is any gap between Desired Results and Actual Results. Performance improvement is any effort targeted at closing the gap between Actual Results and Desired Results.

Nepotism, corruption, political infighting and other degenerations can counter the rule of impersonality and can create a system not based on meritocracy but rather on oligarchy. Rigidity and inertia of procedures, making decision-making slow or even impossible when facing some unusual case, and similarly delaying change, evolution and adaptation of old procedures to new circumstances. Not allowing people to use common sense, as everything must be as is written by the law.

Empirical analysis of the implementation of the performance contract has long spotty tradition in the society. There seems to be need of some sort of literature provision supporting and encouraging the growing field of implementation of performance contract study. There is a current gap in the study that has often left scholars, society and other stake holders without basic knowledge of the implementation of the performance contract with distorted impressions.

Finally it needs to be said that the problems of public servants implementing performance contracts require thorough diagnosis and a sustained thought about the way to bring about attitude change toward performance contracts. There is need to execute incremental perspective through identifying priority with ease in the light of encouraging capacity to implement the measures. There also seem to be a lack of monitoring and evaluation once the performance contracts have been implemented. Currently this study seeks to determine the influence of implementation of performance contract in service delivery to the public. This study therefore seeks to fill that gap.

Methodology

Research design

The study was based on survey data collected from managers and non managers of KEPHIS. The researcher used exploratory studies in the research.

Target population and sample size

The study was designed with the objectives of examining in detail the challenges affecting the implementation of the performance contract in parastatals. The target population is the employees of KEPHIS; the corporation has 330 employees distributed among four branches including the Head office.

The researcher chose a sample size of 66 employees to represent the collected sample which formed precise and required adequate sample size for information of which was considered important for the study.

Table 3.4 indicates the sample population of employees of KEPHIS.

Location	Population		Ratio	Sample	
	Management	Non-Management		Management	Non-Management
Headquarters	20	150	0.2	4	30
Mombasa	5	25	0.2	1	5
Nakuru	10	60	0.2	2	12
Kitale	10	50	0.2	2	10
Total	45	285		9	57

Sampling design and sample size

In the research study stratified sampling method was used with one strata being the management and the other being non-management, the sample design is considered to be important method of sampling the sample size selected in KEPHIS. A sample of 20% of the population was selected for this study. The study covered both the management and non-management employees. The total population of the KEPHIS 330 with forty five (45) management and middle management and two hundred and eight five (285) non-management. The sample size was (66) with nine (9) management and fifty seven (57) non-management. The sample size or population was mainly drawn from all organization departments as shown below.

Data collection instruments

The researcher selected both primary and secondary method of collecting data for the purpose of attaining the objectives of the study. The data collection instruments used in the study include structured questionnaires where possible observation and personal interviews for clarity.

The researcher framed a list of questions both open ended and close ended questions where expected respondent were given freedom to respond. The questionnaires were administered to about 66 respondents by researcher and other administrators in KEPHIS regional Offices. This helped in time saving and eases of storage of data.

Interviews conducted involved face to face discussion with the respondents, in collecting information from the research question planned by the researcher. These were carried out at times and venues agreed with the respondent. The interview formed the major tool for respondents' who may not have ample time to answer a whole questionnaire.

Data Analysis, Presentation And Interpretations

Analysis of the Questionnaires

Rate of Response

The study had a sample size of sixty six (66) and fifty four (54) responded which translates to 82% response rate.

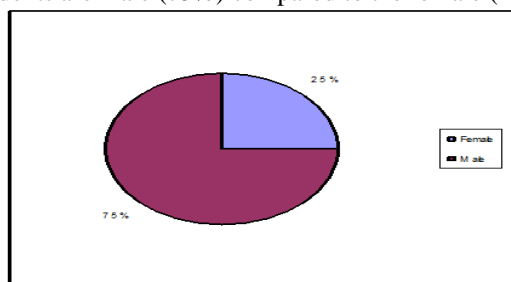
The Management section had a sample size of nine out of which six (6) responded translating to 67% response rate. Non - Management section had a sample size of fifty seven (57) and forty eight (48) responded translating to 84% responses rate.

Table 4.2.1 rate of response

Department	No. of questionnaires	No. of questionnaires received back	% response
Management	9	6	66%
Non - Management	57	48	84%
TOTAL	66	54	82%

Source, Author 2009

According to findings of this study, most of the respondents are male (75%) compared to the female (25%).



Pie chart 4.2.2 gender profileSource, Author 2009
Gender profile

The gender comprised of both female and male in the organization in both management and non-management.

