



FACTORS AFFECTING THE IMPLEMENTATION OF PERFORMANCE CONTRACTS IN PUBLIC SCHOOLS IN NAIROBI COUNTY

MUHOHO Timothy Kiratu¹, Dr. KIHARA Peter², KINYANJUI Martin³

¹MBA Student: Kenya Methodist University

²Lecturer: Kenya Methodist University

³Lecturer: Kenya Methodist University

Abstract: The purpose of this study was to establish the factors affecting the implementation of Performance contracts among teachers in public schools in Nairobi County. Performance contracting is one of the public reform initiatives for managing public enterprises and it is a measure undertaken by the government aimed at re-orienting service delivery from being process oriented to result based. The general purpose of the study was to investigate the factors challenging the implementation of PCs among public school teachers in Nairobi County. The study sought to investigate the effect of employee sensitization, performance measurement, organizational commitment and organizational culture on implementation of PCs in public schools in Nairobi County. The study adopted quantitative & qualitative research design. It targeted a population of 4,326 respondents in collecting data. Precisely, the target population of the study was 206 head teachers and 4120 teachers making a target population of 4326. This study used the fishers and the finite formulas to calculate the sample size at 95% Confidence Interval hence used a sample size of 353. It used simple random and census sampling as sampling designs and used primary and secondary data of which primary data was collected through the use of questionnaires and secondary data was collected from government and private sector publications. Quantitative data analysis technique was used to analyze the collected data including the use of inferential statistics comprising frequency tables, graphs and charts. Data analysis was done with the help of SPSS version 23. The results indicated that employee sensitization, performance measurement, organizational commitment and organizational culture are the major factors that directly affect the implementation of PCs in public schools in Nairobi County. Apart from Organizational commitment which was found to have a positive relationship with the implementation of PCs; all the other three independent variables were found to have a negative relationship with the implementation of PCs. According to this study, for the implementation of PCs in public schools in Nairobi County and in Kenya at large to be successful and avoid resistance to change, the following must be done effectively and efficiently: Employee sensitization must be done prior to and during the implementation process and all stakeholders continuously involved in the process ; The Performance evaluation mechanism should be improved to ensure that it is able to substantiate the productivity of each organizational employee without delay and this information availed to them promptly.

Key Words: Performance Contract, Organizational commitment, Organizational culture

Introduction

Kiboi (2006) indicates that performance contract is a Memorandum of Understanding (MOU). The evaluation system which the MOU is established not only looks at the performance widely but also ensures that performance management is improved and the industries are clear and more transparent through autonomy and accountability. Moy (2005) describes performance contact as responsibility and

expectations between parties so as to achieve mutually agreed results and this is using a range of management instruments. According to Schein (2004), there is no standard performance contracting definition that can be found; there exist different forms and uses for quasi-contractual arrangement. Performance contracting objective is to control and enhance the performance of employees and therefore the performance of the institution as a whole. Performance contracting originated in the late 1970's in France and other countries such as India, Korea and Pakistan and these countries have adopted performance contracting since.

Performance contracting has been adopted by the African countries such as Ghana, Zambia, Nigeria and Kenya and is used as a strategy towards the optimization of human resources used by the public sector. In Africa, countries such as Nigeria, Gambia, Ghana, and Kenya have also adopted (Opondi, 2004). Mere employment does not necessarily mean productivity and these was the main reason why African countries adopted performance contracting (Ohly, Sonnenta & Pluntke, 2006).

To improve service delivery in the public service, the government of Kenya introduced performance contracting. It was introduced in 2004 and only few state corporations participated but currently it has been implemented in most of the Ministries, Departments and Agencies (MDAs). Improved service delivery, financial performance and improved administration were benefits that had begun manifesting in MDAs thus resulted to the adoption of performance contracting. At the same time it was a requirement to work towards the set target, draw out their service charters with their clients and also do a comparison of their performance with the best in the world. International recognition was won through these efforts that were significant as several African countries wished to learn from the Kenyan experience (GoK, 2010).

Performance contracting also refers to a negotiated performance agreement the management of a public institution and the government, as the owner of public agency. Mutual performance obligations and responsibilities of two parties are specified in the performance contract. It similarly addresses the socio/economic and other tasks which are discharged for economic or other gain. It defines and organizes the tasks so that the management can perform them purposefully, systematically and with probability of reasonable achievement. These also assist in developing concepts, view-points and approaches to determine what should be done and how to go about doing it. Performance contracts have expected outcomes when introduced. These outcomes include improved efficiency in utilization of resources organization of performance –orient culture in the public service, improved service delivery performance evaluation and measurement, instilling accountability, enhancing performance and retention or elimination of reliance of public agencies on exchequer funding (GoK, 2007).

When implementing a strategy, the most important thing is the commitment of the top management to the strategic direction itself. Without any doubt, this is a prerequisite for the implementation of the strategy. It is therefore important for the top managers to show how willing they are in giving energy and loyalty to the process of implementation. For all affected organizational members, this demonstrable commitment becomes a positive signal (Mbua & Sarisar, 2013).

In 2004 the process of implementation of performance contracting began in the state corporation. It is expected that performance contracting will enhance job satisfaction by the employees thus leading to an improvement in job performance. Improved job performance will in return lead to improved financial performance and tangible performance. Introduction of Performance contracts by the government show's its commitment to improve performance, management of public service and

corporate governance and this will act as the Economic recovery strategy for wealth and employment creation (2003-2007). The policy paper opens with a bold statement that “the public sector has become a bottleneck to the overall development of Kenya.

