









**Table 1:** Level of Agreement on various statements on the effects of performance contract in improving service delivery

<b>Descriptive Statistics</b>				
Item	N	Sum	Mean	Std. Deviation
PC helps develop my skills and potential	98	388	3.96	.973
PC helps me do my work better	98	383	3.91	1.253
PC has improved communication with the public	98	385	3.93	1.133
I have received adequate training in PC	98	354	3.61	.768
Assessment of my performance is consistent	98	383	3.91	1.036
the performance standard agreed with my manager are realistic	98	384	3.92	1.090
I get useful feedback from my performance contract review	98	381	3.89	1.174
PC process is bureaucratic and time consuming	98	353	3.60	1.290
PC makes me be part of the organization	98	363	3.70	1.186
PC is about managers controlling people	98	238	2.43	1.300
PC have no value to individuals	98	207	2.11	1.130
Objectives of PC are well communicated and fully understood	98	370	3.78	1.312
PC is a distraction from more important core activities	98	169	1.72	.883
PC provide away for people to discuss their performance openly and honestly	98	408	4.16	1.091
Valid N (listwise)	98			

Further the study established the respondent's level of agreement on various statements that relate to the effect of performance contracting in improving service delivery. From the data generated, most respondents cited that performance contract provides a way for people to discuss their performance openly and honestly, helps them develop their skills and potentials, and improved communication with the public as indicated by the high means of 4.16, 3.96 and 3.93 respectively. The least cited item was that

performance contract was a distraction from more important core activities comprising a mean of 1.72.

#### **4.5. Managers Views on Effectiveness of Performance Contracts in Improving Service Delivery**

The study sought views from the managers' on the effectiveness of performance contracts in improving service delivery.

**Table 2:** Level of Agreement by managers on various statements on the effects of performance contract in service delivery

<b>Descriptive Statistics</b>			
Item	N	Mean	Std. Deviation
PC helps me motivate my team	6	4.67	.516
PC has improved communication with the public	6	3.83	1.169
PC helps me develop skills and capabilities of my team	6	4.33	.816
PC helps me communicate to my team what is expected of them	6	4.33	.816
PC helps my team perform better	6	4.50	.548
I have not been adequately trained to get the best out of the PC system	6	2.67	.516
I give consistent and fair ratings to members of my department	6	4.67	.516
I am not comfortable with conduction PC reviews	6	1.83	.753
Data generated from PC 3.reviews is unproductive and of no value	6	1.50	.548
I have no difficulty in agreeing PC standards with members of my department	6	4.33	.816
Documentation associated with PC is unclear and unproductive	6	1.33	.516
Valid N (listwise)	6		

From the data generated, the study revealed that majority of the managers motivate members of their department through performance contract, have consistently and fairly rated employees under them and have no difficulty in agreeing with members of their departments on performance contract standards as indicated by high means of 4.67, 4.67 and 4.33 respectively. On the other hand, the least cited item was that documentation associated with performance contract is unclear and unproductive, performance contract reviews are unproductive and have no value and that HODs' are uncomfortable conducting performance reviews as indicated by the low means of 1.33, 1.50 and 1.83 respectively. The study further sought to establish from the managers how performance contract had impacted their work. Most of the HoDs' stated that their work had become more satisfying while others had divided opinions about the effect of performance contract on their work.

#### **Managers' views on the Factors Affecting Implementation of Performance Contract in Nakuru County Council**

The study sought data from heads of departments on the factors affecting the implementation of performance contract in Nakuru County Council. Most HODs' cited that lack of adequate resources as the main hindrance to effective implementation of performance contract. Furthermore, they pointed out that the Government's delay in releasing funds to the local government affected effective implementation of performance contract. Unplanned transfer of staff was also cited as hindering the implementation of performance contract. Finally the HODs' pointed out that some performance targets were highly ambitious and hence unachievable.