This may be pointer that female gender in Kenya Plant Health Inspectorate service holds fewer formal positions.

As shown in chart 4.2.2 above respondents comprised of 25% female and 75% male. Majority of employees were male. It appears that majority were male because of the employment policy which favours the employment of male over female.

Age distribution

Table 4.2.3 age distribution.

Age bracket	Frequency	%
18-25	8	12.1%
26-35	20	30.3%
36-45	24	36.3%
45 and above	14	21.2%

Source, Author 2009

Table 4.2.3 reveals that the frequency and the percentage of employees falling in the age bracket 18-25 is 8 (12.1%), between 26-35 is 20 (30.3%), 36-45 is 24 (36.3%), and those above 45 years are 14 (21.2%). majority of the respondents were between the age bracket of 36 – 45 years. this shows that the organization has a young and energetic work force.

The number of years served in the Department.

Kenya Plant Health Inspection Service has two main sections which include Management and Non - Management.

Table 4.2.4. Number of respondents.

Years served in the Department	Management	%	Non-Management	%
Under 1 year	1	16.6%	3	5.2%
Between 1 – 4 years	1	16.6%	28	49.1%
Between 4 – 8 years	1	16.6%	14	24.5%
Above 8 years	3	50%	12	21%

Source, Author 2009

The findings of table 4.2.4 indicates that the proportion of respondents per department were as follows. Management who have served in their under 1 year 1(16.6%), between 1 – 4 years is 1 (16.6%), between 4 – 8 years is 1 (16.6%) and above 8 years is 3 (50%) while Non-Management under 1 year 3 (5.2%), between 1 – 4 years is 28 (49.1%), between 4 – 8 years is 14 (24.5%) and above 8 years is 12 (21%).

The education level of the respondent in the organization.

Table 4.2.5. educational level of respondents.

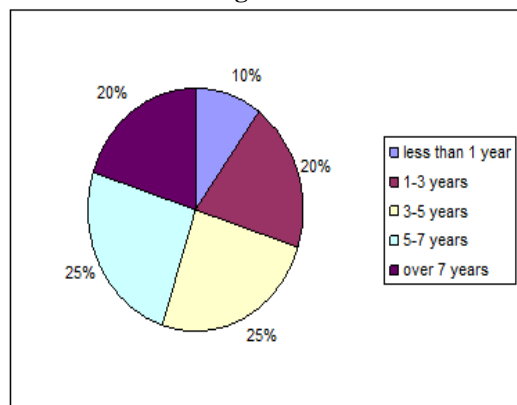
Education level of Respondent	Frequency management	Frequency non management	Percentage
Secondary	-	4	6%
College Diploma	1	38	59%
University Degree (Bachelors & Masters)	19	2	32%
Other (PHD)	2	-	3%
Total	22	44	100%

Source, Author 2009

Table 4.2.5 shows the composition of the respondents' level of education. 4 respondents (6%) have Secondary Certificates, 39 respondents (59%) have College Diplomas, 21 respondents (31.8%) have University Degrees and 2 respondents (3%) have PHD.

Management has one college Diploma, 19 Bachelors degree and 2 PHD holders while non management had 4 Secondary certificates, 38 College Diplomas and 2 Bachelors degree.

Length of Service in the organization

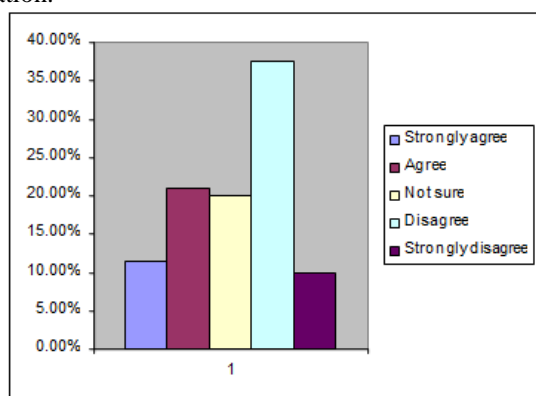


Source, Author 2009

Chart 4.2.6 shows that there were 4 employees who had worked less than one year which translates to 10%, 8 employees had worked for between 1-3 years which is 20%, between 3-5 years 39 employees which is 25%. Those between 5-7 years are 10 (25%) and those who have worked over 8 years are 5 (10%). It appears that majority of the employees have been the respective departments for periods of 3 – 7 years.

Respondent on rate of motivation among employees.

The researcher wanted to know if employees' morale is a factor affecting implementation of performance contract in the organization.



