

**PERFORMANCE CONTRACTING AND SERVICE DELIVERY AT DIRECTORATE OF
CO-OPERATIVES IN NAIROBI COUNTY**

BY

NICHOLAS KIPCHIRCHIR SONGOK

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DECLARATION

This project report is my original work and has not been presented for a degree in any other University.

Signature.....

Date.....

Nicholas Kipchirchir Songok

Registration Number: EL/SPM/0331/2013

The research project report has been submitted for examination with my approval as a University Supervisor.

Signature.....

Date.....

Prof. George Mark Onyango

School of Planning and Architecture Maseno University

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DEDICATION

The project is dedicated to members of co-operatives societies and staff member of Directorate of co-operatives, who work tirelessly to ensure that we have a vibrant co-operative sector.

ABSTRACT

Performance contracting introduction to government ministries and agencies was aimed at improving service delivery. In 2006, Directorate of Co-operatives adopted and implemented performance contracting however; its performance on service delivery remains unsatisfactory. The main objective of the research was to analyze performance contracting and service delivery at Directorate of Co-operatives in Nairobi County. The specific objectives were to assess performance contracting process, identify constraints experienced in implementation of performance contract and assess the customer perception on service delivery at the Directorate of Co-operative. Consequently, the research will enable the Directorate to come up with measures on how to enhance performance contracting to be able to deliver satisfactory services. The research adopted a descriptive research design and used multi-stage sampling targeting 251 co-operative societies. It also collected data from population of 105 co-operative staff. The Co-operative staff and co-operative societies formed the unit of analysis. Questionnaires and check list for data collection were prepared and pre-tested before administering. After collection, data was subjected to both qualitative and quantitative statistical analysis techniques by use of Statistical Package for Social Sciences computer software to run the descriptive statistics to generate frequency tables and measures of central tendencies. Finally, the results of data analysis were presented using frequency distribution tables, percentages, averages and graphs. Findings revealed that the relationship between the different management staff levels is poor, there exist a form of disconnect between the national government and the county government in performance contracting, the Directorate do not fully adhere to the performance contracting processes, experiences challenges in performance contract implementation and that it does not utilize customer surveys to deepen service provision. It is therefore affirmed that variables identified in research objectives are crucial in performance contracting and service provision. It is recommended that the Directorate should ensure that a mechanism for smooth operation of various levels of management be put in place. Secondly it should ensure that a mechanism for smooth operation of the two levels of government national and county government is put in place. Thirdly the Directorate should continuously assess and implement recommendations of customer surveys. Finally the Directorate should adhere to performance contracting processes, identify and mitigate challenges faced in performance contracting. The study also recommends that further studies should be done to facilitate proper implementation of Performance contract Management System between the national government and county governments. A research should also be carried to determine the influence of political behaviour and priorities on performance contracting and propose mitigating measures. The information generated from this research will go a long way in guiding the policy makers to improve performance contracting at the Directorate of co-operatives.

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LIST OF ACRONYMS

AAPM	African Association for Public Administration and Management
CAK	Co-operative Alliance of Kenya
CCC	County Commissioner for Co-operatives
CCD	Commissioner for Co-operative Development
CSI	Customer Survey Index
HOD	Heads of Department
ICT	Information and Communication Technology
ISO	International Standards Organization
KRA	Key Result Areas
MDAs	Ministries, Departments and Agencies
MOCDM	Ministry of Co-operative Development and Marketing
MOIED	Ministry of Industrialization and Enterprise Development
OECD	Organization for Economic Co-operation and Development
SMART	Specific Measurable Achievable Realistic and Time bound

DEFINITION OF TERMS

Performance Contracting: Negotiated process in which Ministries/Departments/Agencies set their performance targets based on their mandates, functions and strategic objectives. The process entails: Review of Performance Contracting Guidelines and processes; Identification of performance targets; Negotiations of performance targets; Vetting of Performance Contracts; Signing of Performance Contracts; Implementation and execution of the contracts; Performance Contract evaluation; Getting customer feedbacks: Performance ranking and public announcement of the Performance Evaluation Results.

Performance Contract evaluation: It is the rating of the actual achievements of the agencies against the set performance targets negotiated and agreed upon at the beginning of the period.

Satisfactory Service: A person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his other expectations. Satisfaction is a function of perceived performance and expectations.

Service delivery: Provision of quality services and activities required by the public, as efficiently as possible with the view of satisfying customers according to established performance standards.

Performance Planning- the process of establishing a shared understanding of what is to be achieved, and how it is to be achieved and managing resources to ensure successful implementation.

Performance management: Working together to plan, monitor, review employees work so that organizations objectives are met in an effective and efficient way.

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CHAPTER ONE

INTRODUCTION

This section provides information on the background to the study. It also provides a statement of the problem and objectives of the study. It states the questions the study seeks to answer, the justification, the scope, assumptions and limitation.

1.1 Background of the Study

Achieving superior performance in the midst of scarce resource and emerging organizational complexities has been the pre-occupation of many countries, organizations and governments. Performance is the ability to attain goals by using resources in an effective and efficient manner that drives organizations to perform at a higher level (Daft, 2004). As a way of enhancing performance, Simon (1980) proposed a simplified contract model which stated that an employer and a worker will find it advisable to enter into an employment contract whereby the employer will provide resources to enable the worker to perform according to laid down performance standards. He expounds that this simple model was adopted and improved by France in late 1960s. According to Organization for Economic Co-operation and Development (1999) Performance Contract is a form of results based management tool for measuring performance against negotiated performance targets that is freely negotiated between the Government, acting as the owner of a public agency, and the management of the agency.

Schiavo and Sundaram (2001) identified seven Performance Contract implementation models which are in used worldwide. The first performance contract model is on framework agreement that covers overarching organizational strategies and priorities for departments that is entered between a Minister and Chief executives officer. This model has been adopted by United Kingdom and Norway. The second model is budget oriented performance contract

which sets budget level between the central budget office and Chief executive as applied in parts of Norway. The third model involves organizational performance agreements between a Minister and a Chief executive which breaks down overall strategic processes and output target setting for increased operational autonomy as embraced by France, US and Kenya. The fourth model entails performance contract entered between Ministers and Chief executive officers that is cascaded to all levels as adopted by Australia and Norway. The fifth model is the funds provider agreement which clarify each party's role as applied in parts of Australia and New Zealand. The Sixth model is the intergovernmental performance contract that link devolution of programs and funding from national to sub-national governments as adopted by Rwanda, Spain and Sweden in the sectors of health and education. The seventh model involves customer service agreements that specify performance standards and redress if services fail to meet requirements as applied in Australia and United Kingdom. Indeed proponents of performance management and contracting including Schiavo and Sundaram (2001), Van, Moseley, and Dessinger (2004) agree that performance contracting models in all the seven stated models incorporates definition of the scope and its alignment with verifiable objectives, target setting development of the program's multi-year operating plan, having a performance contract steering committee, development of compliance and monitoring plan as well as incorporation of a feedback mechanism.

Odhiambo (2005) and Kiggundu (1998) concurs that whereas there are seven models in performance contracting, Kenya adopted and domesticated the third model where organizational performance agreements between a Minister and a Chief executive or accounting officers are entered which then breaks down overall strategic process and output targets. Kobia and Mohammed (2006) asserts that the decision to adopt performance contracting was arrived at the time when the Kenyan government faced numerous challenges

resulting into the initiation of Civil Service Reform Programmes to solve emerging problems such as: Inefficient and ineffective public service, quality and timeliness of service delivery, financial management, recruitment and retention, motivation and entrenchment of work ethics to public servants, managing bloated civil service, improving planning, mitigating political influences, budgeting and monitoring to ensure that resources are focused on priority areas. The authors argue that the road towards Performance Contract saw introduction of performance contract on a pilot basis in two agencies namely: Kenya Railway and National Cereals and Produce Board in 1999. Unfortunately the two pilot initiatives failed due to lack of political goodwill, lack of incentives and adequate resources. Eventually in 2003 performance contract was re-introduced through Gazette Notice Issue No. 93 to all MDAs. Alongside introduction of performance contracting the Kenyan Government proposed the periodic undertaking of service delivery surveys/customer surveys in all ministries/departments which would inform formulation and installation of service charters with clear service benchmarks and standards in order to enhance efficiency, transparency and accountability in service delivery (Odhiambo, 2005).

Despite the re-introduction of performance contract in Kenya in 2003, Birech report (2011) explains that most ministries still experience a serious constraints on implementation of performance contracts for example documentation of best practices, lack of effective progress reporting mechanism, absence of baseline information, lack of proper motivation mechanism in place, lack of monitoring and evaluation plan, inadequate performance appraisal systems and feedback.

As regards to co-operative matters, the history of cooperatives movement dates back to 1908 when the first dairy Co-operative Society was established at Lumbwa. By 1969 registered co-operatives stood at 1,894 which were predominantly marketing in nature (Wanyama, 2009).

In 1970 Co-operative Development Policy was drafted in Sessional Paper No. 8 of 1970 which mandated the state Department of co-operatives to ensure growth and development of co-operatives whose roles included: consolidation of co-operatives, improvement of management of societies, intensification of education and training for members, committee and staff with provision of government support staff as supervisors. By 2005 Co-operative enterprises had generated employment opportunities directly to over 500,000 people and indirectly to over 2 million people while registered co-operatives stood at 6,000.

To further consolidate the gains achieved in growth and development of co-operatives in making the sector attain its vision of vibrant and self-sustaining, the Ministry of Co-operatives was created in 2003 and in 2006, Performance contracting was adopted (Mudibo, 2006). According to 2008-2013 Ministry Strategic-Plan that was operationalized by performance contracts, the Ministry of co-operatives proposed to increase the registered number of cooperatives from 8,000 to 14,000 but only managed to register 10,000, while the proposed 2 new ventures were not established the end of the period. The performance ranking of MDAs 2013 saw the ministry took position 29 out of 41 (Kenya Ministry of Co-operative Development and Marketing, 2014). Clearly this scenario presents an indication that despite adopting performance contracting, the Ministry's performance in service delivery was unsatisfactory. This information is further strengthened by the customer survey that was done in 2012 within the framework of customer assessment and perception of service delivery that gave it "unsatisfactory" performance in service provision (Kenya Ministry of Planning and National Development, 2012).

According to Kotler (2000), satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to their other expectations. Satisfaction is therefore a function of perceived performance and

expectations. If the performance falls short of expectations, the customer is unsatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

Granted that Co-operatives operate in all sectors of Kenyan economy and are a key agent in poverty reduction, the question remains why has the Directorate of co-operatives not been able to provide satisfactory services despite adoption of performance contracting. The concern was raised by co-operative stakeholder Forum held at Naivasha between 4th and 5th February, 2013, where a paper on “Performance Contracting and Service Delivery was presented (Kenya Ministry of Co-operative Development and Marketing, 2013). During the discussions participants raised concerns about the poor score of the Ministry’s rank which stood at number 29 out of 42. At the same time the stakeholders indicated that for the Ministry to deliver satisfactory services, it needs to identify and address the challenges it faces in implementation of performance contract, review its performance contract implementation processes and deepen customer satisfaction levels as well (Kenya Ministry of Co-operative Development and Marketing, 2013).

1.2 Statement of the Problem

Performance contracting was introduced to government ministries, departments and agencies to improve service delivery. However, whereas Directorate of Co-operatives has been signing and implementing performance contract since 2006, its performance on service delivery remains unsatisfactory. Consequently the question remains why performance contracting hasn’t resulted in satisfactory service delivery at the Directorate of co-operatives.

The customer satisfaction survey that was carried out during the month of June, 2012 within the framework of performance contracting and service delivery for the Agriculture sector

ministries affirmed that the sector including co-operatives was experiencing unsatisfactory performance in service provision. In addition the study done in 2010 on Review of Performance Contracting among the ministries states that most organizations have no systems in place to evaluate the customer perception to performance contract which would allow for performance contract improvement. At the same time the co-operative stakeholders deliberating on Performance contract implementation in Co-operatives at Naivasha in 2013 indicated that for the Ministry to deliver satisfactory performance, it needs to identify and address the constraints it faces in implementation of performance contract and review its performance contracting processes.

To this end no detailed study has been undertaken to explain why the Directorate of Co-operatives experience unsatisfactory service delivery despite adopting performance contracting, has not reviewed its performance contracting processes, not conducted regular customer survey, not identified and addressed the challenges it experiences despite performance contract implementation. This study addresses this knowledge gap. The pertinent research question, is: What is the status of performance contracting and service delivery at the Directorate of Co-operatives

1.3 Study Objective

The main objective of the research was assessment of performance contracting and service delivery at Directorate of Co-operatives in Nairobi County.

1.4 Specific Objectives

The specific objectives of the study were:

1. To analyze performance contracting processes at the Directorate of Co-operatives.
2. To identify constraints experienced in implementation of performance contract at the Directorate of Co-operatives.

3. To assess the perception on service delivery amongst Directorate of Cooperative clients

1.5 Research Study Questions

The researcher sought to answer the following questions:

1. What are the performance contracting processes at the Directorate of Co-operative?
2. What are constraints experienced in implementation of performance contract?
3. What is the perception of service delivery at the Directorate of Co-operatives by its clients after introduction of performance contracting?

1.6 Study Justification

The study attempted to unravel the status of performance contracting and service delivery at the Directorate of Co-operatives. Currently no study has been done with respect to performance contracting and its influence on service delivery while no attempt has been made to solicit information from clients in respect to service improvement. The findings from the study will enable co-operative staff to come up with measures on how to improve service delivery through adoption of performance contracting. By all means the study will help in redesigning the performance contracting framework. Similarly, for academicians and other researchers, the findings will contribute to existing literature for further research, refine or validate the findings of the study.

1.7 Scope and Limitation of the Study

The scope of this study was limited to performance contracting and service delivery at the Directorate of Co-operatives. The study targeted co-operative societies and the staff in the Directorate of Co-operatives based at Nairobi County. The study restricted itself to the issues surrounding: performance contracting processes, constraints experienced, and clients'

response to service delivery by the Directorate with view of identifying strategies to improve service provision.

It is also acknowledged that the study encountered a number of limitations that could impede on the research findings. Foremost some respondents were reluctant to disclose information that may seem to reveal personal/institutional weakness. To remedy this problem the researcher assured the respondents of confidentiality of any information. Secondly at the initial stages of data collection there was a low rate of questionnaire return, the researcher and the assistants personally administered the questionnaires and checklist while explaining to the respondents the purpose of the study. To avoid low returns of questionnaires a follow up meeting was requested where the respondents filled the questionnaires.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review is the study and identification of relevant information relevant to the study. It reviews the past studies that help the researcher to understand and focus on the problems being studied more appropriately.

2.2 Performance Contracting Process

Many scholars in Performance Contracting including Schiavo and Sundaram (2001) agree that adoption of performance contract has always had mixed results but successful implementation of any management tool leads to efficient public services and provision of satisfactory services. The process should follow the following procedures: planning, execution, monitoring and evaluation. At the same time the authors proposes that the organization should periodically review and domesticate its results based management tool. In performance contracting, proper execution of activities entail commitment through signing by a government to provide resources whereas the head of the technical section of the employees commit by signing to offer services (World Bank, 2007). In late 1960s France, through the assistance of professional public service pioneered a successful performance contracting that suited local strategy but consistent with central strategic priorities which allowed input of various stakeholders (Grapinet, 1999). A similar scenario was displayed in Rwanda where entering into a performance contract provided the basis for creating awareness of expectations and the inculcation of a culture of commitment to the delivery of performance outcomes (Oyugi, 2006).

Overall the model of performance contracting as applied in France and Canada recognizes the following steps: Defining the scope of the performance management system and its alignment

with other objectives popularly called setting performance targets from strategic plan objectives, developing the program's multi-year operating plan where implementation is backed up by mandatory training on performance management and developing a plan for compliance monitoring and appraisal as well as incorporating a steering committee to assist in implementation (Hoch & Charles, 2003; Koontz & Weirich, 2003).

Peter Drucker came up with the practice of management by objectives also known as management by results in 1954 (Drucker, 1995). He derived it as a principle of management aimed at harmonizing individual manager goals with those of the organization with a view to improve the overall performance. Management by objective enables management of the organization to concentrate their efforts on obtaining desired results from key areas of the business. It provides an opportunity for managers to collaborate in identifying key areas for results and establishing appropriate performance standards against which results can be measured. In addition Organization for Economic Co-operation and Development OECD (1999) asserts that management by objective is the current form of performance contracting and explains that successful performance contract implementation requires top management to provide resources as well as motivated technical team to execute tasks. For example in United States of America (USA) the performance contracting is anchored on Government's Performance and Results Act of 1993 which requires that each agency submits an executable annual performance work plans to the Office of Management and Budget and Congress and negotiate for resource from the government. Similarly African Association for Public Administration and Management AAPM (2005), explains that successful performance contracting model in Botswana was achieved because of strong peer learning and reward mechanism comprising of a range of options for both financial and non-financial reward whereas in Canada the legislature plays a very important role in performance contracting as

performance and budget reports are tabled in parliament and negotiated for funding (Jenkins, 2003). According to Ashton and Sung (2005) Organizations should strive to ensure that individual activities are linked to the organization since targets linked to strategic aims can be a powerful tool towards performance achievement but careful consideration needs to be given to what is targeted, how targets are applied and how targets are applied.