In the late 1990’s, Simon Nora came up with the concept of performance contract systems and ever since then it has been adopted in modified forms by a number of countries in the world (McBeath & Meezan, 2007). In Kenya, the concept of performance contracting can be traced in the 1989 strategy reform paper of parastatals and was approved in the 1991 by the cabinet as the first recognition of the policies recommended to manage and streamline the performance of state corporations. Kenya Railways and the National cereals and produce Board were the first two parastatals to be on the PCs in 1989. However, the two did not meet the expectations of the performance contracting. In the latest evaluation of PCs of state corporations done in December 2006, Kenya Railways was ranked No. 56 while the National cereals and produce Board was ranked position 109. To ensure accountability and transparency in the management of the public resources, the government made a commitment of reintroducing performance contracts in 2003.

Commitment to policy is also seen in the Economic Recovery that founded the Performance Contract Steering Committee to guide the introduction of PCs implementation in August 2003 and in December, 2004 a pilot group of sixteen (16) state corporations, signed PCs on 1st July 2005, other state corporations and the civil service joined in. The type of PCs adopted in Kenya is the signaling system where efficiency for management’s use of resources being evaluated (DPM, 2005). there is still the challenge of state corporations and the civil service not performing to expected or higher levels despite the fact that the government introduced PCs to streamline and improve performance of state corporations.

In December 2006 the performance evaluation of state corporations and civil service was made public after the process was undertaken in August-September 2006. From the result, some of them were still facing the challenge of poor and even decline in performance. So far, no studies have been done to investigate the challenge of performance contracts in the education sector. It is therefore on the basis of the above premises that this study sought to investigate and explore the factors that affect the implementation of performance contracts in public schools in Nairobi County.

The objectives of the study are:

- i. To determine whether employee sensitization affects the implementation of performance contracts in public schools in Nairobi County.
- ii. To establish whether performance evaluation affects the implementation of performance contracting in public schools in Nairobi County.
- iii. To establish whether organizational commitment affects the implementation of performance contracts in public schools in Nairobi County.
- iv. To determine whether organizational culture affects the implementation of performance contracts in public schools in Nairobi County.

Theoretical Review

The theoretical frame work of this study will be based on Goal setting and Expectancy theories.

Goal setting theory

Locke coined the theory in the 1990s. The theory predicts how individuals channel their efforts in order to achieve their goals thus affecting performance (Locke & Latham, 1990). Locke and Latham (2002) noted that goal difficulty has a significant influence on the level of performance as well as effort involved. However, the positive association remains positive only if the people involved show commitment to the goals, have the required ability to attain the goal and have no conflicting goals (Locke & Latham, 2006). Locke and Latham's goal setting theory states that there are various conditions that are important to successfully achieve the goals. These include: goal specificity, feedback goal acceptance and commitment, and goal difficulty (O'Neil & Drillings, 1994). The utilization of goals mechanism motivates the employees to achieve the set goals (Latham, 2012). The goal mechanisms can be considered to be inputs affecting individual's or groups' behavior that seek to increase goal attention, amount of energy used in the goals, persistence in achieving a goal and the ability in an organization to achieve that specific goal. When a team of an individual focuses attention on behavior, which is key in achieving a goal, they cannot be swayed for the behavior to achieve the set goal. In an organization provide purpose for persistently pursuing the set goals (Latham, 2012). In addition, when individuals are in pursuit of a goal they normally seek for effective ways of accomplishing them, especially when the goals are difficult to achieve.

This theory anchors the following variables; Performance evaluation and Organizational culture and Organizational commitment thus making it relevant to this study. It clearly specifies how they impact on employee performance. It explains that people perform better when they are committed to achieving certain goals. People are able to perform better as they are committed to achieving goals through Performance contracting since they are mutually set. Organizations are able to use goal setting to benefit organizational performance since they have understood the effect of goal setting on individual performance. It also stipulates that individuals or teams focus attention on behaviours that will accomplish a goal and divert their attention away from behaviours that will not achieve the goal. The theory also lays out the conditions that are important in successful achievement of the goal. These include: feedback, goal difficulty, goal specificity and goal acceptance and commitment (Locke & Latham, 2002). These could be used to ascertain whether individual employees have achieved work targets or not and avail feedback to them without delay.

Expectancy theory

The Expectancy Theory of Motivation was suggested by Victor H. Vroom in 1976. It proposes that individuals behave the way they behave because they are motivated in selecting a specific behavior over other behavior due to what they are expecting the results of the behavior selected to be. In essence, desirability of the outcome determines the motivation of the selection of the behavior. However, the most fundamental thing of this theory is the process of how an individual processes the various motivational elements through the cognitive process. This is done before making the ultimate choice. The outcome is not the only factor in determining the decision of how to behave (Opondo, 2004). Expectancy theory is about the mental processes in relation to choice, or choosing. It therefore explains the process an individual goes through in order to make a decision. It also puts emphasis on why organization require to directly relate rewards to performance and also ensure rewards provided are those that are deserved and wanted by the recipient.

The Expectancy Theory of Motivation explains why individuals choose one behavioral option over another in the behavioral process. The believe that there is a positive correlation between efforts and

performance, the return of a favorable performance will lead to a desired reward, the outcome satisfies their need enough to make the effort worthwhile and reward from a performance will satisfy an important need can motivate individuals towards goals. Vroom introduces three variables within the expectancy theory which are valence (V), expectancy (E) and instrumentality (I). The three elements are of importance and one cannot choose one over the other since they are clearly defined: effort-performance expectancy (E>P expectancy), performance-outcome expectancy (P>O expectancy) (Moy, 2005). The Expectancy theory can therefore be of help to managers by assisting them understand how individuals are motivated. They therefore have to choose from the various behavioral alternatives. Managers should use systems that tie contracts very closely to performance thus enhancing the connection between performance and outcomes.