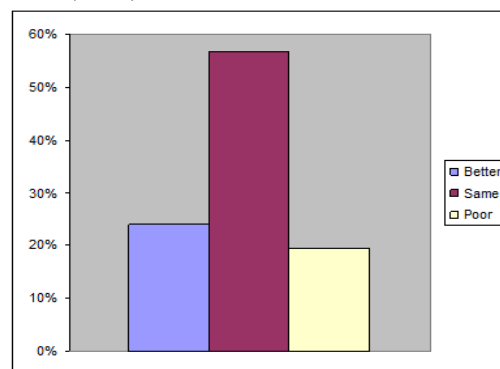
Graph 4.2.7 rate of motivation among employees.

The bar graph 4.2.7 above indicates the extent of staff motivation when they sign performance contracts in the organization. 12 % of the respondents strongly agreed, 22% agree, 20% were not sure, 38% disagree and 8% strongly disagreed. it appears that most of respondents in the organization were disagreed that signing performance contracts improved their motivation towards work in relation to quality of service provided, performance that indicate customer satisfaction, quality and outcome effects.

Respondents ratings of accountability of performance in implementing performance contract in the organization

The researcher wanted to know how the respondents rate their measurable work and accountability of their performance in the organization upon implementing performance contract.

Graph 4.2.8 indicates that 24% of respondents rate their accountability is better, 54% is the same and 22% as is poorer compared to when they had not signed the performance contracts.



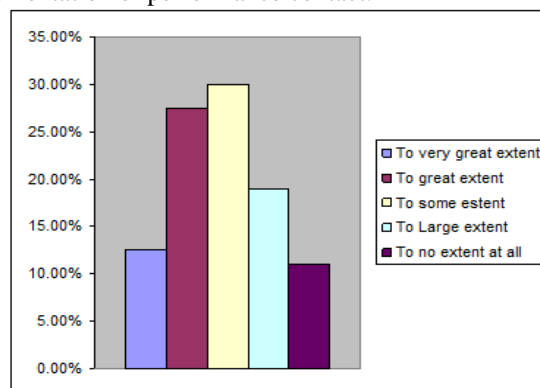
Graph 4.2.8. rate of accountability of performance when implementing performance contract.

Source: Author 2009

Quality of accuracy of work produced, efficiency of units operations, and attainment of organizations goals, creativity and innovation of new ideas is enhanced when performance contract is implemented. There is constant guidance of work by the supervisors thus organization performance measures is the same.

Respondent rating of bureaucracy affecting implementation of Performance contracts

The researcher wanted to investigate the extent to which the Government and Organizational bureaucracy interfere with implementation of performance contract.

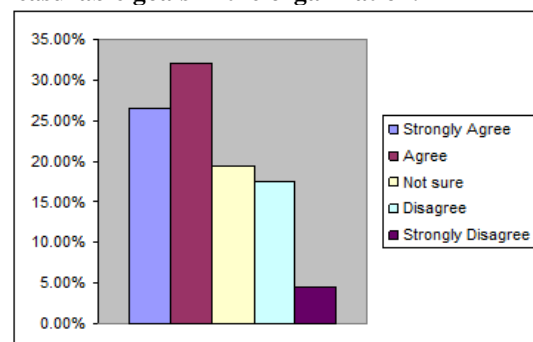


Graph 4.2.9. rate of bureaucracy affecting implementation of Performance contracts.

Source: Author 2009

Graph 4.2.9 show the extent to which bureaucracy affects implementation of Performance contracts in the organization 14% respondent agree to be of very great extent, 26% to great extent, 30% to some extent, 18% to large extent and 12% to no extent at all. It appears a total of 30% of the respondents indicated that they agree bureaucracy affects implementation of performance contract.

Respondents rating of clear objective setting mechanism and measurable goals in the organization.

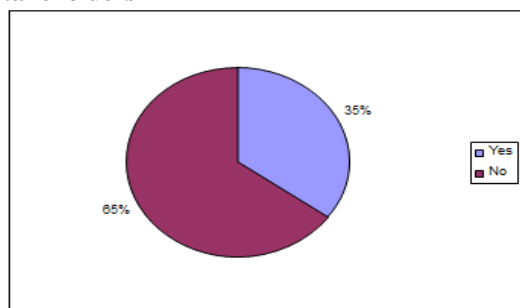


Graph 4.2.10. rating of clear and measurable goals.