In Kenya, according to Performance Contracting Guidelines 2017/2018, it enumerates that the performance contracting starts by reviewing performance contract guidelines, identifying performance targets from the Ministerial strategic plans which is carried out after the budget process has been completed to ensure that targets are realistic and achievable within the available resources (Kenya Performance Management and Coordination Office, 2017). The performance targets are freely negotiated a process which takes two phases (Kenya Ministry of Planning, 2010) The first phase is the pre-negotiation consultations where the negotiating parties carry out a SWOT analysis in order to determine the institution's performance capacity and draft smart targets (Kobia & Mohammed, 2006). In the second phase the authors explain that the draft contract is then submitted to the performance contracting secretariat for vetting to ensure compliance to guidelines are followed in ensuring that Performance targets are linked to the strategic objectives of the institutions, anchored on the strategic plans, growth oriented and relevant to the mandate of the institution. This will be followed by performance contract signing.

The government guidelines on performance contracts explain that performance contract signing is done at two levels. In case of government ministries, the contract is signed between the Head of the Public Service and Secretary to the Cabinet, representing the Government on the one side and the permanent secretary of a ministry on the other side. To ensure that ministers, who represent the political body, are bound by the commitments of their permanent

secretaries, they are required to counter sign the performance contracts (Kenya Performance Management and Coordination Office, 2017). However, this procedure is in contrast to the signing procedures as applied in Rwanda where the President and the Finance Minister are obligated to sign ministerial performance contract (Rwanda, Ministry for Local Government, 2014).

In the case of state corporations, the first level is between the government and the board of directors. The permanent secretary, representing the parent ministry of the corporation signs with the board of directors on behalf of the government, while the board chair and one independent director sign on behalf of the board. The board subsequently signs a performance contract with the chief executive to transfer the responsibility of achieving the targets to the management. This guarantees operational autonomy given that board of directors are not executive and are not therefore involved in the day-to-day management of their corporations. Similar arrangements are replicated in the local authorities where the first level entails signing the contract between the chairperson/mayor of a council and the permanent secretary in charge of local government (Kenya Republic of, 2005).

Performance Management Framework for National Governments explains that to operationalize the Performance contract requires individuals work plans which are generated from departmental work plans linked to performance contracts. It explains that the process enables you to help employees identify individual performance objectives that are linked to corporate objectives and strategy. The process helps all employees to understand how they contribute to helping the organization achieve its objectives and where they fit in the organization. It explains that work plans apportion responsibility to departmental sections or divisions and to individual or employees. It therefore explains that each section/division within a department/ministry shall develop its work plan aligned to the departmental strategic

objectives. The individual employees shall develop and derive their work plans from the divisional/sectional work plans. The individual work plans will provide specific details on activities, tasks, timelines, and verifiable indicators (Kenya Republic of, 2017).

Performance Management Framework for National Governments further explains, at the individual level, work plans enable an organization evaluate employee performance using performance appraisals. Performance appraisal includes activities to ensure goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, department, product and employee (Kenya Republic of, 2017). In the final analysis the performance appraisals will inform the performance contract evaluation that is done ex ante. Thus performance evaluation by the ad hoc evaluation committee is based on a comparison of achievements against the targets agreed at the signing of the contract (Triveldi, 2000).

At the Directorate of Co-operatives performance contracting was aimed at ensuring satisfactory service provision as such in performance contracting the Principal Secretary acting as the accounting officer ensures that resources of the ministry and departments are used efficiently and effectively. During performance contracting process the PS commits him by signing a performance contract with the commissioner and countersigned by Co-operative secretary (Kenya Ministry of Co-operative Development and Marketing, 2013). Although the performance contracting guidelines gave room for flexibility by way of recommending every Ministry or agency to domesticate the performance contract, the performance contract signing procedure in Kenya do not tie Finance minister nor the head of finance to the process, it differs from other proposed procedures for example Schiavo and Sundaram (2001) argue that in a funder provider agreement it clarify each party's role and consequently signed by the

head of finance to binds them towards funds availability and provision to the process. This procedure has successfully been applied in Australia and New Zealand.

The document is then cascaded downwards to the Heads of sections and staff under them who perform their core functions in enhancing growth and Development of Co-operatives (Kenya Ministry of Co-operative Development, 2012). For purposes of final evaluation and scoring, the evaluation exercise will be done ex ante by the ad hoc external evaluation committee who carry out comparison of achievements against the targets agreed at the signing of the contract.

Review of Performance Contracting report of 2010 alludes that despite the guidelines on implementation of performance, contract many ministries have not made any attempt domesticate the tool to suit the local needs (Kenya Republic of, 2010). The situation would be applicable to Directorate of Co-operatives “the Ministry does not have guidelines on implementation of performance contract” (Kenya Ministry of Co-operative Development and Marketing, 2013, P.24). In addition the co-operative stakeholders deliberating on Performance contract implementation in Co-operatives at Naivasha in 2013 indicated that for the Ministry to deliver satisfactory performance, it needs to review its performance contracting processes and realign its vision (Kenya, Ministry of Co-operative Development and Marketing, 2013).

The above literature clearly demonstrates that every organisation should continuously review and domesticate its performance contracting process to enable it domesticate to address emerging challenges with the view of it better in enabling the organization deepen service delivery as prescribed by different scholars and government guidelines. However at the Directorate of Co-operatives no study has been undertaken to review its performance contracting process while no domestication has been done to enable it fit into the local

situation. Therefore, the research was undertaken to address the research gap experienced by the organization. The information generated from this research will go a long way in guiding the policy to improve performance contract implementation process.

2.3 Constraints Experienced in Implementation of Performance Contract

Although performance implementation in Kenya has been hailed as a success, in some instance it has been largely unsuccessful. The concept of Performance Contract was first introduced in Kenya in the management of state corporations in 1989 to Kenya Railways and National Cereals and produce Board but it failed due to lack of political goodwill to drive this process because it was perceived as donor-driven (Kobia and Mohamed, 2006). This is also corroborated by report on Review of Performance Contracting 2010 which asserts that the failure of performance contract implementation is attributed to government changing priorities which influence financial resources allocation (Kenya Republic of, 2010). Child *et al* (2016) explain that political behaviour adds to the uncertainty of decision making because it to be at variance with formal decision rules that may subvert them due to conflicting goals and interests of people. According to Eisenhardt and Zbaracki (1992) political behaviour is behaviour by individuals or groups which involve the use of power or exercise of influence that affect decision making in government. The political behaviour enhance competition for scarce resources which can generate conflict between them hence, interest groups practice political tactics to influence decisions which affect their positions and interests in the organisation (Child *et al*, 2016). Quinn (1980) argue that top management's need to balance its goals with the expectations of lower echelons to get their support and this may leads to many trade-offs which affect the direction of the organisation performance. Hickson *et al*. (1986) argues further that the decision making processes in an organization is influenced by a specified set of interest units or executives the decision set. The decision set of interests

introduces political tactics into decision making in an attempt to exert influence over the decision to ensure that it encompasses their objectives.

The Ministry of Co-operatives and Marketing 2013 annual report indicated that the Ministry has not been performing at optimum levels as the targeted growth of co-operatives has not been realized, new ventures have not been started, its performance ranking was poor and that attainment of its vision may not be realized. Consequently the Directorate could be facing challenges which have not been addressed.

According to survey done in 2012, public officers largely attribute lack of awareness to too little information about compensation and performance contracting as well as the perception that compensation discrepancies is tied to educational level rather than performance (Kenya Ministry of Planning and National Development, 2012). On the other hand according to Review of Performance Contracting in Kenya, Public servants awareness has the strongest influence on implementation of performance in public service performance (Kenya Republic of, 2010).

Inadvertently some people may have poor performance contract skills as they may not have been taught the proper s performance skills or they may not have the experience with performance contract process as a result, they may be awkward in setting of targets (Birech, 2011) similarly other people may not be aware about certain skills such as monitoring and evaluation as well as feedback. The linkage between Performance Contract and individual targets as well as linkage between Performance Contract and reward systems is strong (Trivedi, 2000).

Domberger (1998) proposed that Sensitization of staff on performance contracts should be done to create awareness, while awareness of what is to be gained on implementation of

performance contract should be emphasized this can be done by involving management and staff in the process of developing the strategic plans and performance measures as sense of ownership, trust and commitment to performance.

Hoch and Charles (2002) explain that planning entails deciding in advance what is to be done which involve the selection of objectives, policies, procedures and programmes from among alternatives. They illustrate that if these planning activities are not done properly then achieving organizational objectives will be defeated. Similarly, a Review of Performance contracting report 2010 identified performance contract planning aspects that would affect service delivery as: inadequate resources, absence of client participation, unclear objectives and activities (Kenya Republic of, 2010)

According to Trivedi (2000) Performance measurement is crucial in delivering improved services. Balogun (2003) emphasizes that performance management for delivery of results is undoubtedly influenced by the basic premise uniting the attention of members on a common objective and galvanizing them towards the attainment of objective. Inadequate performance monitoring, evaluation and feedback would then necessitate disunity in the attention of members on a common objective.

Trivedi (2000) affirms that in the recent past many countries have begun to attach a lot of importance to monitoring and evaluation of performance contract. He asserts that in Canada the legislature plays a very important role in performance contracting as performance and budget reports are tabled in parliament for strategic direction. Equally, in India there is established performance monitoring and evaluation division which takes a comprehensive review of departmental performance by measuring performance of all schemes and projects. According to Rwandese Minister for Local Government (2014) senior policy makers and citizens closely follow the performance of government institutions which are hotly debated at

the bi-annual evaluation meeting chaired by the President in parliament where local authorities are held accountable on their targets and civil servants can be fired for below average performance (OECD, 1999).

Kobia and Mohammed (2006) explain that Performance Evaluation in Kenya is still at nascent stage and there is no robust performance contract monitoring and evaluation system. Consequently, Birech report (2011) explains that most Ministries experience a serious problem on documentation of best practices, lack of effective progress reporting mechanism, absence of baseline information, lack of monitoring and evaluation plan, inadequate performance appraisal systems and feedback as the major challenges affecting service delivery in organizations.

Ulrich and Brockbank (2005) explains that many organizations fail to achieve the vision, mission and business goals of the organization due to management incompetence which they refer to as lack of observable abilities, skills, knowledge, motivations and behaviours needed for successful job performance. In any organization Competency-based management supports the integration of human resources planning, organizing, controlling, leading and staffing by allowing organizations to assess the current human resource capacity based on their competencies (Koontz & Weirich, 2003). It then means organizations fail to deliver services due to lack of legal, financial management, marketing, long-range planning skills, good communication, interpersonal, technical, political and analytical skill (Lienert, 2003).

The co-operative stakeholders deliberating on Performance Contract implementation in Co-operatives at Naivasha in 2013 indicated that for the Ministry to deliver satisfactory performance, it needs to identify and address the constraints it faces in implementation of performance contract (Kenya Ministry of Co-operative Development and Marketing, 2013)

From the above literature, various constraints have been identified experienced by

organizations inhibiting delivery of satisfactory service provision despite adopting performance contracting. Unfortunately, at the moment no detailed study has been undertaken by the Directorate of Co-operatives to fully identify and address the challenges it experiences despite adoption of performance contract. The research study was carried under the second objective to identify and address the challenges experienced by the Directorate of Co-operatives.

2.4 Client's Perception of Service Delivery

According to John (2003), the management Guru Tom Peters explains that client's perception on service delivery is best captured periodically by using customer's satisfaction surveys. He argues it involves the process of discovering whether or not a company's or organization's customers are happy or satisfied with the products or services received. It may be conducted face to face, over the phone, via email or internet, or on handwritten forms. Customer answers to questions are then used to analyse whether or not changes need to be made in business operations to increase overall satisfaction of customers. He explains that before the 1980s, customer satisfaction tended to be measured informally for example by front line staff asking people if they were happy with service, or via annual surveys of customers. At that time most large brands and organizations were not customer focused; they were product focused and logistics focused. He further explains that the key questions asked during customer survey were whether organizations would make the best product and could they ship it to the right location faster, cheaper, and more efficiently than their competitors. Kucukos, Ahmet and Sensoy (2010) supplements by asserting that to undertake this initiative requires strategies that would boost customer satisfaction alongside adopting strategies needed to audit their performance against targets and whether these strategies meet expectations. Thus, expectations are a key factor behind satisfaction. When customers have

high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying.

Alongside introduction of performance contracting the Kenyan Government proposed the periodic undertaking of service delivery surveys in all ministries/departments and developing and installing service charters with clear service benchmarks and standards in order to enhance efficiency, effectiveness, transparency and accountability in service delivery (Odhiambo, 2005). He also enumerates that customer satisfaction ratings through customer satisfaction indexes can have powerful effects. Firstly, they help focus employees on the importance of fulfilling and exceeding customer expectations. Secondly, when satisfaction ratings dip, they warn of potential problems that can affect future revenue. Customer satisfaction surveys help you to identify the overall level of satisfaction and assist with finding your happiest and unhappiest customers. Feedback from a survey gives you the opportunity to follow up with your happiest customers to turn them into advocates, and your unhappiest customer to serve them better. As such the Performance Contracting Guidelines 2017 recommend that institutions should prepare service charters and place customer suggestion boxes at an appropriate points to be able to gauge clients' responses on service delivery (Kenya Performance Management and Coordination Office, 2017).

According to American Association of Customer Survey (2012), when carrying out customer survey it is critical to analyse perception of clients on staff response to inquiries, their adherence to professional ethics and conduct of staff members while delivering their services. Ayodeji (2006) in his paper *Managing Ethical Problems in Nigerian Business Organizations* concurs by asserting that there is relationship between adherence to ethics and performance of business organizations. Organizations with ethics perform better. Business leaders and owners should understand that in order to win public trust, they should pay attention to ethics

and impose on themselves the responsibility of professional ethics because businesses which operate ethically reap many rewards in the form of winning public confidence, attracting customers, retaining employees and improving performance. According to University of Michigan (2014), organizations need mechanisms to respond to inquiries or requests for help from existing and potential customers because it has an impact on service delivery. Organizations require customer helplines or service charters which are essential for delivering support, service, advice, and information. Lassar (1998) found out there is a positive relationship between service quality and customer satisfaction. Meeting customer satisfaction depends to a large extent on ensuring that the firm maintains high service quality standards.

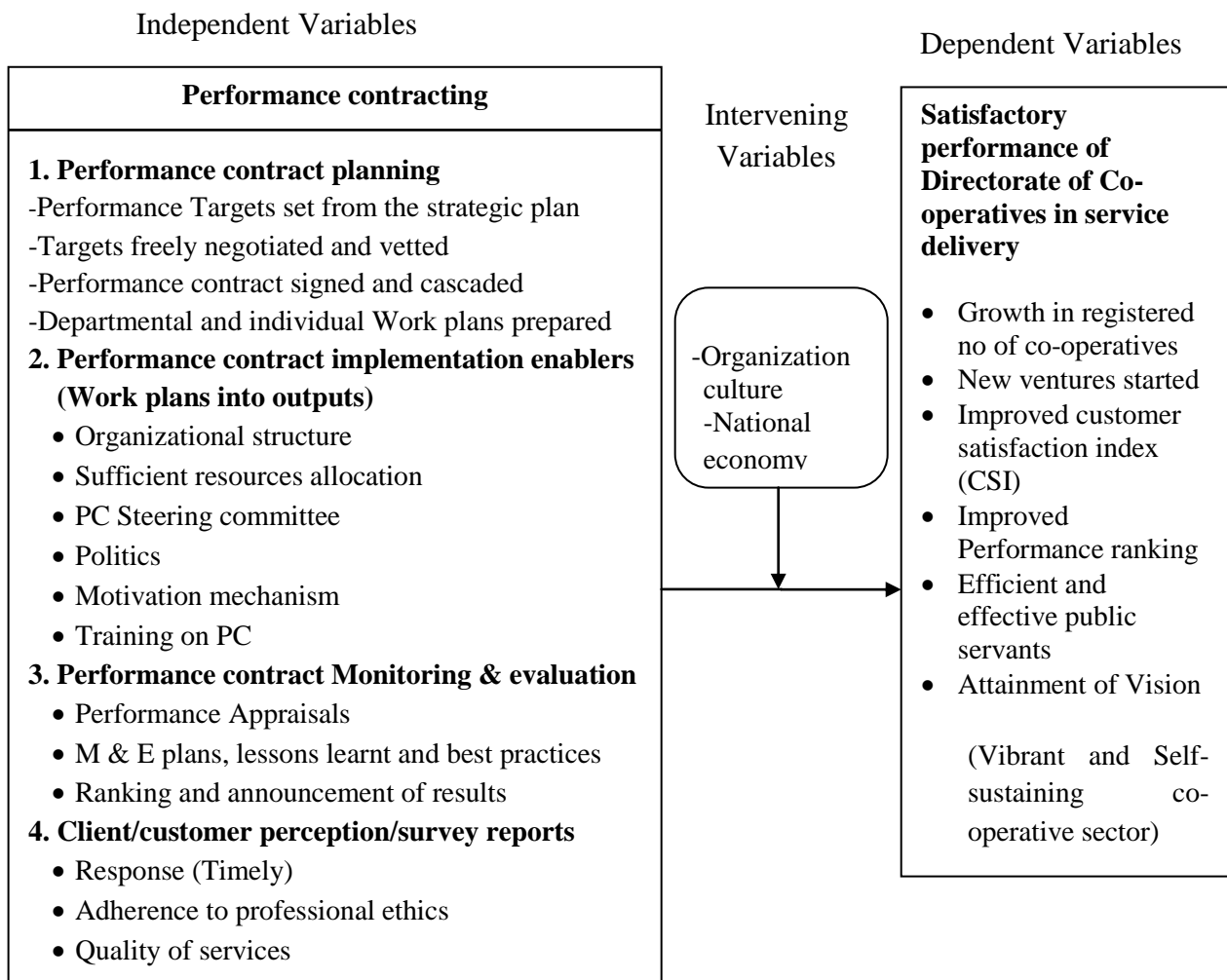
The Kenyan Government through the Ministry of Planning and National Development carried out a customer satisfaction survey during the month of June, 2012 within the framework of performance contracts and service delivery for agriculture sector ministries including co-operatives and realized that the sector was performing poorly in service provision as it observed an aggregate CSI of 60 points which implied that clients were “somewhat” satisfied with the services (Kenya Ministry of Planning and National Development, 2012). The survey did not propose any solution for improving performance by use of customer surveys. Similarly alongside introduction of performance contracting the Kenyan Government proposed the periodic undertaking of service delivery surveys in all ministries/departments to enable it enhance efficiency, transparency and accountability in service delivery (Kenya Republic of 2013). The Review of Performance contract in Kenya (2010) further states organizations in Kenya have no systems nor structures in place to evaluate the customer perception to performance contract which would allow for performance contract improvement. Since no such assessment has been undertaken to address

the research gap, the study under objective three was undertaken to assess the perception on service delivery amongst Directorate of Co-operative clients.