This theory is relevant to this study because it anchors the variable of organizational culture and clearly brings out how it impacts on employees' performance. Individuals decide to act in a particular way since they are motivated to select specified organization culture/specific behaviour, over other behaviors because of their expectation in the end result from the selected behavior that would come to be through performance contracting.

2.3 Empirical Review

Employee Sensitization and Organizational Performance

According to Avery (2000), change in an individual is key to everything that is achieved in an organization. When an individual gets the motivation of doing something new, change occurs in the whole world. Employees are complex beings. The organizations interests may necessarily not coincide with those of the employees. This is because a human being will act based on the perception. According to Balogun (2003), the employees are a driving force towards organization's success and therefore the perception in an organization is important to researchers. Perpetual difference between managers and employees should be addressed by the managers to avoid conflicts in the organization.

External and internal forces affect perception as they lead people to seeing some perceived persons or object, events differently. External factors are characteristic of perceived objects or persons, which may include size, intensity, contrast, repetition, motion, novelty, status and appearance. Internal factors in perception are characteristics of the perceiver. The perceivers have a tendency to use themselves as a basis for perceiving others, events, objects. Internal factors that can influence perception are needs and motives, past experiences, self-contest and personality (Blasi, 2002). People emerge with different perceptions of the same stimulus object because of three perceptual processes: selective attention, selective distortion and selective retention. Selective attention arises due to the fact that people are exposed to a tremendous amount of daily stimuli. Individuals have a heightened awareness of stimuli that meet their needs or interests and minimal awareness of stimuli irrelevant to their needs. Selective distortion describes the tendency of people to twist information into personal meanings. Selective retention asserts that people will forget much of what they learn. They tend to retain information that supports the attitudes and beliefs for chosen alternatives (Chalkley & Malcolmson, 1998).

Dye (1992) argues that people see things differently when they look at the world. When presented with the same object, two different people will still view the object in two different ways. Perception is filtered by the objective environment and is therefore a unique way in which people view, organize or interpret things. Forsythe (2001) argues that intelligence, interest, expectations and personality

influence perception. According to Gianakis (2002), attitudes and perceptions are developed over time and can change as new information and experiences are acquired. Greiling (2006) argues the appreciating workers complains and grievances from their viewpoint and also improving communication between managers and their subordinates can help by making similar interpretations with them can help managers understand the process of perception thus ensuring that employees and managers perceive the objectives of the organization in the same way.

Performance Evaluation and Organizational Performance

In order to improve performance, operations require some performance evaluation. Comparison of the current-level achievement with some kind of standards is required In order for organizations to achieve their set goals and objectives, performance evaluations are used to evaluate, control and improve the operations. To compare the performance of various organizations, department, employees, teams, individuals and plants, performance measurements are used (Gianakis, 2002). To improve the process of performance management, one needs to understand how well the organization is performing currently. Performance measurement will therefore give information on how well a process is being done and what are the results from it (Forsythe, 2001). Domberger (1998) states that, what gets measured gets done. Areas emphasized through monitoring and measurement also receive attention and resources. Development has been towards operational parameters in the resent years. These developments include flexibility, cost, speed, reliability and quality as opposed to financial management.

Organizational Commitment and Organizational Performance

Top management commitment to the strategic direction is the most important thing when implementing a strategy. Without doubts, this is a requirement for strategy implementation. Top managers should therefore demonstrate their willingness to give loyalty and energy to the process of implementation. This commitment becomes a positive signal to the members of the organization (De Bruijn, 2002). Overall probabilities of intended strategy implementation can successfully the senior executives dropping the notion that lower-level managers have similar perception of strategy implementation, its underlying rationale and urgency. They should instead believe in the opposite. Employees' ideas must be persuaded without sparing any efforts (Chalkley & Malcolmson, 1998). A theoretically sound organizational arrangement has been adopted in Kenya. Independent professionals carry out the process of vetting of Performance Contracts at the beginning of the year and the evaluation of agency performance at the end of the year. This is done to keep the international best practice.

However, it appears that the members of this Ad-hoc Task Force who do the evaluation at the beginning of the year are not the same as those who do the evaluation at the end of the year. There is need for corrections to be done here as the persons concerned with evaluation should fully understand the rationale for the target setting. Also, investment in time is required in understanding the agency in target setting. Thus, there are economies of scale in doing both tasks (Blasi, 2002). There is also an issue regarding the conflict of interest of the members of PCSC. Some of the members also sign PCs and, hence, can be seen to have the dual role of a judge and defendant in the same case. This needs to be rectified soon to remove any appearance of conflict of interest (De Bruijn, 2002).

Organizational Culture and Organizational Performance

Avery (2000) indicate that one of the main strategy implementation challenges seems to be more behavioral and cultural in nature, including the impact of poor activities integration and diminished commitment and ownership feelings. Balogun (2003) strategic implementation faults include: ignoring the day-to-day business imperatives, a lack of understanding of how the strategy should be implemented, difficulties and obstacles not acknowledged recognized or acted upon and customers and staff not fully appreciating the strategy. In addition, implementation of strategy emanates either from the process of winning the commitment of a group through coalition decision making or from coalition implementation staff involvement through corporate culture. Organizational culture is the pattern of norms, values, beliefs, assumption and attitudes as that may not have been articulated but shape the way in which people behave and things get done. People's behavior can be affected by culture. Culture is the way things are done around an area (Aosa, 2000).

The leadership of managers in terms of how they spend their time, what questions they ask the employees, how they make decisions and what they focus on define organizational culture. Leadership of managers can also be explained in relation to organizational culture (norms, dominant values as well as beliefs) the unconscious as well as conscious symbolic acts used by leaders (informal meetings with staff job titles, executive dining rooms, dress codes,, corporate jets).