**Table 3: T-test Output of Employees Mean Scores**

**One-Sample Test**

Variables	Test Value = 0				
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference Lower Upper
How long have you worked in your organization	28.195	97	.000	3.449	3.21 3.69
State your gender	28.052	97	.000	1.388	1.29 1.49
What is your level of education	21.389	97	.000	2.398	2.18 2.62
PC helps me do my job better	30.930	97	.000	3.898	3.65 4.15
PC has improved communication with the public	34.328	97	.000	3.929	3.70 4.16
PC helps me develop my skills and potential	40.281	97	.000	3.959	3.76 4.15
I have received adequate training in performance management	37.185	97	.000	4.000	3.79 4.21
Assessment of my performance are consistent, fair and unbiased	37.333	97	.000	3.908	3.70 4.12
PC standards agreed with my boss are realistic	35.571	97	.000	3.918	3.70 4.14
I get useful feedback from my PC review	32.774	97	.000	3.888	3.65 4.12
PC process is bureaucratic and time consuming	27.637	97	.000	3.602	3.34 3.86
PC makes me part of the organization	30.961	97	.000	3.724	3.49 3.96
PC is about managers controlling people	18.490	97	.000	2.429	2.17 2.69
PC has no value to individuals	18.512	97	.000	2.112	1.89 2.34
PC is a distraction from more important core activities	17.197	97	.000	1.786	1.58 1.99
PC provides a way for people to discuss their performance openly and honestly	38.120	97	.000	4.163	3.95 4.38

Source: Primary Data

The T-test analysis indicates that the T value for the variables is positive. The significance difference is within 0.05 level of significance. Thus, performance contracting has had a significant positive difference. Thus, based on this analysis it can therefore be concluded that the introduction of performance contracting has had significant positive effect on service delivery in the Nakuru Sub-County.

### 5. Summary of Findings

The first objective of this study sought to determine the extent to which employees understood the major aspects and operation of performance contract. This was analyzed through employees understanding about performance contract. Majority of the respondents 90 (91.84%) summed their understanding of performance contract as a result oriented system aimed at improving performance/enhance efficiency and effectiveness in service delivery through a transparent and accountable manner while a paltry 8 (8.16%) summed their understanding of performance contract as enhancing bureaucracy and paper work with little effect on service delivery. These findings are consistent with literature indicating that 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 all over the world (Kobia & Mohammed, 2006).

The study additionally sought to establish how the implementation of performance contract affects employees' performance. In this respect, the study established that performance contracting has enhanced employees' performance as they understood their targets more clearly and worked towards achieving them. The employees generally have a positive attitude towards performance contracting.

The third objective was to determine the effects of performance contract on service delivery. This study has established that performance contracts have had varied positive effect on the performance of the council. To this end, the study findings revealed that performance contracting has enhanced performance of Nakuru County Council in the areas of service delivery. These findings agree with those of Akaranga (2008) that introduction of performance contract initiatives will enhance better service delivery by public institutions.

The fourth objective of this study was to document the factors inhibiting the implementation of performance contract. The performance contracting management system in the local council has brought three main challenges as identified by this study. Firstly, meeting the performance targets has been cited as a challenge. This can be attributed to the fact that some performance targets were highly ambitious and hence unachievable. It is also possible that since the managers are not involved in determining rewards for improved performance, they see no reason to exceed targets. The second challenge identify by the study was the periodic monitoring of results as one of the principles of performance contracts. It is possible also that the instruments set to promote coherence and enhance the efficiency of the system are hindered by lack of well-defined evaluation mechanisms. There is need to adopt and implement good corporate governance in fulfilling the performance contracts. The third challenge that the study revealed is that lack of adequate resources has hindered effective implementation of performance contract. There is need for the council to council to diversify its sources of revenue so as to effectively implement performance contract

### 5.1. Conclusions and Recommendations

The study concludes that performance contract has been a successful tool in improving service delivery in the county council under study. Further the study can infer from the

improved service delivery that performance contracting as a management tool has encouraged proper utilization of resources and has encouraged participation in the decision making process of the organizations. Overall, performance contracting has induced the public service to become more oriented towards their clients and performance. The study also concludes that the council needs to avail requisite resources necessary for implementation of performance contracts.

Based on the analysis of the study, the researcher wishes to make the following recommendations:

- 1) On the basis of these findings, it is recommended that the government provides adequate resources to the local authorities for effective implementation of performance contract.
- 2) Further, it is recommended that for effective implementation and desired outcomes, all employees need to be sensitized through structured training programmes to enable them understand the various aspects and components of performance contract.
- 3) This study recommends that employees should be made aware of how the performance contract evaluation mechanism
- 4) It is recommended that employees be included in determining rewards for improved performance. This will go a long way in motivating them to exceed their set targets.
- 5) Finally, the study recommends that performance contracting should be retained in Local Government Authorities as a tool for enhancing performance.

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