2.5 Conceptual Framework

Ravich and Carl (2016) aver that conceptual framework represents the researcher’s conceptualization of the relationship between variables in the study diagrammatically. Independent variables are those variables which are systematically varied by the researcher. On the other hand, dependent variables are those variables whose values are presumed to depend on the effects of the independent variables. The figure below shows the conceptual framework for the study.

Fig 2.1 Conceptual framework



Source: Adapted from Ferreira and Otley (2009) and Kenya Republic of (2017)

Ferreira and Otley (2009) wrote that,

Performance contracting model integrates the well-proven aspects of management by objectives and adds important dimensions from systematic approach. The system connects a set of independent components transformed inputs into outputs while sensing and adjusting to external environment. The transformation process comprises: strategic planning and the hierarchy of objectives, setting objectives, planning for action, execution and attainment of objectives, control, appraisal and feedback (P.99).

Similarly the Performance Contracting Guideline Kenya identifies the elements of performance contracting as planning, performance contract execution, initiation and utilization of customer surveys, monitoring and evaluation as the necessary combination mix that could lead to attainment of organizational goals (Kenya Republic of 2017) Thus, the conceptual framework for the study borrows from Ferreira & Otley (2009), performance contract guidelines and other best practices identified in literature review. The conceptual framework identified performance contracting independent variables as performance contracting processes enumerated in performance contract planning, monitoring and evaluation as described in conceptual framework, constraints in performance contract implementation as elements enumerated in performance contract implementation in conceptual framework and perception of clients on service delivery as the elements listed under customer surveys in conceptual framework. All these factors are proposed to gear service delivery in performance contracting and thereby lead to better performance of the Directorate of Co-operatives in terms of; initiation of new ventures, customer satisfaction, attainment of organizational vision, better Performance contract ranking, highly performing staff and increased number of clients receiving services.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section focused on the techniques and tools that would be used in the Research study. It included research design, description of the study area, target population, sample population, sampling procedure, data collection methods and data analysis methods.

3.2 Research Design

The study adopted a descriptive research design. This Kind of study allows structured collection of data from the members of a population in order to determine the current status of the phenomenon under study to explain what occurs within specific variables (Creswell, 2012). Consequently Babbie (2011) explains that it captures information about people's attitudes, opinions, habits or any of the variety of education or social issues. Furthermore it is concerned with finding out who, what, why, where and how of the variables in view of answering research questions. This study considers this design appropriate since it enables identification of variables, minimizes bias and maximizes data reliability. Therefore, the independent variables for this study were the elements in performance contracting while the dependent variable was the performance of the Directorate of Co-operatives in service delivery. Through this study the researcher presented and described service delivery at the Directorate of Co-operatives as a result of adoption of performance contracting. To accomplish the objectives of the study the questions in the questionnaires and checklist were designed from the conceptual framework to reflect the themes of the objectives so as to address the needs of the research. During data collection, data was first collected from co-operative staff using the questionnaire (appendix V a) then the responses were cross checked with the Key informants using the checklist (appendix V b) and finally comparisons made between the collected data and policy documents to draw the conclusions. On the other hand,

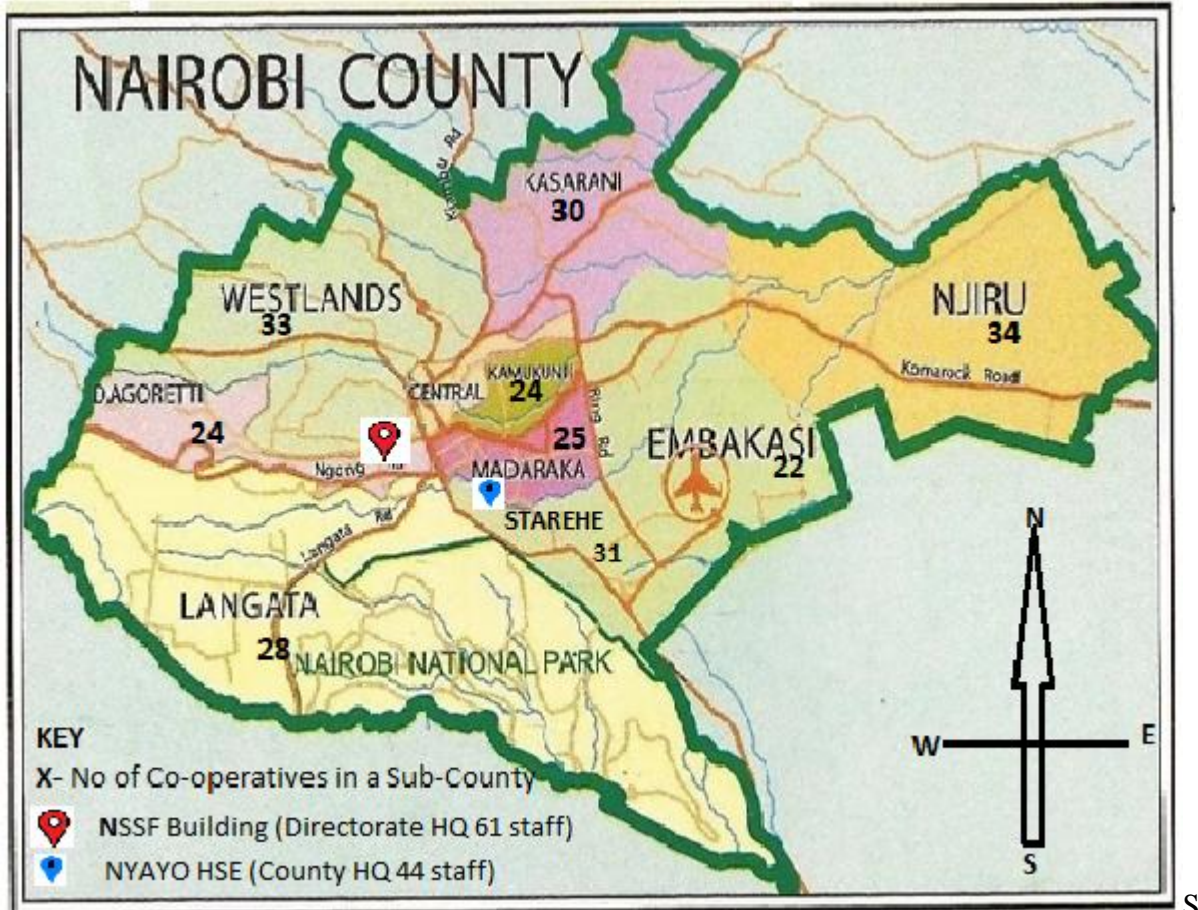
data from the recipients of services offered by the Directorate was collected from the co-operative societies using the questionnaire (appendix V c) and information validated by using the key informants from the cooperative movement by use of the checklist and comparison made with the secondary information to draw conclusions.

The preparation of data collection tools and the actual data collection formed the basis of triangulation for the research. This technique was aimed at increasing validity and reliability of the results. Reliability was ensured by developing appropriate data collection tools and gathering data from multi-sources through policy documents, questionnaires and interview which produced similar results. This method is the essence of triangulation that ensures: one measure, or strategy, or proof is completed by the researcher when data gathered about a matter. According to Babbie (2011), triangulation facilitates validation of data through cross verification from more than two sources to ensure that correct conclusions are made. During data analysis, the researcher utilized descriptive analysis. Both qualitative and quantitative methods were used and presentation of findings done using frequency tables, percentages graphs and charts.

3.3 Study Area

According to Schwandt, (2007) study area refers to location where study-related activities are conducted. The study site was Directorate of Co-operative located in Nairobi County. The National office Directorate staff are based in NSSF Building in Dagorretti Sub-county while The Nairobi County officers are situated in Nyayo house within Starehe Sub-county and they oversee all the co-operatives found in all sub-counties in Nairobi County. The map of the study area is shown below showing the number of co-operatives in various sub-counties

Fig 3.1 Map of the study area



Source: County Commissioner of Co-operatives (2014)

3.4 Study Population

Saunders, Lewis and Thornhill (2009), define study population as the complete set of counts derived from all objects possessing one or more common characteristics. Population of this study consisted of 259 co-operative societies and 105 staff employed by Government of Kenya based at Directorate of Co-operatives in Nairobi County who include Upper level managers; middle level managers and lower level managers who form the sampling frame. According to MOCDM (2016) annual reports the number of co-operative staff and co-operative societies in Nairobi County are as follows:

Table 3.1: Number of Co-operative Societies in Nairobi County.

Sub-County	Saccos	Marketing	Housing	Investment	Jua-kali	Total
Starehe	22	2	2	5	0	31
Kamukunji	14	5	1	2	2	24
Kasarani	8	11	5	3	3	30
Makadara	8	4	4	7	2	25
Embakasi	7	5	4	3	3	22
Njiru	15	8	5	5	1	34
Dagoretti	14	2	4	4	0	24
Langata	18	1	5	2	2	28
Westlands	22	5	1	5	0	33
Total	128	43	31	36	13	251

Source: County Commissioner of Co-operatives (2015)

3.5 Sampling

According to Kothari (2004) proper sampling technique should give the same characteristics and composition as the sample population. First a population of 105 was surveyed for the co-operative staff that included the key respondents. In regard to a population of 100 units, Kothari (2004) asserts that; if the population is approximately 100 or less then you really need to survey all of them. Then the sample size for staff was:

Table 3.2: Number of Nairobi staff

Category	Male	Female	Total
Senior Managers	11	6	17
Middle Level managers	24	12	36
Lower Level Managers	30	22	52
Total	65	40	105

Source: Directorate of Co-operatives (2015)

Subsequently, from a population of 251 Co-operative societies who are clients of the Directorate a sample of **166** co-operatives was obtained using the formula below.

$$\text{Cochran formula: } n' = \frac{Z^2 pq}{d^2}$$

Where

n' = sample size,

Z = Z statistic for a level of confidence, 95% Confidence level=1.96

P = Expected proportion (in proportion of one), if unknown then $p= 0.5$ $q=1-p=0.5$

d = Allowable error, Level of significance= (0.05)

N =Population size 251

$$\text{Therefore } n' = \frac{1.96 \times 1.96 \times 0.25}{0.05 \times 0.05} = 385$$

Adjusted sample size (Correction for proportions for cases of small population less than n')

Correction formula $n = n' / [1 + (n' - 1) / N]$

Therefore sample size for Co-operative societies will be $(n) = 385 / [1 + (385 / 251)] = 151$

To cater for non-response add 10% = **166**

In view of sampling technique, due to presence of nested units in the sampling frame (Sub counties and types of co-operatives), the researcher utilized multi-stage sampling design. In this case cluster sampling was used for the geographical location of sub-counties (primary units), followed by stratified sampling of the secondary units (types of co-operatives in each strata) followed by a simple random sample of the tertiary units to pick the individual co-operatives within each strata to get the total units of 166 Co-operatives. Bhattacharjee (2012) argue multi- stage sampling improve external validity as the results generated gives a better generalization to the population since all categories of units are represented. He further explain that generalizability refers to whether the observed associations can be generalized from the sample to the population (population validity). Similarly, Kerlinger (1986) observes that in cluster sampling, its key benefit is the guarantee that the sample chosen is representative of the population which ensures the statistical conclusions will be valid. Babbie (2010) asserts that stratified proportionate sampling technique produces estimates of overall population parameters with greater precision and ensures a more representative sample is derived from the population. The table below shows the number and categories/types of co-operatives sampled in each sub-counties of Nairobi County

Table 3.3: Sample Frame (Number and Type of Co-operative Societies per Sub-County)

Sub-County (Cluster)	Type of Co-operative (Strata)	Number of co-operatives	Percentage	Number (sample size)
Starehe	Saccos	22	8.43%	14
	Marketing	2	0.60%	1
	Housing	2	0.60%	1
	Invest	5	2.41%	4
	Jua-kali	0	0.00%	0
	Total	31	12.05%	20
Kamukunji	Saccos	14	5.42%	9
	Marketing	5	2.41%	4
	Housing	1	0.60%	1
	Invest	2	0.60%	1
	Jua-kali	2	0.60%	1
	Total	24	9.64%	16
Kasarani	Saccos	8	3.01%	5
	Marketing	11	4.22%	7
	Housing	5	2.41%	4
	Invest	3	1.20%	2
	Jua-kali	3	1.20%	2
	Total	30	12.05%	20
Makadara	Saccos	8	3.01%	5
	Marketing	4	1.81%	3
	Housing	4	1.20%	2
	Invest	7	3.01%	5
	Jua-kali	2	0.60%	1
	Total	25	9.64%	16
Embakasi	Saccos	7	3.01%	5
	Marketing	5	2.41%	4
	Housing	4	1.20%	2
	Invest	3	1.20%	2
	Jua-kali	3	1.20%	2
	Total	22	8.43%	14
Njiru	Saccos	15	6.02%	10
	Marketing	8	3.01%	5
	Housing	5	2.41%	4
	Invest	5	2.41%	4
	Jua-kali	1	0.60%	1
	Total	34	13.86%	23
Dagoretti	Saccos	14	5.42%	9
	Marketing	2	0.60%	1
	Housing	4	1.20%	2
	Invest	4	1.81%	3
	Jua-kali	0	0.00%	0
	Total	24	9.04%	15
Langata	Saccos	18	7.23%	12
	Marketing	1	0.60%	1
	Housing	5	3.01%	5
	Invest	2	0.60%	1
	Jua-kali	2	0.60%	1
	Total	28	11.45%	19
Westlands	Saccos	22	8.43%	14
	Marketing	5	1.81%	3
	Housing	1	0.60%	1
	Invest	5	2.41%	4
	Jua-kali	0	0.00%	0
	Total	33	13.25%	22
Totals	Saccos	128	50.00%	84
	Marketing	43	16.87%	28
	Housing	31	11.45%	19
	Invest	36	15.66%	26
	Jua-kali	13	5.42%	9
	Grand Total	251	100.00%	166

Source: Researcher (2018)

3.6 Data Collection

Mugenda and Mugenda (2003) explain that data collection is the process of gathering and measuring information of targeted variables in an established systematic fashion, which then enables the researcher to answer relevant questions and evaluate outcomes. The researcher utilized both secondary and primary sources.