Organizations have both a strong culture and deep-rooted traditions in Collaborative Model of strategy implementation. Lack of cultivation of strong cultural values to meet the changing needs in an organization poses the challenge of having a successful implementation. The difference between thinkers and doers become distorted but does not disappear totally. In organizations adopting the cultural model that emphasizes a lower level employee participation in both strategy formulation and implementation there is separation of "thinkers" and "doers". The infusion of corporate culture throughout the firm is used to implement strategy. The basic objectives from the economic perspective of a firm are challenged and contradicted by the cultural model (Aosa, 2000). A "clan-like organization is expected to prevail, where a powerful culture results in employees aligning their individual goals and behaviors with those of the firm. However, to instill and maintain a cultural model, a high level of organizational slack is needed. The limitations of this study include; assumes creativity consequently, increased homogeneity can lead to a loss of diversity, firms with this model tend to drift and lose focus, cost of change in culture often comes at a high price, and well-informed and intelligent participants (Avery, 2000).

Conceptual Framework

The independent variables in this study were employee sensitization, performance evaluation, organizational commitment and organizational culture. The dependent variable was, on the other hand, performance contracting implementation.

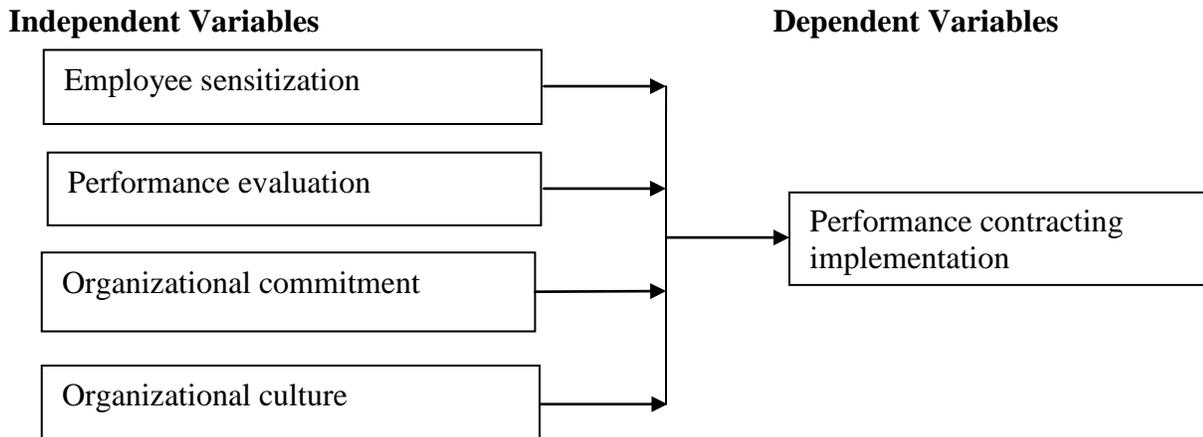


Figure 1: Conceptual Framework

Research Design and Methodology

In conducting this study, the researcher opted to employ quantitative and qualitative research design (mixed methods research) which entails, strategies derived from qualitative and quantitative methods are used within a single project. The study targeted 206 public schools in Nairobi County. Fishers’ and the finite formulas were used to calculate the sample size at 95% confidence interval. This is because the target population was 4,326 which was less than 10,000. By the use of fishers, the researcher first calculated the working sample size (n1), and then used it to calculate the sample size (n).

$$n1 = \frac{Z^2pq}{d^2}$$

Where; n1 = working sample size

z= standard normal deviation set at 1.96, which corresponds with 95% CI.

p = proportion of the target population estimated to have a particular characteristics of Interest (50% = 0.5)

d = Minimum error (degree of accuracy desired) set at 0.05.

q = the proportion of the remaining population (1-P), q = 1- 0.5 = 0.5

$$n1 = \frac{1.96^2 * 0.5 * 0.5}{0.05^2}$$

$$n1 = 384.16$$

Therefore n1 = 384.16

The researcher then calculated the sample size using the finite formula. The n1 was 384.16 and N was 4326.

Finite Formula

$$n = \frac{n1}{1 + \frac{n1 - 1}{N}}$$

$$n = \frac{384.16}{1 + \frac{384.16 - 1}{4326}}$$

$$n = 352.89$$

Therefore the calculated sample size was 353.

Table 1: Sample Size

Category	Population	Sample size	Sampling technique
Head teachers	206	21	Census
Teachers	4120	332	Simple random
Total	4326	353	

A random sample of 332 teachers was selected from the twenty one schools while census method was used in the selection of the head teachers. The study used questionnaires as its key informant and document analysis as the main tools for collecting data. Qualitative data was analyzed by first summarizing the gathered information followed by categorizing the data and coding it into themes. Quantitative data was analyzed by use of Statistical Package for Social Sciences (SPSS) version 23 to increase the accuracy of the results. Frequency counts were obtained to generate descriptive information on the respondents and illustrate the trend of the results of the variables under investigation. The study also used other descriptive statistics such as percentages, mean and standard deviation and the results were presented in tables and charts. Data collection from the interviews as carefully examined and thereafter the responses were edited for coherence, grammatical errors, precision and chronology and the results presented as quotations in an effort to triangulate this data with the one obtained from close ended instruments, which was quantitative in nature. This research used regression analysis to determine the relationship between the independent and dependent variables. The functional relationship of the variables was as follows:

$$y = \text{fn}(X_1, X_2, X_3, X_4, \varepsilon).$$

The model was as follows:

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

where;

- y = Implementation of Performance contracts
- X₁ = Employee sensitization
- X₂ = Performance evaluation
- X₃ = Organizational commitment
- X₄ = Organizational Culture
- ε = Error term

Data Presentation and Discussion of Findings

The study targeted a population of 4,326 respondents in collecting data with regard to the factors that affect the implementation of Performance contracts in public schools in Nairobi County. A sample of 353 respondents was selected to participate in this study. Out of 353 respondents, 255 filled and returned their questionnaires, making a response rate of 72.24%. According to Mugenda and Mugenda

(2003) a 50% response rate is adequate, 60% is good and above 70% rated very good. This also concurs with Kothari (2004) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that the response rate in this case of 72.24% is very good.