Source (Author 2009)

Graph 4.2.10 shows that 27% of the respondents strongly agree that implementation of performance contract clearly sets goals which are measurable in the organization, 33% agree, 20% are not sure, 16% disagree and 4% strongly disagree. It appears majority of employees agree. The goals of organization have been documented very specifically detailed mission is written and communicated internally and externally.

Ratings on organizations service delivery upon implementation of performance contract and decisions from stakeholders

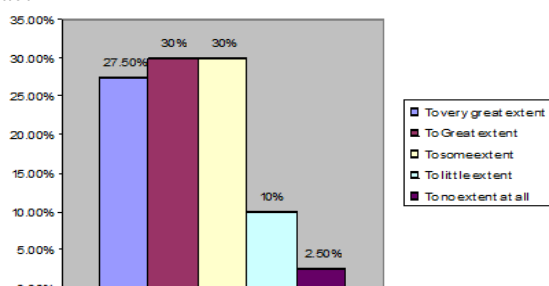


Source – Author 2009

Chart 4.2.11 elaborates the proportion of level of service delivery regarding implementation of performance contract by the employees or Kenya Plant Health Inspectorate Service by other stakeholders. The chart shows 35% responded agree and majority 65% disagree, it appears that stakeholders do not agree that implementation of performance contract has improved service delivery in the organization.

Ratings on extent of government involvement in implementation of performance contract

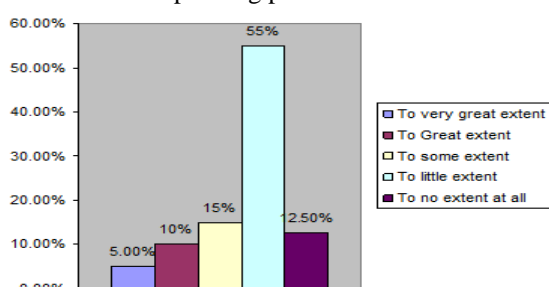
The researcher wanted to investigate the extent to government involvement in implementation of performance contract



Graph 4.2.12 i. Involvement of all Stakeholders.

Source, Author 2009

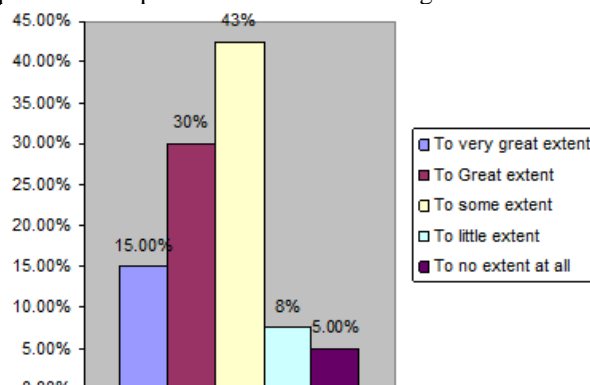
Graph 4.2.12 (i) above indicate the extent to which the government has involved all stakeholders in implanting performance contract as follows 27.5% to very great extent, 30% to great extent, 30% to some extent, 10% to little extent, and 2.5% to no extent at all. It therefore indicates that majority of employees agree that the government has involved all stakeholders in implanting performance contract.



Graph 4.2.12 ii. Interference of approving projects.

Source, Author 2009

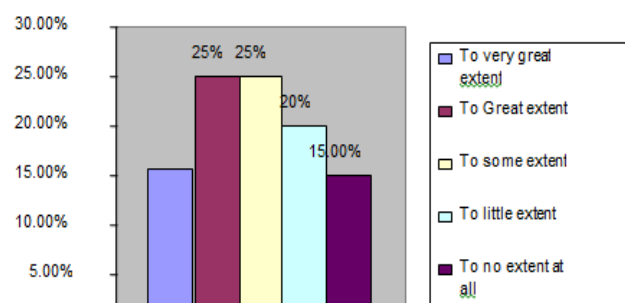
Graph 4.2.12 (ii) shows that 55% agree to very great extent, 10% to great extent, 15% to some extent, 12.5% to little extent and 7.5% to no extent at all. The greater proportions of respondent 77.5% are of view that the government does interfere with approving projects related to implantation of performance contract to a great extent.



Graph 4.2.12 iii. Reward of good performance contract implementation.