3.6.1 Secondary Data

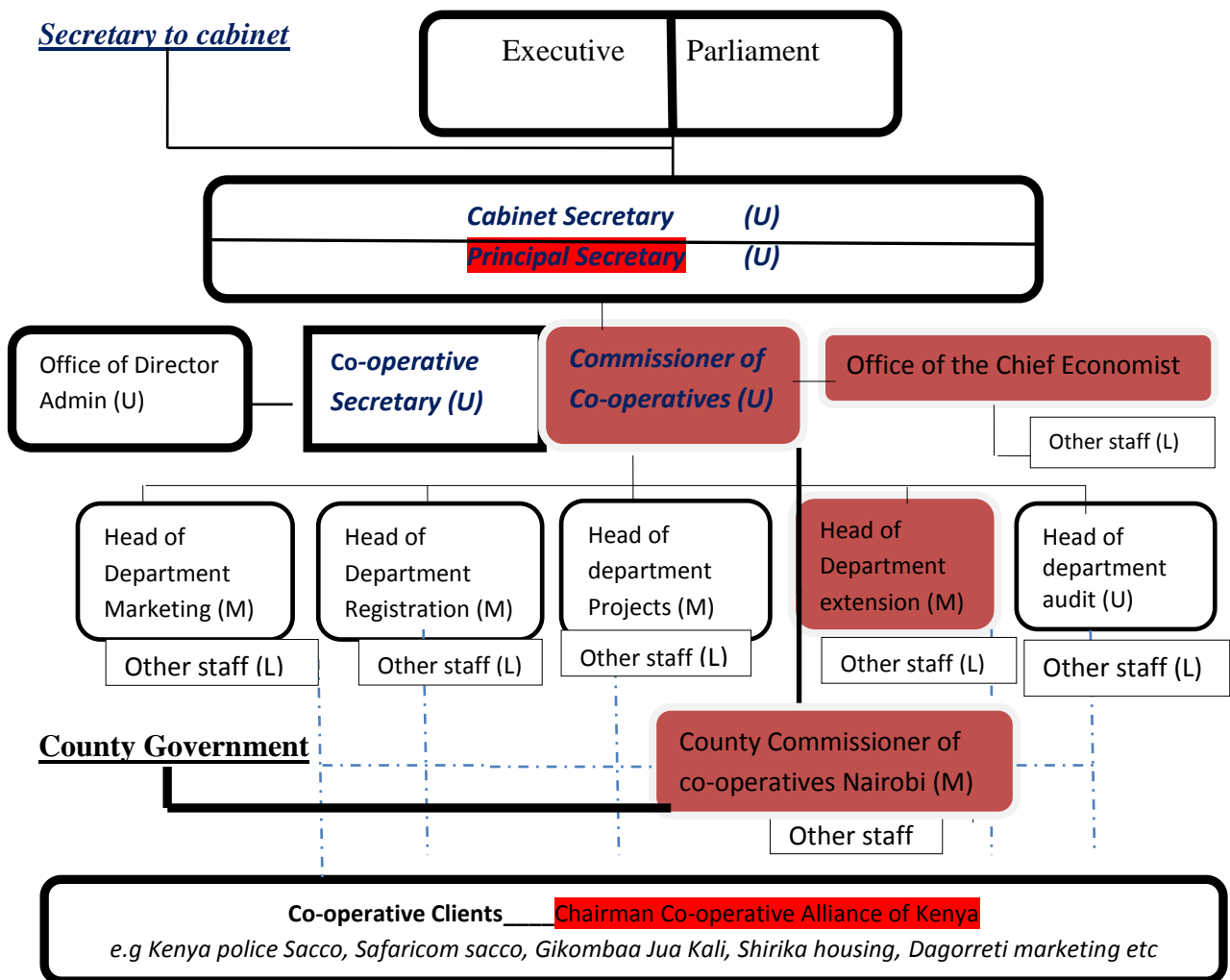
Secondary data was collected from text books, Government guidelines, journals, periodicals, published, unpublished theses and reports. It forms the backbone of literature review. The literature review enabled the researcher to generate the themes and the research study objectives as captured in the conceptual framework while the questions in the questionnaires and check list were generated from the conceptual framework.

3.6.2 Primary Data

a) Key Informant Interviews

Checklist/guide (Appendix IV B) was used to solicit information from the key informants through face to face interviews to get an exceptional and in depth perspective of relevant issues on performance contracting and service delivery. The interview schedule contained probing questions covering all the objectives of the study. The key informants are shown in the organizational structure of the Directorate below.

Fig 3.2: Organizational Structure of Directorate of Co-operatives



Source: Ministry of Industrialization and Enterprise Development Strategic plan 2013-2018

Key

- : Key Informants
- X**: Sign performance contract
- U: Upper management
- M Middle Management
- L Lower Management

b) Co-operative Staff Survey Questionnaires

For the 105 staff in the Directorate, Questionnaires (Appendix IV A) were delivered and picked personally by the enumerators. This system has the potential to increase the participants’ response rate, it also offer a sense of security (confidentiality) to the respondent

and it is an objective method since no bias resulting from the personal characteristics (Owens, 2002). The questionnaire was divided into the main areas of investigation except the first part which captured the demographic characteristics of the respondents. Other sections were organized according to the major research objectives. The questionnaires were pre-tested for clarity and comprehensiveness. To be reliable, a survey question must be answered by respondents the same way each time. According to Weisberg *et al* (1989), researchers can assess reliability by comparing the answers respondents give in one pretest with answers in another pretest. A survey question's validity is determined by how well it measures the concept(s) it is intended to measure. Both convergent validity and divergent validity can be determined by first comparing answers to another question measuring the same concept, then by measuring this answer to the participant's response to a question that asks for the exact opposite answer.

c) Co-operative Clients Survey Questionnaires

To solicit information from the 166 co-operative clients, questionnaires were administered personally by the enumerators (Appendix IV C). The questionnaires were divided into the main areas of investigation which included demographic information, perception on performance of staff as well as perception on the services offered by the Directorate. The questionnaires were pre-tested for clarity and comprehensiveness.

3.7 Data Analysis and Presentation

The raw data collected from staff members and co-operative societies using the questionnaires were coded to unique variables using the master questionnaire and entered into SPSS version 20. Before data analyses, variables for scores that are out of range were cleaned to eliminate errors and enhanced consistency. The entered data was then analysed

quantitatively through descriptive analysis by running frequencies, calculating percentages and averages. Quantitative data findings were presented through tables and graphs.

Data collected through face to face interview from key informants using the checklist were analysed qualitatively. The key points emerging from the interviews were reported in narrative form based on the research questions from the checklist.

3.8 Ethical Consideration

Madges (2006) argues that ethical research is considered as one that “does not harm” and gives informed consent and respects the rights of individuals being studied. Ethical issues formed an important component throughout this study. Before commencing on the study, the researcher came out with a data collection and processing plan, obtained clearance from Maseno University which was followed by obtaining an introduction letter from the Commissioner of Co-operatives (Appendix IV) to enable the researcher collect data. While carrying out the study, the researcher duly informed the respondents in the study that their participation was voluntary and that they were free to omit answers to any particular questions if they so choose.

This is in line with Trochim (2006) who argued that voluntary participation requires that respondents in the study are not coerced into participating in the research. The researcher protected their confidentiality and identity through use of numbers in line with Punch (2003) who alluded that the participants should remain anonymous throughout the study. The purpose, objectives, risks and benefits of the study were fully explained to them in advance. Informed consent was obtained from all the respondents in answering the questions (Appendix III). The researcher was open and honest in dealing with them. Those respondents who wanted to withdraw from the study were allowed to do so to avoid involuntary

responses. Last but not least, the researcher avoided information plagiarism and fraud through acknowledgement of all sources used in the study. For the purpose of utilising the information in the report the Ministry of Industrialization would be given a copy of the report.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. Out of the literature review the researcher has been able to the relationship between the independent variable (performance contracting elements) and the dependent variables (performance of the Directorate) in a conceptual framework. The questions in the questionnaires and check list were generated from the conceptual framework and administered to respondents. While administering the tools one starts with the questionnaires then verified through the use of check list from the key informants. The data collection tools starts with the general characteristics of respondents then provides findings and discussion according to the study objectives which include: staff views on performance contracting process, staff views on constraints affecting performance contract implementation and perception on performance of the directorate of Co-operatives. The collected information is also cross checked or validated with the literature information and therefore the correctness of the information is assured.

4.2 Characteristics of Respondents

With the assistance of two enumerators the researcher collected data from 105 respondent staff members at the Directorate of Co-operative and 166 co-operative societies. The responses rates are summarised in the tables below.

Table 4.1: Response rate analysis of co-operative staff

Category	Responses	Frequency	Percentage
Co-operative Staff	Response	92	86.7%
	Non Response	13	13.3%
Total		105	100%

Out of the whole 105 employees, 92 responded and correctly filled the questionnaires. The figures represent a response rate of 86.7%.

Table 4.2: Response rate analysis of categories of co-operative societies

Category	Responses	Frequency	Percentage
Co-operative Societies	Response	147	88.5%
	Non Response	19	11.4%
Total		166	100%

Out of the 166 co-operatives sampled 147 correctly filled and submitted questionnaires and this represents 88.5% of the sample size

These two scenarios represent a high response rate compared to similar previous study for example Paul et al. (2003) attained (75%) response rate and argues that response rate above 75% represents a saturated sample. Similarly Richardson (2005), indicated, that the Australian Vice-Chancellors' Committee & Graduate Careers Council of Australia (2001) recommends an overall institutional response rate in questionnaire data collection of 70% response as both acceptable and achievable. In that regard the response rate was fairly good and was representative for the categories of co-operatives and staff and therefore considered adequate for carrying out data analysis.

In regard to profile information of respondents composed of the co-operative staff, they were further required to provide information on the following; age brackets, academic qualification, managerial level and clarify their responsibilities. On the other hand, co-operative clients were required to provide information on the name of co-operative, category of co-operative and position held.

Analysis of respondent staff on age showed that 33% were between 36-45 years, 32% were between 46-55% while 31% were between 56-59 years, and four percent were above 60

years. The findings could be interpreted to mean that cumulatively there are generally older (above 46 years) employees in the Directorate of Co-operatives at 58% and that there are no youthful employees below 35years. It is therefore established that 31% of the employees of the Directorate will retire in the next 4 years. Report on the status of public service indicates that statistical representation of its staff establishment shows a weak staff strength of 63,368 in post against a required establishment of 96,036 therefore operating at 65% capacity (Kenya Ministry of Public Service Gender and Youth 2018). The implication is that at the Directorate of Co-operatives the situation will be made worse by 31% of its staff exiting service within the next 4 years this will further constraint the limited resource that is concerned with implementation of performance contract and therefore affecting service delivery.

The study findings on levels of education showed that 59.2 % of the staff had a university degree, 40.8 % had diploma certificates. This is indicative of high literacy levels among the respondents. According to Payne (1951) administering questionnaires to highly literate people improves the ease of responses to the research questions which also influences the accuracy of responses to research questions. Feldman (2009), alludes that recruiting highly educated employees with advanced levels of education, increases the likelihood of obtaining positive outcomes in addition to contributing to meeting core task performance.

Table 4.3: Management level of Co-operative staff respondents

Management level	Frequency	Percentage
Lower level management	53	57.6%
Middle level management	29	31.5%
Upper level management	10	10.9%
Total	92	100%

With respect to the managerial level of the staff, the research found out that 10.9 % occupy top level management, 31.5% occupy middle level management while 57.6 % occupy the

lower management level. The above distribution is indicative of fair distribution of staff members who were respondents for the study. So the information was collected from all categories of staff who gave a balanced view with respect to the different roles they play in performance contracting. According to Mazmanian and Sabatier 2003, organizational structure conforming to a pyramidal structure ensures that there is a good relationship between the various staff members. It also ensures that staff supervision is enhanced, adequate participation is maintained, resolution of conflicts amongst staff in various categories take place, adequate performance negotiation take place, seamless cascading of performance contract across the various management level took place.

However, interview with Commissioner for Co-operatives with respect to different management level reveal that despite the requirement that upper management to be in the forefront in developing and cascading comprehensive performance contract document and making sure that budgets are prepared while at the same time ensuring that timely approval of financial resources the opposite is true. This is an indication of poor relationship existing between the different levels of management. According to the Project Management Body of Knowledge PMBOK (2014), it requires that for the organization to deepen its performance, it needs to ensure that a mechanism is put in place for smooth operation and communication between various levels of management: senior, middle and lower level. The mechanism to be put in place should encourage innovation, communication and genuine involvement of team members in the organization.

The research also solicited information on co-operative clients' information; the respondents were required to state the type of co-operatives where they are members and position occupied. The responses are indicated below.

Table 4.4: Category of co-operatives clients sampled

Category of Co-operative	Frequency	Percentage
Saccos	83	56.46
Marketing	10	6.80
Housing	19	12.93
Investment	26	17.69
Jua-kali	9	6.12
Total	147	100

The study findings established that 56.4 % of the sampled co-operatives were Saccos, 6.8 percent were marketing, 12.4 % were housing, 17.7 % were investment and 6.12 percent were Jua Kali. From the finding it was realized that the majority of the co-operatives in Nairobi are Saccos. The implication is that the Directorate should focus more on provision of services tailored to Saccos while coming up with strategies to enhance the growth of the other sectors. The strategies should be reflected in performance contract documents

Table 4.5: Position occupied in co-operative society of clients sampled

Position of representative in the Society	Frequency	Percentage
Chairmen	18	12.2
Secretaries	28	19
Vice-chairmen	18	12.2
Treasurers	17	11.6
Committee members	16	11.4
Society Managers	49	33.3
Total	147	100

During the data collection exercise, the enumerators requested the sampled co-operatives to ensure that the official filling the questionnaires is well versed with operations of the co-operative. Such persons include the Chairman, Vice chairman, Secretary, Treasurer or Society Manager. The data analysis established that from those who filled the questionnaires; 12.2 % were chairmen, 19% were secretaries, 12.2% were vice chairmen 11.6% were

treasurers another 11.6 % were committee members while 33.3 % were society managers. Thus, a fair distribution of co-operatives with respect to collection of data from all categories society who hold positions in the society and even those who do not hold any position was achieved during the study.

4.3 Performance Contracting Process in the Directorate

The intent of the objective was to review the performance contracting processes at the Directorate in relation to various elements identified in the questionnaire. The elements represent best practices applicable in performance contracting process as recognised in literature review. The information was collected from different management levels of staff to enable comparison of distribution of responses among the staff. The respondents indicated whether the Directorate adhere to performance contracting parameters provided in the questionnaire. Findings are presented from table 4.3.1 to table 4.3.6.

The first section was investigating the respondent’s opinion on the Performance contract targets being set from the organization strategic plan. The table below shows the respondent’s opinion.

Table 4.6: Are Performance contract targets set from the organization strategic plan?

Parameters	Yes		Don’t know		No		Total	
	No	%	No	%	No	%	No	%
Upper Level Management	0	0.00%	10	83.33%	2	16.67%	12	100%
Middle Level Management	0	0.00%	14	46.9%	18	56.23%	32	100%
Lower Level Management	0	0.00%	18	37.50%	30	62.5%	48	100%
Total	0	0.00%	42	45.66%	50	54.34%	92	100%

Proportionate analysis of various levels of management presented in Table 4.3.1 indicate that no staff agreed, 56.23% of the middle level management, 62.5% of the lower level management, while 83.33% of the upper management disagreed that the Directorate set

performance targets from the organizational strategic plan. It is also established that the majority of the upper management 83.33% choose the 'I don't know' response. Krosnick et al. (2002) suggested that participants choose "I don't know" option when they are reluctant to voice an opinion that puts blame on them on what they were supposed to do and they did not do. The average analysis of staff responses indicate that zero percent of the staff agree, 45.66% were neutral and majority 54.34% disagree the Directorate's performance targets are set from the organization strategic plan. The study findings therefore indicate that performance targets are not set from the strategic plan.

During the study the Head of Department extension revealed that many at times the Directorate does not make reference to the strategic plan in setting targets because it is assumed that the documented departmental objectives in scheme of service conform to the objectives strategic plan. He also revealed that the majority of the lower and middle level managers do not get access to strategic plan documents, he strongly believes that it is critical to prepare performance contract targets based on organizational policy documents which include strategic plan, performance contract document, important circulars and relevant Sessional papers. The County Co-operative Commissioner for Co-operatives Nairobi also expressed her concerns that the majority of the staff under her jurisdiction does not get access to policy documents from the head office. The Chief Economist explained that while he is aware that some few senior managers participate in preparation of performance contract targets, all staff members should critically analyze the organizational strategic plan to arrive at the organizational objectives which should then appear in the performance contract targets. Documentary analysis of the strategic plan shows inconsistencies with strategic issues in both strategic plan and performance contract. The strategic issues are used to generate

performance targets. The strategic objectives in the strategic plan and the performance contract are shown below

Table 4.7: Documentary analysis of the strategic plan and performance contract

Strategic Plan	Performance contract
Vision	
To be a leader in transforming Kenya into a rapidly sustainable vibrant industrial and Co-operative sector in Kenya.	To be a leading agent in catalyzing a diversified, globally competitive and sustainable industrial and enterprise sector in Kenya.
Strategic objectives	
To undertake Policy, legal and institutional reforms for industrialization, cooperatives and enterprise development	To support the delivery of efficient and effective service in the industrial sector.
To Attract Foreign Direct Investments for industrialization and enterprise development	To stimulate industrial development and improve the investment climate.
To mobilize savings and local investment resources for industrial and enterprise development	To promote the development of cooperatives.
To promote Micro, Small and Medium Enterprises (MSMEs) and large enterprises (New ventures)	To provide standards for industrial products and support of MSMEs.
To Promote Research and Development (R&D), innovation and technology adoption	
To facilitate capacity building for industrial and enterprise development and quality service delivery	
To promote high value addition, product development, diversification	
To enhance productivity and competitiveness in the industrial, enterprise and cooperative sector for market access	
To create a conducive business environment to enhance private sector growth and growth of co-operatives.	

Source: Ministry of Industrialization and Enterprise Development Performance Contract 2013-2014 and Ministry of Industrialization and Enterprise Development 2013-2018

Analysis of the table above shows disparities in the strategic issues captured in the strategic plan and the performance contract documents. Beginning with the visions, whereas the words and sustainable has been retained in both of the visions all other wording are different bringing out different meaning altogether. Secondly, whereas the strategic objectives are not specific, a one to one relationship has not been observed. Third in the performance contract document there is no initiation of new ventures among the strategic objectives. Accordingly the analysis further confirms the claims by the staff members that the performance contract was not generated from the strategic plan. Erkan, (2008) argues that, if the vision is not clear it cannot be attained and subsequently strategic objectives cannot be realized. With the scenario presented above the attainment of targets set in the strategic plan for example targeted growth of co-operatives and initiation of new venture will be negatively affected. Erkan further argues that when mission, vision and strategic objectives used properly they form very powerful tools as they yield results. They are also inspiring words developed by leaders to clearly and concisely convey the purpose, direction and driving forces of their organization. By creating clear, meaningful and reflective statements, you can powerfully communicate your intentions, motivate and inspire your team to ensure they understand the objectives of the organization, to make consistent decisions every day and to achieve buy-in to new directions.