Challenges facing the implementation of PCs

The study also sought to establish the challenges experienced in the implementation of Performance contracts. From the field responses some of the challenges experienced during the implementation of the Performance contracts include: lack of adequate resources; available resources were not released on time; some performance targets were highly ambitious; unplanned transfers of staff which takes long before replacements are made; the ideal teacher pupil ratio of 40 pupils per class, has never been achieved with most classes having way above 80 pupils; Most schools have less number of teachers than they need hence the few end up being overloaded with work; Teachers are poorly remunerated hence reduced morale; information on Performance contracting is scanty in that not all teachers know about it clearly. As only senior management are aware of the process clearly due to the training they undergo with the hope of passing the information to teachers before implementation; Performance contracts are not fully accepted by all teachers who feel they might get exposed negatively in terms of their poor performance by the outcomes of the process; the lamping together of different schools in the same category despite their different realities in terms of sufficient facility availability of resources; availability of infrastructure like classrooms, libraries, textbooks; sufficient teachers; Performance contracting process sometimes is construed to mean that better performance will attract a higher if not a better pay. After the exercise, it dawns on teachers that after all there is no salary increment for good performance hence reducing their morale which affects their performance in the subsequent year.

Descriptive Statistics

Table 2 shows the ratings on the main goal of implementation of the Performance contracting policy. The findings of the study reveal that there are challenges that exist against the implementation of Performance contracting with a mean of 3.92 and a standard deviation of 0.94. Those who disagreed were on the statements that Performance contracting has improved employee performance and enhanced efficiency and effectiveness in service delivery through a transparent and accountable system with a mean of 3.20 and a standard deviation of 1.24; has reduced wastage arising from employee inability to meet set targets with a mean of 3.16 and a standard deviation of 1.25; has improved employee morale for awarding most performing employees who meet targets with a mean of 3.20 and a standard deviation of 1.26; clearly defines job standards regarding the quality, quantity and timeliness with a mean of 3.23 and a standard deviation of 1.23; improves service quality by sharing best practices throughout the system and supports contract management decisions with a mean of 3.36 and a standard deviation of 1.23; if fully implemented, Performance contracting will lead to improved service delivery with a mean of 3.17 and a standard deviation of 1.18. The results therefore tabulated in table 4.2 reveal that implementation of Performance contract is not successful as majority of the respondents disagreed with six out of the seven success factors of Performance contracting posed to them.

Table 2: Rating the main goal of implementing of Performance Contract policy.

Implementation of performance contract policy	Mean	Standard Deviation
Has improved employee performance and enhanced efficiency and effectiveness in service delivery	3.20	1.24
Has reduced wastage arising from employee inability to meet set targets	3.16	1.25
Has improved employee morale for awarding most performing employees who meet targets	3.20	1.26
Clearly defines job standards regarding the quality, quantity and timeliness	3.23	1.23
Improves service quality by sharing best practices throughout the system and supports contract management decisions	3.36	1.23
If fully implemented, will lead to improved service delivery	3.17	1.18
There are challenges that exist against the implementation of PCs	3.92	0.94

Table 3 shows the rating of Employee sensitization on the implementation of Performance contracting. The findings of the study reveal that training should be provided to key employees in schools before and during implementation process with a mean of 3.45 and a standard deviation of 1.19. Those who disagreed were on the statements that once employees understand what needs to be done, they need skills and resources with a mean of 3.30 and a standard deviation of 1.10; empowerment training is more remedial and it prepares for collaboration and higher performance with a mean of 3.29 and a standard deviation of 1.34; training and development of any kind should have as its objective the redirection or improvement behavior with a mean of 3.23 and a standard deviation of 1.16 and lack of trained personnel, advancement in technology, faulty methods, prevention of accidents and need for career development with a mean of 3.34 and a standard deviation of 1.17. The findings therefore reveal that Employee sensitization affects the implementation of Performance contracting negatively hence its unsuccessful state.

Table 3: Rating of the effect of employee sensitization on Performance Contracting Implementation

Employee sensitization	Mean	Standard Deviation
Training should be provided to key employees in schools before and during implementation process	3.45	1.19
Once employees understand what needs to be done, they need skills and resources	3.30	1.10
Empowerment training is more remedial and it prepares for collaboration and higher performance	3.29	1.34
Training and development of any kind should have, as its objective the redirection or improvement behaviour	3.23	1.16
Lack of trained personnel, advancement in technology, faulty methods, prevention of accidents and need for career development	3.34	1.17

Table 4 shows the rating of Performance measurement that faces the implementation of Performance contracting. The findings of the study reveal that teachers are promptly provided with all the resources for their job with a mean of 3.41 and a standard deviation of 1.18. Those who disagreed were on the statements that there is adequate support for job performance with a mean of 3.36 and a standard deviation of 1.29; performance measurements are used to evaluate, control and improve operation

processes with mean of 3.18 and a standard deviation of 1.18; teachers are encouraged to uphold high performance with a mean of 3.33 and a standard deviation of 1.26; employees get sufficient feedback promptly about how well they are doing with a mean of 3.09 and a standard deviation of 1.26 and performance measurements sufficiently provides information about how well a process is being conducted and how good the results are with a mean of 3.28 and a standard deviation of 1.23. The findings of the study reveal that Performance evaluation affects the implementation of Performance contracting negatively thus its unsuccessful state.