Source, Author 2009

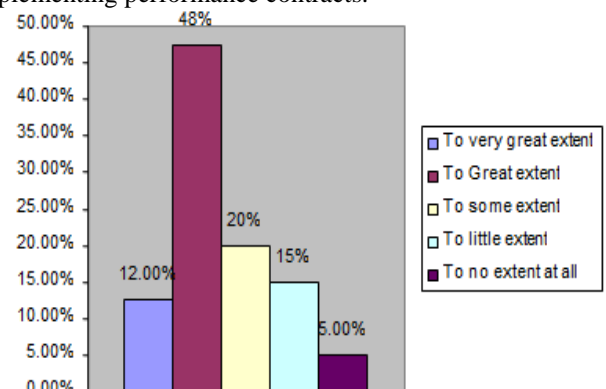
Graph 4.2.12 (iii) shows results for government reward of good implementation of performance contract to the organization indicate that 15% of respondent agree to very great extent, 30% to great extent, 43% to some extent, 8% to little extent and 5% to no extent at all. The government to a great extent does reward the organization on good implementation of performance contract.



Graph 4.2.12 iv. Constraints of performance contract – laws and regulations.

Source, Author 2009

Grph 4.2.12 (iv) shows results indicating the organization lacks laws and regulation to guide employees when implanting performance contract as follows 15% agreed to very great extent, 25% to great extent, 25% to some extent, 20% to little extent and 15% to no extent at all. It appears that lack of laws and regulation causes many constraints and challenges when implementing performance contracts.



Graph 4.2.12 v. Monitoring and Evaluation0.

Source, Author 2009

Graph 4.2.12 (v) shows the use of monitoring and evaluation is as follows, 12% to very great extent, 48% to great extent, 20% to some extent, 15% to little extent and 5% to no extent at all. The majority of employees are of view that the government does carry out monitoring and evaluation to a great extent.

Summary of Findings, Conclusions And Recommendations

Summary of findings

The respondent in the organization were not sure about their set targets on performance contract and disagree about signing them as they did not motivated and improve morale among employees.

The respondents rate of staff motivation when they sign performance contracts in the organizations as follows 12 % of the respondents strongly agreed, 22% agree, 20% were not sure, 38% disagree and 8% strongly disagreed. it appears that most of respondents in the organization were disagreed that signing performance contracts improved their motivation towards work in relation to quality of service provided, performance that indicate customer satisfaction, quality and outcome effects.

The respondents rate the on accountability of performance in the organization is as follows 24% better , 56.7% same and 22% poor. Therefore greater proportion of respondents felt that accountability of their work performance were the same as compared to when they were not signing performance contract.

The ratings of bureaucracy as a factor affecting implantation of performance contract shows 14% respondent agree to be of very great extent, 26% to great extent, 30% to some extent, 18% to large extent and 12% to no extent at all. It appears a total of 30% of the respondents indicated that they agree bureaucracy affects implementation of performance contract.

The ratings of settings goals which are measurable in the organization is as follows 27% of the respondents strongly agree that implementation of performance contract clearly sets goals which are measurable in the organization, 33% agree, 20% are not sure, 16% disagree and 4% strongly disagree. It appears majority of employees agree. The goals of organization have been documented very specifically detailed mission is written and communicated internally and externally.

The level of improved service delivery as decided by other stakeholders. Stakeholders indicated that they did not agree that performance has increased upon implementing performance contract. 35% responded agree and majority 65% disagree, it appears that stakeholders do not agree that implementation of performance contract has improved service delivery in the organization.

Conclusions and recommendations

The Organization signing performance contract practices is an essential ingredient in Organization performance. The findings of this study suggest that goal setting of performance

contract and measurable goals is positively associated with quantity performance efficiency, productions targets, quantity performance, accuracy, innovation and employees morale. The specification of clear and measurable goals appears to provide focus in operations and improves performance.

This finding is consistent with concept that signing performance contract may be helpful to stimulate efforts when goals are ambiguous or performance is difficult to measure, this is achieved by signing performance contract.

Quantity objective and performance are likely to be attained by introducing incentives for well implemented contracts and establishing a monitoring and evaluations systems which are assed by government providing rules and regulation of implementing performance contract.

Kenya Plant Health Inspection Service should adhere to implementing performance contract management practices that improve effectiveness and efficiency in the organizations performance. The employees should be involved in setting targets and decision regarding implementation of performance contracts.

The Organization should have performance contracts that indicate customer satisfaction, service quantity, quantity of service provided and operating efficiency.

Suggestion for further research

❖The study was carried at KEPHIS, further research should be carried out in other parastatals countrywide to establish the representativeness of these findings.

❖The sample size was relatively small hence a larger sample size would enhance the reliability of the study.

❖Further research should be conducted in other parastatals to establish the various factors that affect adaptation of performance contract in the work place.

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