According to National Performance Framework Kenya Government, if performance targets are not prepared based on policy documents logical planning on work plans and ownership is hampered thus affecting service delivery as per the strategic plan. They further explained, that the organizational policy guidelines specify methods, procedures and administration practices that support and encourage work towards attaining the stated organizational' goals aiding service delivery (Kenya republic of, 2017).

The research therefore established that the government regulations on process of performance contracting requires that, setting of performance contract targets should be based on strategic plan document to enables employees identify individual performance objectives that are linked to corporate objectives and strategy. However, performance contract targets at the Directorate are not set from the strategic plan affecting negatively the attainment of vision, objectives and organizational targets

The table below shows the respondent’s opinion on whether Performance contract targets are freely negotiated.

Table 4.8: Are performance contract targets freely negotiated?

Parameters	Yes		Don’t know		No		Total	
	No	%	No	%	No	%	No	%
Upper Level Management	1	8.33%	3	25.00%	8	66.67%	12	100%
Middle Level Management	2	6.25%	20	62.50%	10	31.25%	32	100%
Lower Level Management	0	0.00%	48	100.00%	0	0.00%	48	100%
Total	3	3.26%	71	77.17%	12	13.04%	92	100%

The study findings established that with regard to various levels of management on whether performance contract target were freely, table 4.3.2 indicate that 66.67% of the upper level management disagree, 62.5% of the middle level management and 100%% of the lower level management were neutral that performance contracting targets are freely negotiated. The average analysis of staff responses indicate that 3.26 percent of the staff agree, 77.17%% were neutral and majority 19.56% disagreed the Directorate’s performance targets are negotiated. The study findings established that the majority of the lower and the middle level managers were neutral that performance targets freely negotiated. According to Bishop (1987) people’s responses tend to gravitate towards neutral because they do not understand how the event was undertaken or they never participated.

Interviews with the Chief economist exposed that the officers tasked with negotiation of performance contract targets comprises of senior employees from different departments headed by the Head of Central Planning and Monitoring unit at the same time the lower and the middle management normally do not participate. This supports the national performance contract framework which states every ministry should establish an ad-hoc negotiating team composed of senior officers to be tasked with negotiation (Kenya Republic of, 2017). In contrast Covey (2004) explained that both managers and subordinates should jointly establish and clarify organizational goals and vision then agree in negotiation as this leads to increased interest to the whole process if everyone is brought on negotiation table thus impacting positively on the efficiency and effectiveness of public servants and even on attainment of the vision. Odhiambo (2009) compliments by saying that the performance targets should emanate from the institutions and should be freely negotiated and not imposed arbitrarily by the government. Whereas evidence of negotiations by the ad-hoc committees which are temporary committees were presented in form of minutes agendas on negotiation was captured but the participants in the committee were comprised of few senior employees from different departments headed by the Head of Central Planning and Monitoring.

The research therefore establishes performance targets should emanate from the institutions and should be freely negotiated and not imposed arbitrarily by the organization. At the Directorate few officers from the middle and upper management participate in performance target negotiation. Therefore this will affect negatively the efficiency and effectiveness of staff members and to large extend the attainment of the vision.

The table below shows the respondent's opinion on the preparation of departmental work plan from performance contract document

Table 4.9: Are departmental work plans prepared from cascaded performance contract?

Parameters	Yes		Don't know		No		Total	
	No	%	No	%	No	%	No	%
Upper Level Management	5	41.67%	2	16.67%	5	41.66%	12	100%
Middle Level Management	15	46.88%	5	15.63%	12	37.51%	32	100%
Lower Level Management	19	39.59%	10	20.83%	19	39.58%	48	100%
Total	39	42.39%	17	18.48%	36	39.13%	92	100%

The table above show similar percentage of 41.67% of the upper level management that agree and disagree, while 46.88 of the middle management agreed. Comparative analysis of various levels of management presented indicate that 37.51% disagree and about an equal number of 39.58% the lower level management disagreed that departmental work plan are prepared from performance contract document. Thus the findings established that almost an equal number of departments prepare their work plan from performance contract document while others do not.

According to the Chief Economist, there are some departments who do not prepare the departmental work plan at all. With those who prepare there are some who do not follow the requisite procedures including consulting the cascaded performance contract document. The Director of Administration indicated that it had been reported to her that there are some senior officers who leave staff to develop their own performance targets at the same time they do not follow up on their junior staff to ensure that performance targets are achieved. She expressed support that senior staff members should provide support and give policy direction to the departmental in developing departmental work plans. In some departmental work plans submitted by the Commissioner for Co-operatives indicated a huge disparity between the targets in performance contract and departmental work plans. As such in all the work plans there was no targets on initiation of new ventures, however there were some targets about the

registration of new co-operatives. The formula that was used in coming up with targeted co-operative was not clear in fact the targeted numbers to be registered in performance contract and work plan did not varied.

The interview with County commissioner revealed that there are some difficulties in preparation of county departmental work plans from the cascaded performance contract document. She explained that as a result of devolution reporting channels between the County Co-operative office and National Co-operative office has been affected resulting into inefficiencies in free flow of information and cascading of performance contract targets. She explained that although performance contracts guidelines explain that performance contract targets should be cascaded down to the Head of Departments who further assign particular officers the mandate of setting targets in the department, the link between the national office and county office was broken as a result of devolution. She therefore expressed her need for the two levels of government to come up with a strategy for collaboration and performance implementation.

Kobia and Mohammed (2006) on their research on Kenya's Experience with Performance Contracting, observed that linking performance contract to departmental work plans, establishes standard operating procedures in all service areas. The guidelines which provide framework for planning work, forms a guide during the period in question for carrying out that work in logical manner and in this way service provision is firmed. They noted that many organizations in Kenya may not be preparing their work plans based on organizational policies and that is the main reason service provision is poor.

The research therefore establishes that departmental work plan is paramount in performance contract implementation and should be linked to performance contract as well as strategic plan as it affects achievement of targets in both strategic plan and performance contract. The

study revealed that half of the departments do not derive work plans from performance contract document which then hampers implementation of performance contract targets for example initiation of new ventures and registering the required co-operatives. It was also established that it is difficult for the county officers to prepare departmental work plan from the cascaded performance contract since the link between the national co-operative office and the county co-operative office was broken which affected flow of information and cascading of performance contract targets. The research therefore proposes that in the context of devolution further study should be done on realignment of national government and county government in smooth operationalization of performance contracting.

The table below shows the respondent's opinion on preparation of individual work plans from departmental work plan.

Table 4.10: Are individual work plans prepared from departmental work plan?

Parameters	Yes		Don't know		No		Total	
	No	%	No	%	No	%	No	%
Upper Level Management	4	33.34%	1	8.33%	7	58.33%	12	100%
Middle Level Management	10	31.24%	5	15.63%	17	53.13%	32	100%
Lower Level Management	13	27.08%	10	20.83%	25	52.09%	48	100%
Total	27	29.35%	16	17.39%	49	53.26%	92	100%

Research findings from various levels of management on preparation of individual work plans from departmental work plan as presented on Table 4.3.5 indicate that more than 50% of all staff members disagreed that they prepare individual work plans from departmental work plan.

According to the Chief economist he explained that although there are some individuals who do not prepare work plans which can be attributed to the laxity from their seniors, every individual is required to prepare individual work plan that translates the departmental

strategic objectives into specific activities and tasks to be undertaken by an employee. He further explained that the work plan should indicate what is to be achieved at different stages of the plan implementation period at given available resources. Some of the individual work plans submitted showed congruence between individual work plans and departmental work plans while others did not. According to national performance contract framework the Kenyan Government, requires that every individual employee should develop and derive their work plans from the divisional/sectional work plans. The individual work plans will provide specific details on activities, tasks, timelines, and verifiable indicators (Kenya Performance Management and Coordination Office, 2017).

The research therefore establishes that individual work plan should be linked to departmental work plan. It was found out that majority of the staff do not derive individual work plans from departmental work plan. There are also staff members who do not prepare individuals work plans at all and this will affect their efficiency and effectiveness.

The table below shows the respondent’s opinion on performance contract appraisal.

Table 4.11: Is the Performance Appraisal carried out at the Directorate?

Parameters	Yes		Don’t know		No		Total	
	No	%	No	%	No	%	No	%
Upper Level Management	10	83.34%	1	8.33%	1	8.33%	12	100%
Middle Level Management	31	96.87%	0	0.00%	1	3.13%	32	100%
Lower Level Management	45	93.75%	0	0.00%	3	6.25%	48	100%
Total	86	93.45%	1	1.09%	5	5.43%	92	100%

Study findings of various levels of management on the organization undertaking performance appraisal well as presented on Table 4.3.6 indicate that 83.34 % of the upper level management that 96.88 % of the middle level management and 93.75 % of the lower level

management agree that the staff carry out performance appraisal. So the findings indicates that majority of the staff agree that the organization carry out performance appraisal well.

The performance contract guidelines 2017/2018 explains that in operationalising monitoring and evaluation, every MDA is first required to documents lessons learnt in every performance contract cycle. Secondly every MDA is required to carry out performance appraisal of their staff by formulating smart appraisal targets from the personal work plans which forms the scope of work to be covered in one fiscal year divided into four quarter. At the end of every quarter the officer is appraised and given scores by the immediate and the second supervisor on how far one has been able to meet the set targets. In case the officer is able or unable to meet its targets remedial measures are undertaken by way of granting sanctions or rewards to the officer. A sample of performance appraisal report form is provided under appendix II. The final annual evaluation and scoring, will be done by collating all the appraisal results and will be done ex ante by the ad hoc external evaluation committee who carry out comparison of achievements in appraisals against the targets agreed at the signing of the contract. Then scoring will be done.

Interview with the Commissioner of Co-operatives revealed that they adhere to the public service commission of Kenya regulation that requires every staff member should be appraised and he was to show files of processed appraisal forms. He further explained that targets are moderated by an appraisee in consultation with the supervisor. Individuals at any level cannot be left alone to decide their targets for avoidance of setting soft or non-achievable targets. This is in line with government guidelines on performance contracts which explain that it is the supervisor's responsibility to guide on achievement of targets while the appraisee is responsible for the details of how the result is to be achieved. Individuals at any level cannot be left alone to decide their targets for avoidance of setting soft or non-achievable

targets (Kenya Performance Management and Coordination Office, 2017). The Chief Economist further explained that the Directorate appraises staff at the end of the contractual period. Every financial quarter, staff members are supposed to submit their quarterly and annual performance reports to their immediate supervisors. He further explained final evaluation and scoring, the evaluation exercise will be done *ex ante* by the ad hoc external evaluation committee who carry out comparison of achievements against the targets agreed at the signing of the contract.

Selden *et al.* (2006) arguments that monitoring and evaluation through performance appraisal should be done by all staff and if possible regular progress reports should be submitted. Furthermore, performance appraisals are among the most common performance evaluation techniques without which organizations will not improve service provision. Similarly OECD (2008) found that in order to monitor contract implementation the contract should provide for regular reporting from the operator including both annual and semi-annual reporting as well as one-time submission report. If this is done well it should indicate how far the organization is from meeting the targets, how far the Directorate of co-operative is from meeting the targeted registration of new co-operatives, how far the Directorate is from getting to the establishment of new ventures, how efficient or effective its staff, what its performance ranking is and if this methodology is extended to its clients it would show how satisfied they are. As a result therefore a corrective measure can be instituted.

The research findings demonstrate in carrying out performance appraisal, it is critical in implementation of performance contract and meeting the organizational targets.

Table 4.12: Do Directorate have a performance contract steering committee?

Parameters	Yes		Don't know		No		Total	
	No	%	No	%	No	%	No	%
Upper Level Management	5	41.67%	3	25%	4	33.33%	12	100%
Middle Level Management	1	3.1%	11	34.4%	20	62.5%	32	100%
Lower Level Management	3	6.3%	12	25%	33	68.7%	48	100%
Total	9	9.78%	26	28.3	57	61.92%	92	100%

Cross analysis of various levels of management presented in Table 4.3.7 indicate that 41.67% of the upper level management and less than ten percent of the lower level management agree that the organization has a performance contract steering committee. More than 50% of the upper of the middle level management and lower level management disagree that the organization has an effective performance contract steering committee. The research determines that more than half of the lower and the middle level management disagrees that there is a performance contract steering committee in place.

Discussion with the Chief Economist clarified that they have a central planning unit composed of senior staff who spear-head formulation of objectives and targets, coordination of programs and incorporate relevant issues in divisional plans and annual contracts. Documented term of reference for the committee were availed which unfortunately showed a skewed membership. The chief economist confirmed that the majority of the staff members especially the lower and middle level would not be aware about this committee since it is composed of senior managers. According to Charles et al (2003) incorporating a steering committee with clear terms of reference in performance contracting will aid in implementation of performance contract as they provide Strategic direction as well as spearheading the process. The steering committee should be involved in interpretation of organizations' objectives and targets, coordination and fast tracking of programs that incorporate relevant issues in divisional plans and annual contracts. They proposed that the

organizations should ensure that such an important committee interacts with staff members frequently to create awareness about its role in enhancing performance.

Thus it can be deduced from the study that effective performance contract steering committee is key in performance contract implementation and fast tracking of targets, the Directorate should streamline, empower and create awareness about the performances contracting steering committee.

In regard to the objective on review of performance contracting process at the Directorate, the study established that the performance contracting process is not fully adhered to as per the Government Guidelines on Performance Contracting 2017/2018. The directives require that the performance contract targets should be derived from strategic plan which should be freely negotiated with performance contracting secretariat then signed by the PS and cascaded downwards to all departments where upon the departments will derive departmental and organizational work plans. The process will end by carrying out a performance appraisal. It is established that these processes are not adequately followed as the research established that although the Directorate of Co-operatives signs performance contract and carry out performance appraisal, however all the staff indicated that performance contract targets at the Directorate are not set from the strategic plan, few officers from the middle and upper management participate in performance target negotiation, half of the departments do not derive work plans from performance contract, majority of the staff do not derive individual work plans from departmental work plan. It was further established that with the emergence of devolution, performance contracting is experiencing emerging problems with regard to cascading performance contract as a result of the independence of the two levels of government. It was also established that there exist poor relationship between the various levels of management

The research further demonstrated three things. First, counties should formulate performance contract implementation procedures and realign its operations to frameworks to address conflicts and emerging issues associated with devolution. Second, The Directorate should align its performance contracting process with the guidelines provided in National performance contract framework. It should come up with standard performance contracting operating procedures. Third with non-adherence to performance contacting processes it will be impossible for the directorate to meet its targets, attain its vision, achieve the targeted registered co-operatives, start new ventures, get favorable performance ranking, ensure that their customers are satisfied and above all it is not able to deliver satisfactory services.

4.4 Constraints affecting Performance Contract Implementation at the Directorate

The second objective was to identify the constraints affecting the Directorate in performance implementation as described by the literature review. During the study, members of staff were requested to tick (√) where applicable in the questionnaire. The summary of the findings are shown from table 4.4:1 to 4.4:5.

Table 4.13: Political interference experienced

Response	Yes		No		Total	
	No	%	No	%	No	%
Frequencies						
Management level						
Upper Level Management	11	91.67%	1	8.33%	12	100%
Middle Level Management	26	81.25%	6	18.75%	32	100%
Lower Level Management	32	66.67%	16	33.33%	48	100%
Total	69	75.00%	23	25.00%	92	100%

On political interference, the study findings realized that majority of the respondents expressed that the institution is faced with political interference. It then means the majority of the staff members believe that political interference affect performance contacting at the

Directorate. The discussion with chief economist revealed that the implementation framework of the government political agendas is not well articulated in Budget Policy Statement that influence funding in ministries and agencies. Analysis of the Budget Policy statement 2017/2018 shows priority areas to be funded revolve around the big 4 which areas are not reflected in the strategic plan and the performance contract. The commissioner further argues that funding of priority areas as indicated above is compounded by introduction of political tactics into decision making in an attempt to exert influence over the decision to ensure that it encompasses the politician's objectives. The discussion with the Commissioner of Co-operatives revealed that funds released for the departmental activities may not match with what is identified in the performance contract but will match those identified by the ruling class. As a result the executive and the ruling class will give priority to areas of their interest. These results conform to arguments by Child *et al* (2016) that political behaviour adds to the uncertainty of decision making because it is at variance with formal decision rules and may subvert them. This is because they compete for scarce resources which can generate conflict between them (Mumford and Pettigrew, 1975). Child *et al* 2016 proposes top management needs to balance its goals with the expectations of lower echelons to get their support although this would leads to many trade-offs which would affect the direction of the organisation performance (Quinn, 1980).