Table 1: Rating performance measurement that faces the implementation of Performance Contracting

Performance measurement	Mean	Standard Deviation
I am promptly provided with all the resources required for my job	3.41	1.18
There is adequate support for job performance	3.36	1.29
Performance measurements are used to evaluate, control and improve operations process	3.18	1.18
In my department, people are encouraged to uphold high performance	3.33	1.26
Employees get sufficient feedback promptly about how well they are doing	3.09	1.26
Performance measurements sufficiently provides information about how well a process is being conducted and how good the results are	3.28	1.23

Table 5 shows the ratings of Organizational commitment that face the implementation of Performance contracting. The findings reveal that the school avails requisite resources necessary for implementation of strategy with a mean of 3.45 and a standard deviation of 1.21. Those who disagreed where on the statements that management practices are fair in evaluation of performance with a mean of 3.33 and a standard deviation of 1.22; There is commitment by top management in the implementation of Performance contract with a mean of 3.25 and a standard deviation of 1.31; top management shows commitment to the strategic direction with a mean of 3.34 and a standard deviation of 1.24; school management demonstrates their willingness to give energy and loyalty to the implementation process with a mean of 3.27 and a standard deviation of 1.35 and there exists good relationship between school management and staff with a mean of 3.33 and a standard deviation of 1.33. The findings of the study reveal that Organizational commitment does affect the implementation of Performance contracts negatively therefore leading to its unsuccessful state.

Table 5: Rating organizational commitment that faces the implementation of Performance Contracting

Organizational commitment	Mean	Standard Deviation
The school promptly avails requisite resources necessary for implementation of strategy	3.45	1.21
Management practices are fair in evaluation of performance contracts outcomes	3.33	1.22
There is sufficient commitment by top management in the implementation of performance contract	3.25	1.31
Top management shows commitment to the strategic direction	3.34	1.24
School management demonstrates their willingness to give energy and loyalty to the implementation process	3.27	1.35
There exists good relationship between school management and staff	3.33	1.33

Table 6 shows the rating of Organizational culture that faces the implementation of Performance contracting. Those who agreed were on the statements that the organization encourages teachers to be proactive with a mean of 3.44 and a standard deviation of 1.24 and Organizational culture within the school supports strategy implementation with a mean of 3.44 and a standard deviation of 1.29. Those who disagreed were on the statements that Strategy implementation evolves from a process of winning group commitment through a coalitional form of decision-making with a mean of 3.29 and a standard deviation of 1.28; Strategy implementation evolves as a result of complete coalitional involvement of implementation staff through a strong school culture with a mean of 3.12 and a standard deviation of 1.30 and Employees at all levels sign performance contracts with a mean of 2.90 and a standard deviation of 1.34. The findings of the study reveal that Organizational culture does affect the implementation of Performance contracts negatively hence its unsuccessful state.

Table 6: Rating organizational culture that faces the implementation of Performance Contracting

Organizational culture	Mean	Standard Deviation
Strategy implementation evolves from a process of winning group commitment through a coalitional form of decision making	3.29	1.28
Strategy implementation evolves as a result of complete coalitional involvement of implementation staff through a strong school culture	3.12	1.30
Employees at all levels sign performance contracts	2.90	1.34
The organization always encourages teachers to be proactive	3.44	1.24
Organizational culture within the school sufficiently supports strategy implementation	3.44	1.29
Valid N (listwise)		

Bivariate Correlations among all variables

Correlation analysis was used to assess the association between the independent variables and the dependent variable. Table 4.8 shows the bivariate linear relationship among the Dependent variables (DV) and Independent variables (IV). According to the study results in table 4.7, Employee sensitization was found to have a significant negative relationship ($r = -.377^{**}$, $P < 0.001$) with the implementation of Performance contracts. This implies that Employee sensitization may not have been done at all or was not done effectively and efficiently before the implementation of the Performance contracts. It also indicates that all stakeholders in public schools were not continuously involved in the implementation process at all or were just involved partially. In that they did not involve them in coming up with solutions to various challenges faced in the implementation of Performance contracts process; they did not update them with timely information on the same; they too did not give them room to contribute towards the improving of the same Performance contract implementation process. This could be attributed to employee resistance to change which impacted on employee performance negatively leading to low employee performance and productivity.

The results also show that Performance measurement has a significant negative relationship with the implementation of Performance contracts ($r = -.285^{**}$, $P < 0.001$). This implies that the Performance evaluation mechanism is not effective and efficient, as it is not able to substantiate the productivity of individual employees on time and thus facilitate the relaying of performance feedback without any delay or abstention of the same. This could be attributed to employee resistance to change which led to low employee performance and productivity.

Organizational commitment was found to have a significant positive relationship with the implementation of Performance contracts ($r = .422^{**}$, $P < 0.001$) This implies that the school management of public schools in Kenya i.e. head teachers, deputy head teachers, senior teachers and the school committee at large were willing to give energy and loyalty to the implementation of Performance contracts in public schools. They were also fully committed to the strategic direction; this became a positive signal to all the affected organizational members in public schools. This implies that when organizations increase their commitment towards strategy implementation; when their leadership is loyal and committed to the strategic direction, the implementation performance also increases. This in turn increased employee commitment; reduced resistance to change thus led to improved employee performance and productivity.

Lastly, Organizational culture was found to have a significant negative correlation with the implementation of Performance contracts ($r = -.354^{**}$, $P < 0.001$) This implies that the organizational culture that is the pattern of values, norms, beliefs, attitudes and assumptions in public schools did not clearly determine the common behaviour of organizational members, and the way things should get done therein. It also was not deep rooted to each organizational member thus it did not result in a common behavior of how things get done. Therefore it resulted in conflicting behavior that was not consistent with the realization of the successful implementation of Performance contracts. Due to the fact that the organization did not manage to change her culture and re-orientate itself towards strategy implementation, then this led to the decline in employee performance and productivity. This can as well be attributed to resistance to change.