The Commissioner for Co-operatives indicated that they have been experiencing cases of disharmony between various departments that hinder service provision. According to Hickson *et al* (1986) they claim that differentiation within an organization between different units tends to encourage political activity between the groups because each seeks to make a claim on the resources of the organization. In addition some are likely to form coalitions if they perceive that they share an affinity of interests and that an alliance enhances their

possibility of achieving enough power to dominate the decision making process. Some staff become ‘technical gatekeeper’ as they control communication of information to top management giving them the ability to bias information in favour own demands as well as to feed negative information about the demands of his opponents (Peffer, 1992).

The research findings therefore established that political interference and aspects is affecting performance contract implementation at the Directorate which influence attainment of organizational targets. As a result of political interference the attainment of targets at the Directorate will not be achieved. Therefore no new co-operative ventures be initiated, growth in registration of co-operatives will not be attained, satisfactory services will not be delivered and therefore the organization will not attain its vision because resources will be channelled to politically motivated areas.

Due to the limitations of the research it was not possible to adequately address the aspects and consequences of the incursion of politics into strategic decision making process, for the quality of decisions in organizational performance therefore this area is proposed as an area for further research.

Table 4.14: lessons learnt and best practices incorporated

Response	Yes		No		Total	
	No	%	No	%	No	%
Frequencies						
Management level						
Upper Level Management	7	58.3%	5	41.7%	12	100%
Middle Level Management	19	59.4%	13	40.6%	32	100%
Lower Level Management	40	83.3%	8	16.7%	48	100%
Total	66	71.7%	26	28.3%	92	100%

In regard to incorporating lessons learnt and best practices into performance contract implementation, the findings indicate the majority of the respondents agreed that, the

Directorate do not incorporate lessons learnt. It is further established that many staff of upper management, the middle level management and the lower level management level also believe that the Directorate do not incorporate lessons learnt and best practices into performance contracting. The interview with the chief economist revealed that the organization has made attempts to document lessons learned and best practices. According to performance contracting guidelines whereas it is a requirement that at the end of every contractual year the organization is required to review performance contracting and document lessons, the Directorate do not have such reports. The Economist confirmed that they are aware that they are supposed to collect, store and manage data generated on performance contracts of previous years, and to store historical data in the repository for future use or analysis.

According to Hatry (2006) and Nuguti (2009) incorporating lessons learnt and best practices as well as agreeing on modalities for collection and reporting information should be considered at the time of signing performance contract. They agree that the basis forms big component of performance contracts and should be designed to enhance performance contract planning, monitoring and evaluation.

The research established that the majority of the staff agree that the organization do not incorporate lessons learnt into performance contracting. The lessons which should have been documented include the last seasons performance, whether targets were met or no and the recommendation thereto. It should clearly show whether planned registered co-operatives was attained and if not what remedial measures, whether new ventures were started and if not what are the remedial measures, whether the organization is on course towards attainment of the vision.

Table 4.15: Lack of systems to attract and retain high caliber workforce

Response	Yes		No		Total	
	No	%	No	%	No	%
Frequencies						
Management level						
Upper Level Management	8	66.7%	4	33.3%	12	100%
Middle Level Management	27	84.4%	5	15.6%	32	100%
Lower Level Management	41	85.4%	7	14.6%	48	100%
Total	76	82.6%	16	17.4%	92	100%

In regard to lack of systems to attract and retain high caliber workforce, the findings indicate the majority of the respondents affirmed whereas minority disapproved that, the organization has a systems to attract and retain high caliber workforce. It is further established that 66.7% of upper management, 84.4% of the middle level management and 82.6%% of the lower level management believe that the Directorate lack systems to attract and retain high caliber workforce. Where the interview with the director of administration revealed that the organization do not have a motivation mechanism in place thus affecting employee's production, analysis of the scheme of service shows an elaborate motivation mechanism which has not been implemented. Guest (1989) argued that motivation through variables such as lack of empowerment, slow career progression and nonexistence of systems that attract and retain high caliber employees affected the implementation of performance contract. Guest (1989) argued that lack of a system to retain high caliber work force will tempt competent employees to leave the civil service thus hindering implementation of performance contract. In addition many employers believe that higher compensation is the only tactic for keeping employees from leaving (Domberger, 2007).

It can therefore be deduced from these findings and literature that the Directorate has an elaborate motivation mechanism in the scheme of service which is not followed making it

difficult for the Directorate to retain high caliber work force. Therefore effectiveness and efficiency of the staff in delivery of satisfactory services was affected.

Table 4.16: Training given to staff on performance contract implementation

Response	Yes		No		Total	
	No	%	No	%	No	%
Frequencies						
Management level						
Upper Level Management	10	83.3%	2	16.7%	12	100%
Middle Level Management	14	43.8%	18	56.2%	32	100%
Lower Level Management	10	20.1%	38	79.9%	48	100%
Total	34	37%	58	63%	92	100%

In regard to training on performance contract, staff members were asked to state whether they underwent training on performance contract implementation. Majority of the upper management indicated that they underwent training on performance contract implementation while less than 50% of the lower and middle level managers indicated that they had been trained on performance contract implementation.

According to the Commissioner for Co-operatives, although they have a training programme, most of the lower and middle level staff had not been trained on performance contracts due to resource constraints which affected staff efficiency and its customer service approach thus hindering service delivery. Kobia and Mohammed (2009) explain that training is one of the most important methods of enhancing the productivity of individuals and communicating organizational goals in performance contracting. Given the importance of and potential impact of training on organizations and the costs associated with the development and implementation of training, it is important that the management and staff have a better understanding of the relationship between training, performance contract schemes, employee performance and customer service approach. They further argue that management should put

in place the necessary requirements for the effective implementation of education programmes in performance contract, knowledge of strategic planning, and development of work plans and monitoring capacities among the staff. This is central to the success of Performance contracts because employee's knowledge and skills influences the implementation of performance as those who have the knowledge through training are able to perform their duties and meet targets accordingly and those who do not have the required skill tend to underperform their duties.

It can therefore be deduced from the findings and literature that the Directorate lacks a system backed by the necessary resources to enhance training of its work force hindering customer service, meeting targets, staff efficiency and effectiveness. Therefore the Directorate must come up a practical training programme in particular on performance contracts, strategic planning, development of work plans and monitoring capacities among the staff. To do this, the ministry should source for the necessary resources.

The table below shows the respondent's opinion on whether sufficient resources are allocated for performance contract implementation.

Table 4.17: Sufficient resources allocated for implementing performance contract

Parameters	Yes		No		Total	
	No	%	No	%	No	%
Upper Level Management	3	25%	9	75.0%	12	100%
Middle Level Management	0	0.0%	32	100%	32	100%
Lower Level Management	0	0.0%	48	100%	48	100%
Total	3	3.3%	89	96.7%	92	100%

The study findings established that with regard to allocation of sufficient resources as presented on Table 4.3.6 indicate that majority of the staff in particular 75% of the upper level management, 100% of the middle level management and 100 % of the lower level

management disagree that sufficient resources are allocated. The study therefore established that the majority of the staff disagreed that resources are sufficiently allocated. It can be deduced from the findings that the lower and the middle level staff are mostly affected by resources allocation for performance contract implementation.

Interviews with Head of department extension and County Commissioner for co-operatives established that budgeting and ensuring timely approval of financial resources should be championed by the upper level manager. They explained that due to scarcity of resources sufficient resources provision as per the budget is always a challenge. They attribute it to the changing government priorities. They further indicated that the middle and the lower managers are mostly affected by scarcity of resource since they implement activities which require a lot of resources. Financial and human resources were identified from the interviews as vital in contributing to the implementation of performance contract but they are limited. The human resource policy indicates the Directorate has a staff deficit of 45%. Kasseskert and Yang (2009) found out that building a satisfying workplace with adequate resources will help keep valuable employees and attract new talents. Therefore both financial and human resources as well as funds and other incentives meant to facilitate effective implementation of the contents of PCs are critical and should be provided. In the words of Hewlett & Ramesh (2003), for effective policy implementation, “funding must be allocated, personnel assigned, and rules and procedures developed” (Hewlett & Ramesh 2003; 185). Additionally Rothstein (1998) observed that sufficiency or otherwise of financial and human resources for the implementation may correlate with the level of effectiveness of the process and therefore their variation at the organizational level could account for variations in the implementation process.

The research therefore confirms resources are important in performance contract implementation because resource fund activities which should ensure that targets are met and even the organization is able to achieve its vision. It is therefore established that resources which include human and financial are not sufficiently provided to enhance implementation of performance contract at the Directorate.

On other challenges facing the Directorate, the study findings revealed from the interview carried out with the key informants that the state Directorate of Co-operatives faces other challenges in performance contract implementation from non-supportive institutional culture that was identified by the County Commissioner for co-operatives and ineffective communication system between the various levels of management as was identified by Head of department extension. Other studies corroborate the above findings for instance report by the Kenyan Government on performance contracts states that although performance implementation in Kenya has been hailed as a success, in some instances it has been largely unsuccessful because of lack of commitment from top management, non-utilizations of lessons learnt and inadequate financial resources (Kenya Republic of, 2007). Kobia and Mohammed, (2006) explains that when Kenya Railways Corporation and the National Cereals and Produce Board were put on Performance Contracting in 1989 to pilot the reforms, they failed to meet the expectations because of lack proper planning and government support.

The objective on constraints affecting performance and suggestions provided demonstrates that the Directorate faces challenges which contributed to unsuccessful implementation of the performance contract which led to unsatisfactory performance of the Directorate as such no new ventures were started, it did not attain targeted registered co-operatives, it did not attain its vision, it did not get favorable performance ranking nor have a satisfactory customer

satisfaction index. The key challenges identified that led to unsatisfactory performance include: political interference, undocumented lessons learnt, non incorporation of lessons learnt and best practices into performance contracting system, non implementation of effective motivation mechanisms to retain high caliber work force, lacks a system backed by the necessary resources to enhance training of its work force, poor relationship between the various levels of management, lack of commitment from top management and inadequate resource allocation. It therefore becomes evident that the Directorate should pay attention to the challenges and resolve them because if one fails to pay attention to one of them, it will hamper effective implementation of the performance contracts and delivery of satisfactory service provision.

Unfortunately the research did not address the aspects and consequences of the incursion of politics into strategic decision making process, for the quality of decisions and for organizational performance this then is proposed as an area for further research.

4.5 Assessment of Customer Perception on Service Delivery at the Directorate

To assess the perception on service delivery at the organization, information was collected from the clients of Directorate of co-operatives. During the study therefore the co-operative clients' opinion were sought from various categories of co-operatives who were asked to rate the Directorate staff performance by ticking where appropriate on a five-point scale across 3 categories which were: staff adherence to professional ethics, staff response to inquiries and quality of services provided by the Directorate. The aim of the question was to find out whether customers are satisfied or dissatisfied with services and service providers of the Directorate because the objective of performance contracting is to ensure customer satisfaction. The findings are shown in the tables 4.5:1 to 4.5:3 below.

Table 4.18: Clients perception on staff adherence to professional ethics

Response	Very satisfied		Somewhat satisfied		Neither satisfied nor dissatisfied		Somewhat dissatisfied		Very dissatisfied		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Saccos	2	2.4%	50	59.5%	15	17.9%	17	20.2%	0	0.0%	83	100%
Marketing	0	0.0%	0	0.0%	11	39.3%	15	53.6%	2	7.1%	28	100%
Housing	0	0.0%	2	10.5%	5	26.3%	12	63.2%	0	0.0%	19	100%
Investment	1	3.8%	3	11.5%	10	38.5%	10	38.5%	2	7.7%	26	100%
Jua Kali	0	0.0%	1	11.1%	4	44.4%	4	44.4%		0.0%	9	100%
Total	3	2%	56	34%	45	27.20%	56	34%	4	2.70%	166	100%
Mean = 2.99												

The study finding realized that on staff adherence to professional ethics 2 per cent respondents felt that it was very satisfying, 34 % felt it that was somewhat satisfying while another 34 % felt that it was somewhat dissatisfied, and 27.2% said neither satisfied nor dissatisfied. Therefore we say that adherence to professional ethics at the Directorate ranges from somewhat satisfying to somewhat dissatisfying. Cross analysis on the responses from the various categories of co-operatives indicates that from the Sacco sub- sector the majority of the respondents believe that staff adherence to professional was somewhat satisfying, while from the marketing sub- sector the majority believe it was somewhat dissatisfying, in the housing sub sector majority believed that it was somewhat dissatisfying, in the investment sub-sector it ranges from neither satisfied nor dissatisfied to somewhat dissatisfied as indicated by 38.5% and within the Jua- Kali sub sector it also ranges from neither satisfied nor dissatisfied to somewhat dissatisfied as indicated by 44.4%. It then becomes clear that many members from the Sacco fraternity believe that the staff members are more professional when dealing with them.

Interview with chairman CAK revealed that although the conduct of ministerial staff was professional they were few cases of corrupt staff. The reasons explained by Commissioner for co-operatives and Chairman CAK for unethical behaviour were: In order to keep in good standing with their managers and keep their jobs, employees may make unethical decisions, lack of training on ethics because the organizations make the mistake of assuming their employees understand which behaviours are unethical and instances of unethical behaviour stemming from the examples set by the employee's supervisors. The interview with director of administration and commissioner co-operative development revealed that they have code of conduct which is displayed at the customer reception desk. They explained that professional ethics is paramount in customer service and performance contracting to this end they have made sure that staff members, understand that in order to win public confidence, they should pay attention to ethics and impose on themselves the responsibility of adhering to professional ethics.

Ayodeji (2006) in his paper *Managing Ethical Problems in Nigerian Business Organizations* explained that there is relationship between adherence to ethics and performance of business organizations. Organizations with ethics perform better. He recommended that leaders and managers should understand that in order to win public trust, they should pay attention to ethics and impose on themselves the responsibility of following professional ethics because businesses which operate ethically reap many rewards in the form of winning public confidence, attracting customers, retaining employees, improving performance, meeting targets and having satisfied customers.

The research therefore established that on staff adherence to ethics, clients' perception ranged from neither satisfied to somewhat dissatisfied, it was also established there are few cases of corrupt staff. Formulation and adherence to professional is critical in customer satisfaction

because there is relationship between adherence to ethics and performance of business organizations in satisfying customers and attaining organizational vision.

Table 4.19: Clients perception on staff response to inquiries

Response	Very satisfied		Somewhat satisfied		Neither satisfied nor dissatisfied		Somewhat dissatisfied		Very dissatisfied		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Saccos	0	0.0%	2	2.4%	20	23.8%	16	19.0%	46	54.8%	84	100%
Marketing	0	0.0%	1	3.6%	11	39.3%	16	57.1%	0	0.0%	28	100%
Housing	0	0.0%	1	5.3%	6	31.6%	12	63.2%	0	0.0%	19	100%
Investment	0	0.0%	2	7.7%	0	0.0%	24	92.3%	0	0.0%	26	100%
Jua Kali	0	0.0%	1	11.1%	0	0.0%	8	88.9%	0	0.0%	9	100%
Total	0	0%	7	4.10%	37	22.40%	76	45.60%	46	27.90%	166	100%
Mean = 2.03												

On response to inquiries the study findings found out that many of the respondents indicated that they were somewhat dissatisfied, while the minority felt that it was somewhat satisfying. So we say staff response to inquiries was somewhat dissatisfying. Analysis on the responses from the various categories of Co-operatives indicates that from the Sacco sub- sector the majority of the respondents believe that staff responses to inquiries was very dissatisfying, while from the marketing sub- sector the majority believe it was somewhat dissatisfying, in the housing majority believe it was somewhat dissatisfying, in the investment sub-sector many believe it was somewhat dissatisfying and within the Jua- Kali sub sector the majority believe it was somewhat dissatisfying.

Interview with the Chairman CAK and Commissioner for co-operatives disclosed that the clients reported numerous cases of non-responses to inquiries especially within the investment co-operatives. The causes of such non responses included lack of motivation. The

Commissioner cited cases where an employee said, “I didn’t have time,” “I just have too many other things on my plate right now. He also indicated that some employees are insensitive. They simply don't care about anyone else but themselves. Therefore, they choose not to make the extra effort to return a phone call or reply to an e-mail message, because there is nothing in it for them. The Director administrator explained that they have tried to deal with cases of non-responses by including in the employee performance evaluation criteria measures such as "responsiveness" and formulation a service charter which is displayed at the Directorate’s reception area with specific response time lines that their staff is expected to follow or respond whether it is two days or one week, they have set times in which team members should respond to customer inquiries although at times they use discretion. She expressed disappointments that it would be possible that the service charter is not followed. The Co-operative commissioner expounded on the investment co-operatives that they are dynamic in nature and therefore requires constant research in order for the Directorate to guide them effectively on investment initiatives. This then would explain why their issues would not be addressed as immediately as they would have preferred. The findings tally with research by University of Michigan (2014), they observed that organizations need mechanisms to respond to inquiries or requests for help from existing and potential customers because it has an impact on service delivery. Organizations require customer helplines or service charters which are essential for delivering support, service, advice, and information.

So the research establishes that responding to clients’ needs, adds value to an organization by way of catalyzing staff efficiency and service delivery, the client’s response to customers at the Directorate was somewhat dissatisfying.

Table 4.20: Clients perception on overall quality of services provided by the Directorate

Response	Very satisfied		Somewhat satisfied		Neither satisfied nor dissatisfied		Somewhat dissatisfied		Very dissatisfied		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Saccos	0	0.0%	24	28.6%	39	46.4%	21	25.0%	0	0.0%	84	100%
Marketing	0	0.0%	12	42.9%	16	57.1%	0	0.0%	0	0.0%	28	100%
Housing	0	0.0%	3	15.8%	16	84.2%	0	0.0%	0	0.0%	19	100%
Investment	0	0.0%	2	7.7%	20	76.9%	4	15.4%	0	0.0%	26	100%
Jua Kali	0	0.0%	1	11.1%	2	22.2%	6	66.7%	0	0.0%	9	100%
Total	0	0.0%	42	25.2%	93	55.8%	31	19.0%	0	0.00	166	100%
Mean Value= 3.06												

On quality of overall services provided by the Directorate which include staff training, co-operative audit and registration of co-operatives majority of the respondents feel that they are neither satisfied nor dissatisfied. Analysis on the responses from the various categories of co-operatives indicates that from the Sacco sub- sector the majority of the respondents said they were neither satisfied nor dissatisfied with service delivery, while from the marketing sub-sector the majority said they were neither satisfied nor dissatisfied, in the housing majority said they were neither satisfied nor dissatisfied, in the investment sub-sector many said they were neither satisfied nor dissatisfied and within the Jua- Kali sub sector majority believe it was somewhat dissatisfying. Many respondents from the jua kali majority believe that the service provision is somewhat dissatisfying which according to the County Commissioner show how neglected the sector is. Economic Survey (2014) indicates that although the Jua kali sector has the potential to spur economic growth the sector has always been neglected by government agencies. So the research established that the service the majority of the clients were neither satisfied nor dissatisfied with the service provision.

The interviews with Commissioner for Co-operative Development exposed that they are not able to provide quality services because they are constrained by resources. In spite of the constraints he explained that the curriculum for co-operative training in Kenya is one of the best because it enable the staff members to carry out education and training for the members, elected representatives, managers and employees so that they can contribute effectively to the development of their co-operative this is supported by International Alliance (2012) on outlook on performance of co-operatives which indicated that Kenya's curriculum on training is the best in Africa and meets international standards and to this end top managers expressed that they give careful attention to recruiting and selection processes, training, job design, performance management, and other components that make up the employee management system successful. These sentiments seem to be contrast with assertions by the clients on service provision who feel that service provision is poor perhaps signalling a communication breakdown with organizational management and clients. Kotler (1999) stated that communication and consultation is paramount in organisations providing services to their clients. He further explained that service is any activity or benefit that one party offers to another which is essentially intangible for example training, auditing consultancy among other and does not result in the ownership of anything, and it may or may not be tied to a physical product. In addition, Mittal and Lassar (1998) found out there is a positive relationship between service quality and customer satisfaction. Meeting customer satisfaction depends to a large extent on ensuring that the firm maintains high service quality standards.

The research therefore establishes that offering quality services equals satisfactory performance which leads to satisfied customers. The majority of the staff felt that service provision at the Directorate is neither satisfying nor dissatisfying.

During the study the research went further to establish the customer satisfaction index based on mean values of the clients responses on various items which are professional ethics, responses to inquiries and perception on service delivery. The study utilised American Association of Customer Survey (2012) formula as shown below:

Table 4.21: Computed customer satisfaction index 2018

<p>Average customer satisfaction= $(N1+ N2+N3)/3 = 2.693$</p> <p>Where N1= Mean value on staff adherence to professional ethics=2.99 N2= Mean value on staff response to inquiries=2.03 N3= Mean value on quality of services provided by the Directorate =3.06</p>	
<p>customer satisfaction index=Average ratings*100% putting into consideration weighting</p> <p style="text-align: center;">$=2.693/5*100%$</p> <p style="text-align: center;">Where 5=Number of likert items</p>	54%
<p>Now if Very dissatisfied=(0-20)%, Somewhat dissatisfied=(21-40)%, Neither satisfied nor dissatisfied=(41-60)%, Somewhat satisfied=(61-80)%, Very satisfied=(81-100)%</p> <p style="text-align: center;">Then 54%= Neither satisfied nor dissatisfied=CSI</p> <p style="text-align: center;">Therefore 54% ≠satisfied</p>	

Analysis on customer satisfaction index of clients’ perception on service providers and perception and services was calculated using the formula proposed by American Association of Customer Survey (2012). It established that Directorate of Co-operatives CSI was 54% which implied that the clients were neither satisfied nor dissatisfied. Therefore the Directorate was not able to deliver satisfactory services. The government guidelines on performance contracting GOK (2012) recommended that, government agencies should establish their customer satisfaction level in a contract year through customer satisfaction surveys. During the month of June, 2012 within the framework of performance contracts and

service delivery for agricultural sector ministries including co-operatives a customer satisfaction survey was done which revealed that the sector was performing poorly in service provision as it observed an aggregate CSI of 60% which implied that the clients were “somewhat” satisfied with the services (MOPND, 2012). So whereas the finding in the study reveals that CSI is 54% as at 2018, the CSI generated from the survey was at 60%. The difference would be attributed to declining performance of the Directorate. Interviews with the Commissioner Co-operative Development revealed that they rarely carry out customer satisfaction survey and at the same time the information from customer satisfaction was never utilized. According to Dietz, Pugh and Wiley (2004) the best strategies that have been effective in developing client service culture and providing exemplary client service include effective leadership, communication, human resource practices, innovation and flexibility in meeting client expectations,

The research on perception of service delivery by the clients was able to demonstrate that the extent of service provision in the directorate was neither satisfying nor dissatisfying, staff adherence to ethics, clients felt there were neither satisfied to somewhat dissatisfied, it was also established there are few cases of corrupt staff and responses to customers inquiries was somewhat dissatisfying. Overall the customer satisfaction index for directorate of co-operatives CSI was 54% which implied that the clients were neither satisfied nor dissatisfied. It was further revealed that to improve the customer satisfaction levels at the Directorate it is imperative that the organizations should set customer expectations early, use social media in connecting with the clients, install customer suggestion boxes and implement appropriate suggestions, keep their promises and integrity, listen and learn from customers and train staff members on customer service. By doing so the directorate will have effective and efficient staff, improve customer satisfaction index and meet its targets

Finally the research study went a step further to solicit information from the clients of Directorate in order to establish performance of the Directorate from 2000 to 2015; to do this respondent were required to rate performance of the organization before and after introduction of performance contracting. Co-operative staff members were required to rate performance of the Directorate from the year 2000-2015, using a 5-point rating scale. The weights assigned to each answer choices were as follows: Exceeded expectation (5), Met expectation (4), Average (3), Improvement needed (2) and Poor (1).

After collecting responses, they were subjected to average rating process to find the possible yearly rate of the performance of the Directorate using the formula

$$\frac{\sum (x_1+x_2+\dots+x_n)}{N}$$

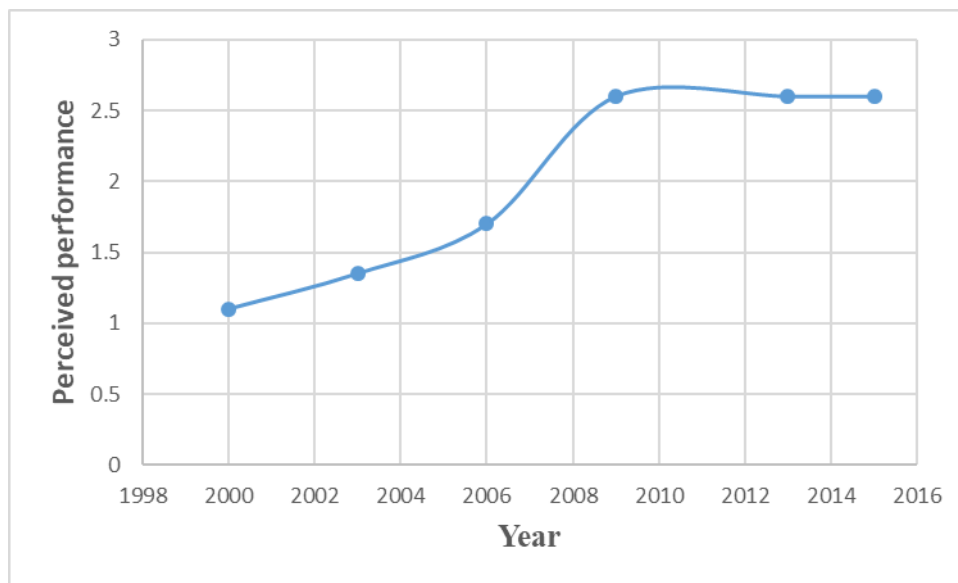


Figure 4.1: Trend on Performance of Directorate from the year 2000-2015

The graph above describes the average mean score of performance of Directorate of co-operatives from the year 2000 to 2015. During the year 2000 the average mean score was 1.1 denoting poor performance, in the year 2003 the average score was 1.35 denoting poor

performance, in 2006 the average performance score was 1.7 denoting improvement was needed then in 2009 it was 2.6 denoting average performance which continued up to the year 2015. The finding indicated that there was a slight improvement before and after the year 2006 which would be attributed to the introduction of performance contracting during the year 2006 as well as public service reforms including Rapid Results Approach, Citizen, Transformative Leadership, Values & Ethics, Institutional Capacity building (Kenya Government of, 2007). According to Armstrong (2015) on golden rule of forecasting, looking at data over a number of years and finding a pattern, one can use the information to extrapolate future patterns. Therefore we can say assuming past events and patterns will continue into the future performance at the Directorate will decline, if events will improve positively including consolidation of implementation of appropriate strategies performance will improve but if there will be slackening of implementation of past strategies performance will worsen. Interviews with chairman of CAK on whether Performance of Directorate before and after 2006 when performance contract was introduced did improved, expressed that there was a slight improvement which can be attributed to conducive policy environment including performance contracting. From the findings we can deduce that when performance contract is implemented successfully there is a positive relationship between performance contracting and service delivery improvement. Indeed similar sentiments are shared by Kobia and Mohammed (2006) who asserted that performance contract scheme improves performance for example at KRA revenue collection improved while at the same time customer turnaround time reduced.

It is there established that if an organization does not deepen performance contracting process: mitigate constraints affecting performance contract implementation, continuously assess and implement recommendations of customer surveys then service provision will

remain unsatisfactory at Directorate of Co-operative. It is therefore affirmed that these components are important in performance contracting and service provision.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND THE RECOMMENDATIONS

5.1 Introduction

In this section we discuss the main findings, draw conclusions and make recommendations.

5.1.1 Performance Contracting Process

The researcher sought to find out from co-operative staff members of all management level the status of performance contracting at the Directorate. The parameters that were applied represented best practices applicable in performance contracting process as recognised in literature review. The respondents indicated whether the Directorate adhered to performance contracting parameters provided in the questionnaire

Indeed the procedure of performance contracting as per the government guidelines on performance contracting requires that the performance targets should first be derived from strategic plan which should be freely negotiated with performance contracting secretariat then signed by the Principal Secretary, Commissioner for Co-operatives and counter signed by Co-operative Secretary and cascaded downwards to all departments and units where upon the departments with derive departmental and organizational work-plans. The process will end by carrying out a performance appraisal, performance evaluation and scoring.

The research findings established that although the Directorate of Co-operatives signs performance contract and carry out performance appraisal as expressed by the majority of staff members, however majority of the staff indicated that performance contract targets at the Directorate are not set from the strategic plan. The claims were confirmed from the documentary analysis of strategic plan, few officers from the middle and upper management participate in performance target negotiation as confirmed by the minutes, half of the departments do not derive work plans from performance contract, majority of the staff do not

derive individual work plans from departmental work plan as confirmed by submitted work plans. It was further established that with the emergence of devolution, Performance Contracting is experiencing emerging problems with cascading performance contract as regards to the devolved units of government which are deemed to be independence. A further novel finding from the literature revealed that despite Directorate of Co-operatives signing performance contract does not completely bind the head of finance or treasury to the process which may affect the fund provision. It was further found out that there exist poor relationship between the upper management, middle management and lower management which hinders performance contracting. Therefore the study established that the performance contracting process is not fully adhered to as guided by the performance contracting guidelines. Consequently with non-adherence to performance contacting processes it will be impossible for the directorate to meet its targets, attain its vision, achieve the targeted registered co-operatives, start new ventures, get favorable performance ranking, ensure that their customers are satisfied and above all it is not able deliver satisfactory services

5.1.2 Constraints Affecting Performance Contract Implementation

The second objective was to establish the constraints affecting performance contract implementation at the Directorate. During the study, members of staff were requested to tick (√) where applicable in the questionnaire to indicate whether the constraints indicated affected the Directorate. They were also expected to identify any other constraint which was not indicated.

The key challenges identified that led to unsatisfactory performance as identified by the majority of the respondents include: political interference, undocumented lessons learnt, non incorporate lessons learnt and best practices into performance contracting system, lack of effective motivation mechanisms to retain high caliber work force and lack of a system

backed by the necessary resources to enhance training of its work force and inadequate resource allocation coupled with upcoming retirement of many staff members. Other challenges that were identified included lack of commitment from top management and organization culture. It was evident that the challenges contributed to unsuccessful implementation of performance which should have resulted in satisfactory performance of the Directorate as such the no new ventures were started, it did not attain targeted registered co-operatives, it did not attain its vision, it did not get favorable performance ranking nor have a satisfactory customer satisfaction index.

5.1.3 Perception on Service Delivery of Directorate by the Clients

To assess the perception on service delivery at the organization, information was collected from the clients of Directorate of Co-operatives from various categories of co-operatives. They were asked to rate the Directorate staff performance by ticking where appropriate on a five-point scale rating which were Exceeded expectation (5), Met expectation (4), Average (3), Improvement needed (2) and Poor (1). The rating was done for each of the parameters that included staff adherence to professional ethics, staff response to inquiries and quality of services provided by the directorate. Further information on customer satisfaction index was sought.

On staff adherence to ethics, majority of clients felt there were neither satisfied to somewhat dissatisfied, it was also established there are few cases of corrupt staff, the client's response to customers at the Directorate was somewhat dissatisfying. Overall the clients felt that service provision in terms of quality at the Directorate was neither satisfying nor dissatisfying. The services offered by the Directorate include training, co-operative registration and auditing,

It was further established that customer satisfaction index for the Directorate of Co-operatives CSI stood at 54% as at the time of carrying out the research. The CSI implied that the clients were neither satisfied nor dissatisfied. It is therefore evident that service provision at the Directorate was not unsatisfactory.

5.2 Conclusion

Performance contracting was adopted and implemented by the Directorate of Co-operatives to improve service provision. However its performance contracting and service delivery is unsatisfactory. Based on the research assessment of the performance contracting parameters identified as per the objectives, it was concluded that; The Directorate does not fully adhere to performance contracting processes, it experienced constraints in the performance contract implementation and it has not fully incorporated customer satisfaction surveys into its performance contracting. Consequently the Directorate was not able to provide satisfactory services.

The study concludes that performance contracting process at the Directorate of Co-operatives was not fully adhered to. This was as a result of the Directorate formulating targets that are not set from the strategic plan which is confirmed from strategic plan, few officers that participate in performance target negotiation, some departments which do not derive work plans from performance contract, majority of the staff who do not derive individual work plans from departmental work plan, existence of poor relationship between various levels of management and emerging issues in devolved units of government which do not facilitate the cascading of performance contract. Consequently, the non-adherence to the standard operating processes of performance contracting led to unsatisfactory service provision by the Directorate.

It was further realized from the literature review that appropriate domestication of performance contract signing should be adopted to loop in and bind the head of finance or treasury to the performance contracting process thereby ensuring proper fund provision. It was also established that with the advent of devolution cascading of performance contract to the devolved units governments has been affected as such there is need to come up with a strategy for smooth operations of performance contracting framework between the two levels of government.

The study further concludes that various constraints affect performance contract implementation resulting in poor service delivery. The challenges identified include: political interference manifested in political behaviours, poor relationship between various levels of management, undocumented lessons learnt, inadequate resource allocation, non incorporation of lessons learnt and best practices into performance contracting system, lack of effective motivation mechanisms to retain high caliber work force and lacks a system backed by the necessary resources to enhance training of its work force. In practice no organization can make progress in providing excellent services without addressing its challenges; therefore there is need for the organizations to succeed in implementing performance contracts by addressing its challenges as it benefits the organization in delivery of services. If the organisation is not going to address the challenges adequately and come up with a contingency plan, they will not be able to deliver excellent services. The organization needs to plan and allocate adequate resources to achieve the set targets, adequately trains her staff on performance contract implementation, put in place a motivation mechanism that attract and retains high caliber employees, document and utilize lessons learnt in performance contract implementation. The organization should also embark on a study to assess the influence of political behaviors on its performance contract implementation.

The study further concludes that the Directorate clients' were "neither satisfied nor dissatisfied" on Directorate of Co-operatives service delivery. The parameters with which clients were "neither satisfied nor dissatisfied" were adherence to ethic, timely response to inquiries and quality of services provided by the Directorate. The reasons for unethical behaviour were given as lack of training on ethics and unethical behaviours stemming from the examples set by the employee's supervisors. The reasons cited for dissatisfaction in timely response to inquiries included lack of motivation and insensitivity to customer's needs. Therefore if the customers/clients are not satisfied about the organizations performance, the organization is required to identify and address the reasons for dissatisfaction by incorporating customer surveys in performance contracting. It was further established that there is need for the organization to work hard to meet clients' expectations. To do this they should develop client service culture in providing exemplary services, set customer expectations early, enhance effective leadership, review service charter, install customer suggestion boxes, deepen communication, implement human resource practices, innovation and flexibility in meeting client expectations. Consequently it is concluded that offering quality services to clients leads to satisfied customers.