Table 7: Correlations Coefficients

		Y	X ₁	X ₂	X ₃	X ₄
Y	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	255				
X ₁	Pearson Correlation	-.377 ^{**}	1			
	Sig. (2-tailed)	.000				
	N	255	255			
X ₂	Pearson Correlation	-.285 ^{**}	-.318 ^{**}	1		
	Sig. (2-tailed)	.000	.000			
	N	255	255	255		
X ₃	Pearson Correlation	.422 ^{**}	-.311 ^{**}	-.316 ^{**}	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	255	255	255	255	
X ₄	Pearson Correlation	-.354 ^{**}	.523 ^{**}	-.340 ^{**}	.039	1
	Sig. (2-tailed)	.000	.000	.000	.536	
	N	255	255	255	255	255

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

Regression Analysis

The results shown in table 4.9 indicate that the model showing the relationship between Performance contract strategy drivers and implementation performance was found to be valid, ($F_{(4,250)} = 49.188$,

$P < 0.001$) this implies that the four independent variables are good predictors of strategy implementation performance hence the model can be used for further analysis.

Table 8: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.175	4	16.544	49.188	.000 ^b
	Residual	84.083	250	.336		
	Total	150.258	254			

a. Dependent Variable: Y

b. Predictors: (Constant), X₄, X₃, X₂, X₁

According to the study findings, the regression model explains 44% of the total variation in Performance contract implementation strategy ($R^2 = .440$) this implies that when four independent variables in this study work in a combined relationship, they explain 44% of the total variations in strategy implementation performance. However, 56% of the total variation is not explained in this study. This means that there are other variables apart from the four covered in this study, that affect the implementation of Performance contracts and would explain the remaining 56% of the total variations.

Table 9: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664 ^a	.440	.431	.57994

a. Predictors: (Constant), X₄, X₃, X₂, X₁

Table 4.10 shows the weights of the regression variables. According to the study findings, performance will always exist at a certain minimum even without the four drivers under investigation in this study as shown by the value of the constant which is statistically significant ($\beta_0 = 5.796$, $P < 0.001$). The findings also indicate that Employee sensitization has a significant negative relationship with Performance contract strategy performance ($\beta_1 = -.209$, $P < 0.001$). This implies that Employee sensitization may not have been done at all or was not done effectively and efficiently before the implementation of the Performance contract process. It also indicates that all stakeholders in public schools were not continuously involved in the implementation process at all or were just involved partially. In that they did not involve them in coming up with solutions to various challenges faced in the implementation of Performance contracts; they did not update them with timely information on the same; they too did not give them room to contribute towards the improving of the same Performance contract implementation process. This could be attributed to employee resistance to change which impacted on employee performance negatively and thus led to low employee performance and productivity.

The results also indicate that Performance measurement has a significant negative relationship with Performance contract strategy performance ($\beta_2 = -.401$, $P < 0.001$) this implies that the Performance evaluation mechanism is not effective and efficient, as it is not able to substantiate the productivity of individual employees on time and thus facilitate the relaying of performance feedback without any delay or abstinence of the same. This could be attributed to employee resistance to change which in turn led to low employee performance and productivity.

The study also indicates that Organizational commitment has a significant positive relationship with Performance contract implementation performance ($\beta_3 = .193$, $P < 0.001$) This implies that the school management of public schools in Nairobi County i.e. head teachers, deputy head teachers, senior teachers and the school committee at large were willing to give energy and loyalty to the implementation of Performance contracts in public schools. They were also fully committed to the strategic direction; this became a positive signal to all the affected organizational members in public schools. This implies that when organizations increase their commitment towards strategy implementation; when their leadership is loyal and committed to the strategic direction, the implementation performance also increases. This in turn increased employee commitment; reduced resistance to change thus led to improved employee performance and productivity.

Finally, Organizational culture was found to have a significant negative relationship with Performance contract implementation performance ($\beta_4 = -.343$, $P < 0.001$) This implies that the organizational culture that is the pattern of values, norms, beliefs, attitudes and assumptions in public schools did not clearly determine the common behavior of organizational members, and the way things should get done therein. It also was not deep rooted to each organizational member thus it did not result in a common behavior of how things get done. Therefore it resulted in conflicting behavior that was not consistent with the realization of the successful implementation of Performance contracts. Due to the fact that the organization did not manage to change her culture and re-orientate itself towards strategy implementation, then this led to the decline in employee performance and productivity. This can as well be attributed to resistance to change.

Table 4.10: Regression Weights

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	5.796	.406		14.290	.000
	X ₁	-.209	.056	-.239	-3.727	.000
	X ₂	-.401	.054	-.417	-7.370	.000
	X ₃	.193	.048	.230	4.047	.000
	X ₄	-.343	.052	-.379	-6.571	.000

a. Dependent Variable: Y

Conclusion

The study concludes that employee sensitization, performance measurement, organizational commitment and organizational culture are the major factors that directly affect the implementation of Performance contracts in public schools in Nairobi County and in Kenya at large. The findings further make us conclude that there are other factors that affect the implementation of Performance contracts apart from the ones mentioned above.

Recommendations

All the stakeholders in public schools, that is, teachers, the school committee and support staff should be continuously involved in the implementation of Performance contracts. They should be involved in coming up with solutions to various challenges faced in the implementation of Performance contracts; updating them with timely information on the same; giving them room to contribute towards the improving of the same Performance contract implementation process. This would greatly reduce the

resistance by employees towards the implementation of Performance contracts thus impact on employee performance positively leading to high performance and productivity.

The Ministry of Education should put in place an effective and efficient Performance evaluation mechanism. This will aid them to substantiate the productivity of each organizational employee promptly without any delay. This information should be availed to individual employees as feedback timely without any delay. This would greatly reduce the resistance by employees towards the implementation of Performance contracts thus impact on employee performance positively leading to high performance and productivity.

The school management of public schools in Kenya i.e. head teachers, deputy head teachers, senior teachers and the school committee at large should be willing to give energy and loyalty to the implementation of Performance contracts in public schools. They should be fully committed to the strategic direction. This will become a positive signal for all the affected organizational members in public schools. Hence this will impact on the implementation of Performance contracts positively. Thus result in successful implementation. This would increase employee commitment thus lead to improved employee performance and productivity. This will also reduce employee resistance to change.

The Ministry of Education should come up with acceptable values, norms, beliefs and attitudes and instill them in all public schools to determine the common behavior of organizational members, and the way things should get done therein. This culture should be rooted in each and every organizational member therefore lead to a common behavior of how things will get done. That is the organization should change her culture and re-orientate itself towards strategy implementation. This would in turn bring about a positive impact on the implementation of Performance contracts. Hence lead to improved employee performance and productivity. This would also reduce employee resistance to change.

Areas for further Research

These study findings only explain 44% of the total variation in Performance contracting implementation strategy. 56% of the total variation is not explained. This means that there are other variables apart from the four covered in this study, that affect the implementation of Performance contracts. Thus areas for future research may be to research widely and come up with numerous variables and subject them to thorough study. Another such area is the development of implementation frameworks which consider the success factors identified in the literature review. Also the testing of these frameworks and expansion of the methods used to investigate these phenomena would help to advance this research, as well as practical applications. This may include larger studies that include varied organizations or focused studies on the less common factors to validate their inclusion. Another area for future research is to investigate the causal relationships between the factors. This will provide insight into the dynamic nature of implementation success. Finally, research could be conducted to determine if certain factors influence success in some sectors more than others and attempt to identify sector-specific factors that may influence success.

References

Aosa, E. (2000). *Development of Strategic Management: An Historical Perspective*. Nairobi: University of Nairobi Press.

- Avery, G. (2000). Outsourcing public health laboratory services: a blueprint for determining whether to privatize and how. *Public Administration Review*, 60(4), 330-337.
- 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.
- Blasi, G. J. (2002). Government Contracting and Performance Management in Human Resources. *International Journal of Public Administration*, 25(4), 519-538.
- Chalkley, M., & Malcolmson, J.M (1998). Contracting for health services with unmonitored quality", *The Economic Journal*, 108(49), 1093-1110.
- De Bruijn, H. (2002). *Managing Performance in the Public Sector*. London: Routledge.
- Domberger, S., (1998). *The Contracting Organization*. New York: Oxford University Press.
- Dye, R. (1992). Relative performance evaluation and project selection. *Journal of Accounting Research*, 30(1), 27-52.
- Forsythe, D. (2001). *Quicker, Better, Cheaper Managing Performance in American Government*. New York, NY: Rockefeller Institute Press.
- Gianakis, G. (2002). The promise of public sector performance measurement: anodyne or placebo? *Public Administration Quarterly*, 26, 34-64.
- GoK, (2007). Results for Kenyans: *Capacity Building Programme for Transforming the Public Service, Public Service Reform and Development Secretariat*. Nairobi: Government Printer.
- GoK, (2010). *Office of the Prime Minister. Performance Contracting Department report on evaluation of the performance of public agencies for the financial year 2008/2009*. Nairobi: Government Printer.
- Greiling, D. (2006). Performance measurement: a remedy for increasing the efficiency of Public services. *International Journal of Productivity and Performance Management*, 55(6), 448-465.
- Kiboi, W., (2006), Management perception of performance contracting in state corporations. *An unpublished MBA project*, University of Nairobi.
- Kothari, C.R, (2005). *Research Methodology- Methods and Techniques*. New Delhi: New Age International Publishers.
- Latham, G. P. (2012). *Work motivation: History, theory, research and practice*. Thousand Oaks, CA: SAGE.
- Locke, E. A. & Latham, G. P. (2007). New developments in and directions for goal-setting research. *European Psychologist*, 12(4), 290-300.
- Locke, E. A., & Latham, G. P. (1990). *A theory of goal setting and task performance*. Englewood Cliffs, NJ: Prentice-Hall.
- Locke, E.A., & Latham, G.P. (2002). Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. *American Psychologist*, 57, 705-717.
- Mbua, P., & Sarisar, J. (2013). Challenges in the implementation of performance contracting initiative in Kenya. *Public Policy and Administration Research*, 3(2), 44-62.
- McBeath, B. & Meezan, W. (2007). Inter-organizational Disparities in Social Service Provision. *Paper to be presented at the 9th Public Management Research Association Research Conference*, University of Arizona Eller College of Management.
- Moy, P. (2005). *Best Practices and Trends in Performance Based Contracting. A final report submitted to Office of Financial management*. Washington DC: Olympia.
- Mugenda O.M., & Mugenda, A. G. (2003). *Research Methods. Quantitative & Qualitative Approaches*. Nairobi: Press African Center for Technology Studies (ACTS)
- Mugenda, A.G. & Mugenda, O.M. (2003). *Research methods; Qualitative and quantitative Approaches*. Nairobi: Kenya Acts Press.

- Ohly, S., Sonnentag S. & Pluntke, F. (2006). Routinization and its relationship with creative and proactive outcomes. *Journal of Organizational Behavior*, Vol. 27,
- Opondo, P. (2004) *A Survey of Strategic Planning and Performance of Public Corporations in Kenya*. Unpublished MBA Project, University of Nairobi.
- Schein, E. H. (2004). *Organizational Culture and Leadership*, 3rd Ed. San Francisco, CA: Jossey-Bass.