It is therefore concluded that if the Directorate do not deepen performance contracting by adopting performance contracting best processes: mitigate constraints affecting performance contract implementation, continuously assess and implement recommendations of customer surveys then its service provision will remain unsatisfactory. As a result it will not achieve its performance targets, will not achieve any growth in registration of new co-operatives, will fail to start new ventures, customer satisfaction index will be low and it will fail to achieve its vision.

5.3 Recommendation

In order to ensure effective performance contracting in improving service delivery at the Directorate of cooperative, the researcher makes the following recommendations.

1. The Directorate should ensure that best practises responsible for successful performance contracting are adopted and adhered to. The practices include by implementing targets that are set from the strategic plan, derive of work plans and performance contract targets from strategic plan, ensure appropriate domestication of performance contract signing do loop in and bind the head of finance or treasury to the process to ensure proper fund provision, it should also prepare and adhere to standard performance operating procedures
2. The Directorate should address the performance contract implementation constraints raised. It should come up with a contingency plan for addressing any unforeseen constraints. To improve performance bottlenecks which prevent ministerial staff from meeting their performance targets on time, it is important for the Directorate to ensure that planning is done in advance for the support, development and resources required by employees to enable them meet their targets.
3. Adopt and utilize customer surveys in performance contracts this is because the information measure performance of the providers and informs participating agencies about the ongoing quality of providers and their services which would then assist in formulation of service charter
4. Directorate should ensure that a mechanism for smooth operation of various levels of management: senior, middle and lower level should be put in place. The mechanism to be put in place should encourage innovation, communication and genuine involvement of team members in the organization.

5.4 Recommendation for Further Studies

The objectives considered in this study were; performance contracting processes, constraints affecting performance contract implementation and perception on service delivery by the clients. The objectives were clear and successfully accomplished. However, further study is recommended to be done. With the emergence of devolution, Performance contract study, in the context of devolution and realignment of role of county government with the view of addressing challenges being faced by counties in implementation of performance contract and suggest solution towards effective implementation of performance contract in the counties should be done. Secondly political behaviour and priorities plays a role in implementation of performance contract but the extent of their influence was not addressed in this study therefore the aspects and consequences of the incursion of politics into strategic decision making process, for the quality of decisions in organizational performance is then recommended as another area for further research.

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APPENDICES

Appendix I: Sample of performance contract document

REPUBLIC OF KENYA



**MINISTRY OF INDUSTRIALIZATION
AND ENTERPRISE DEVELOPMENT**

PERFORMANCE CONTRACT

BETWEEN

**HEAD OF CIVIL SERVICE & SECRETARY TO THE
CABINET**

AND

**THE CABINET SECRETARY
MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE
DEVELOPMENT**

FOR THE PERIOD

1ST JULY, 2014 TO 30TH JUNE, 2015

PERFORMANCE CONTRACT

This Performance Contract (hereinafter referred to as "Contract") is entered into between the Government of the Republic of Kenya (hereinafter referred to as "GoK") represented by H.E. the President of P.O. Box 40530-00100, Nairobi (together with its assignees and successors) of the one part, and the Cabinet Secretary, Ministry of Industrialization and Enterprise Development (hereinafter referred to as the "the Cabinet Secretary", (together with its assignees and successors) of P.O. Box 30418-00100, Nairobi of the other part.

WHEREAS:

The Government is committed to ensuring that public offices are well managed and are cost effective in delivering quality service to the public in line with provisions of the Constitution of Kenya;

The Government recognizes that the Ministry holds a vital key to improving the quality of lives of Kenyans and making the country globally competitive;

The purpose of this Performance Contract is to establish the basis for ensuring efficient and effective services are delivered to Kenyans in line with the provisions of the Constitution and by requiring the Ministry to adopt human rights approach to service delivery and focus on:

1. Ensuring that systems are established for equality for all users of public services;
2. Ensuring impartiality and fairness in the process of delivery of public services;
3. Ensuring continuity of public services under all circumstances;
4. Establishing systems to enable innovativeness and adaptability of public services to the needs of users;
5. Ensuring professionalism and ethics in Public Service is achieved and maintained;
6. Establishing systems to ensure promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;
7. Institutionalizing a culture of accountability, integrity, transparency and promotion of values and principles of public service;
8. Ensuring effective, efficient and responsible use of public resources, and
9. Ensuring responsiveness by public servants in delivery of public services.

This contract therefore represents a basis for continuous performance improvement that meet the needs and expectations of the Kenyan people; and

NOW THEREFORE, the parties hereto agree as follows:

Part I

VISION, MISSION AND STRATEGIC OBJECTIVES

VISION

To be a leading agent in catalyzing a diversified, globally competitive and sustainable industrial and enterprise sector in Kenya.

To be a leader in transforming Kenya into a rapidly industrializing middle-income economy

MISSION

To facilitate the creation of an enabling environment for vibrant, globally competitive, sustainable and innovative commercial and industrial enterprises.

STRATEGIC OBJECTIVES:

1. To support the delivery of efficient and effective service in the industrial sector.
2. To stimulate industrial development and improve the investment climate.
3. To provide standards for industrial products and support of MSMEs.
4. To promote the development of cooperatives.

Part II

COMMITMENTS AND RESPONSIBILITIES OF THE CABINET SECRETARY

1. Ensure that public services are delivered in accordance with the constitution;
2. Ensure modernization of the public services by introduction of modern technologies and innovative service delivery systems to improve service delivery;
3. Ensure that public officers demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of services.

Part III

COMMITMENTS AND OBLIGATIONS OF THE GOVERNMENT

1. Acknowledgement of receipt of correspondences within three (3) working days;
2. Approval of requests made is granted within seven (7) working days;
3. National Treasury releases exchequer within seven (7) days; and
4. Ensure that Public officers suspected of corrupt practices step down to allow room for investigations.

Part IV

REPORTING REQUIREMENTS

The Cabinet Secretary undertakes to submit quarterly and annual performance reports to the Ministry of Devolution and Planning, Division of Performance Contracting for the purpose of monitoring progress of performance, and for annual evaluation of performance.

Part V

DURATION OF THE PERFORMANCE CONTRACT

The Performance Contract will run for one financial year beginning 1st July, 2014 and ending 30th June, 2015.

Part VI

SIGNATORIES

.....
Mr. Adan Mohamed, EBS
Cabinet Secretary
Ministry of Industrialization
and Enterprise Development

.....
Date

.....
H.E. Hon. Uhuru Kenyatta, CGH
The President and Commander in Chief of
The Defence Forces of the Republic of Kenya

.....
Date

Appendix II: Sample of performance appraisal document

REPUBLIC OF KENYA



**Staff Performance Appraisal Report
GP 247 A (Revised 2008)**

(For officers on Job Group 'H' and above in the Civil Service and officers on salary scale 1-9 in Local Authorities)

PREAMBLE

1. The overall objective of the Performance Appraisal System is to manage and improve performance of the Public Service by enabling a higher level of staff participation and involvement in planning, delivery and evaluation of work performance.
2. The PAS is a component of Performance Management System in the Civil Service and Local Authorities and integrates work planning, target setting, performance reporting and feedback.
3. This appraisal form will be completed by officers in job Group 'H' and above and officers on salary scale 1-9 in the Civil Service and Local Authorities, respectively. It is expected that both the Appraisee and the Supervisor will read the Guide to the Performance Appraisal System prior to embarking on the actual appraisal. The form is to be filled in triplicate and distributed after the evaluation process as follows:-
 - Original to the Secretary, Public Service Commission;
 - Duplicate to the Appraisee's personal file; and
 - Triplicate to be retained by the Appraisee.

STEPS FOR COMPLETING THE PERFORMANCE APPRAISAL FORM

Section 1 (i-iv):	The section is to be completed by the Appraisee
Section 2:	The section will be completed by the Appraisee in consultation with the Supervisor at the beginning of the appraisal period
Section 3(a):	<p>The column on the agreed performance targets will be completed by the Appraisee in consultation with the Supervisor</p> <p>(i) The column on performance indicators shall be completed by the Appraisee in consultation with the Supervisor at the beginning of the Appraisal period</p> <p>(ii) The column on results achieved will be completed by the Supervisor in consultation with the Appraisee at the end of the appraisal period</p> <p>(iii) The column on performance appraisal is to be completed by the Supervisor at the end of the appraisal period</p> <p>(iv) Using the rating scale provided. Performance of each target will be scored and the total recorded. A mean score will be calculated and recorded as the appraisal score</p>
Section 3(b):	The appraisal score of the previous year will be completed by the Supervisor
Section 4(a):	<p>(i) The column on Appraisee's training and development needs will be completed by the Appraisee as agreed with the Supervisor at the beginning of the Appraisal period</p> <p>(ii) The column on duration of training will be completed by the Appraisee in consultation with the Supervisor</p> <p>(iii) The column on comments will be filled by both the Appraisee and Supervisor at the end of the appraisal period</p> <p>(iv) The Appraisee and the Supervisor will be required to sign the form after setting the performance targets</p>
Section 4(b):	The section is to be completed by the second Supervisor at the beginning of the appraisal period after discussion with first Supervisor (where applicable)
Section 5(a):	The section will be discussed and understood by the Appraisee and Supervisor at the beginning of the Appraisal Period. The section will be completed by the Supervisor at the end of the appraisal period after discussion with the Appraisee
Section 5(b):	The section will be completed by the Supervisor at the end of the appraisal period after discussion with the Appraisee
Section 6(a):	The section will be completed by the Supervisor after discussion with the Appraisee
Section 6(b):	<p>(i) The column on the targets changed or added is to be completed by the Supervisor in consultation with the Appraisee during the mid-year review</p> <p>(ii) The column on performance indicators/proof of performance will be completed by the Supervisor in</p>

	<p>consultation with the Appraiser during the mid-year staff performance review</p> <p>(iii) The column on results achieved/performance appraisal will be completed by the Supervisor in consultation with the Appraiser at the end of the appraisal period</p>
Section 7:	The section will be completed by the Appraiser during performance evaluation
Section 8:	The section will be completed by the second Supervisor (where applicable) at the end of the performance appraisal period
Section 9:	The section will be completed by the Supervisor and the recommendation submitted to the Ministerial Performance Management Committee for deliberation and recommendation. Approval will be granted by the Authorized Officer.

STAFF PERFORMANCE APPRAISAL REPORT

Period under review: From To

SECTION 1: Personal Particulars

I) Name Personal No.
 (Surname, First Name, Others)

II) Ministry/Department/Local Authority
 Division Section
 Duty Station

III) Current Designation Terms of Service
 Job Group (Civil Service Staff) With effect from
 Salary Scale (Local Authority Staff)..... With effect from

IV) Acting Appointment/Special Duty (if any).....
 Job Group (Civil Service Staff) With effect from.....
 Salary Scale (Local Authority Staff) With effect from

V) Supervisors Name Designation

SECTION 2: Departmental Objectives

List the Departmental priority objectives from which performance targets will be derived 1.

SECTION 3(a): Performance Targets

	Agreed Performance Targets <i>(To be completed by the Appraisee as agreed with the Supervisor at the beginning of the Appraisal period)</i>	Performance Indicators/Proof of Performance <i>(To be completed by the Appraisee in consultation with the Supervisor at the beginning of the appraisal period)</i>	To be completed by the Supervisor at the end of the appraisal period	
			Results achieved	Performance Appraisal (See rating scale)
1				
Total score				
Mean score /Appraisal score (%)				
3 (b) Appraisal score for the previous year (%)				

Rating Scale: The following rating should be used to indicate the level of performance by an Appraisee

Achievement of Performance Targets		
All Performance Targets consistently exceeded	Excellent	101% +
All Performance Targets fully met	Good	100%
Some Performance Targets fully met	Fair	80 - 99%
Performance Targets partially met	Poor	70 - 79%
Performance Targets not met	Very Poor	Below 70%

Supervisor's comments on performance

.....

Appraisee's comments on performance

.....

SECTION 4(a): Staff Training and Development Plan

Appraisee's training and development needs <i>(To be completed by the</i>	Duration of training including on the job training	Comments on staff training and development undertaken over the appraisal period <i>(To be completed at the end of the reporting period)</i>	
		Comments by Appraisee	Comments by Supervisor
<i>Appraisee as agreed with the Supervisor at the beginning of the appraisal period)</i>			

Appraisee's Signature **Date**.....

Supervisor's Signature **Date**.....

4 (b) Second Supervisor's comments on targets set by the Appraisee and the Supervisor
(Confirm whether the targets in section 3 are specific, measurable, agreed, realistic and have a timeline)

.....

Second Supervisor's Name.....**Signature**.....**Date**.....

SECTION 5: Values and Staff Competences Appraisal

This Section will be completed by the Supervisor after discussion with the Appraisee. The Supervisor and Appraisee should however discuss the values at the beginning of the appraisal period. The definitions of values/competences are as stated in the Guide. The Supervisor should comment on each of the values and competences listed below:

5(a): Values and Core Competences

- (i) Values
- (ii) Core Competences
- (iii) Core Competences

**Appraisee's
Signature.....Date.....**

SECTION 8: Comments by the Second Supervisor

Comments on the consistency and reasonableness of the comments given by the Supervisor and any significant statements made by the Appraisee

.....
...

Second Supervisor's Name

.....
Designation Signature Date

.....

Section 9: Recommended Reward or Sanction

(a) A bonus of one month's basic salary for excellent performance will be awarded upon approval by the Authorized Officer.

(b) Tick the recommended sanction for poor and very poor performance:

	Warning/cautionary letter for poor performance
	Dismissal/termination of appointment for very poor per

(c) Other recommended interventions (specify)

.....

**Supervisor's
Name.....Signature.....Date.....**

(d) Recommendation to the Authorized Officer by the Ministerial Performance Management Committee:

Minute No.....
Meeting.....

Signed:

.....
Chairperson **Date**

.....
Secretary **Date**

Approved/ Not Approved by **PERMANENT SECRETARY/ AUTHORIZED**

OFFICER Comments by the Authorized Officer

.....
Signed.....Date.....

Appendix III: Letter of Consent

Investigator: Nicholas K. Songok (Principal Researcher)
Ministry of Industrialization and Enterprise Development

Study Location: Nairobi County

Purpose of research: This research is intended to solicit information for academic purposes to enable the researcher, Nicholas K Songok, a final year student of Maseno University, complete Project in pursuance of Master of Arts in Monitoring and Evaluation degree.

Topic: Assessment of Performance Contracting on Service Delivery at Directorate of Co-operative

Dear

This is to invite you to participate in a research study on Assessment of Performance contract on service delivery at Directorate of Co-operatives. This research will take 5 – 30 minutes of your time. There are no anticipated risks or discomforts related to this research.

You will find the process to be very enjoyable and rewarding, as the beneficiary or provider of services at the Directorate of co-operatives as this presents an opportunity to communicate and share the experiences with us. By participating in this study, you will benefit others by informing the policy makers on constraints and strategies to resolve in performance contracting with view to improving service delivery by the Directorate of co-operatives.

Several steps will be taken to protect your anonymity and identity. Your participation in this research is completely voluntary. Should you require any information about this study, or would like to speak to the researcher, please call (Mr. Nicholas K. Songok) at (0721566939) or email Songonicholas@yahoo.com. Should you have any other questions regarding your rights as a participant in this study, you may also contact Maseno University through masenoecampus@gmail.com.

I hereby agree that I have read the above information regarding the study.

I offer my self and consent to participate in this study.

Yes () No () Signature_____ If No do not continue.

Appendix IV: Letter of Introduction

THE COMMISSIONER FOR CO-OP DEVELOPMENT,
DIRECTORATE OF CO-OPERATIVES,
P.O. BOX 40811-00100,
NAIROBI

The Chairman

_____ Co-operative Society

Dear Sir/Madam,

RE: PERMISSION TO COLLECT DATA IN YOUR CO-OPERATIVE SOCIETY

Nicholas K. Songok is a student at Maseno University currently pursuing a Masters' degree in Monitoring and evaluation. He is carrying out a study on the "Assessment of performance contracting on Service delivery- Nairobi County, Kenya" Your school-operative Society has been selected for the study.

The purpose of this letter is to request your Co-operative to kindly allow him to carry out the study. My office has been assured that the information given will be treated with utmost confidentiality.

Kindly accord him the necessary assistance.

Yours faithfully,

Patrick L. M. Musyimi, HSC

Appendix V: Data Collection Tools

Appendix V A: Co-operative Ministerial Staff Questionnaire

This questionnaire has been designed to solicit information for academic purposes to enable the researcher, Nicholas K. Songok, a final year student of Maseno University, complete Project on the topic; ASSESSMENT OF PERFORMANCE CONTRACTING ON SERVICE DELIVERY AT DIRECTORATE OF CO-OPERATIVES in pursuance of Master of Arts MONITORING AND EVALUATION degree. Towards this end all information given will be used for academic purposes only and would be treated with utmost confidentiality.

BASIC DEMOGRAPHIC DATA (PLEASE TICK WHERE APPROPRIATE)

1. How old are you? (Years)
 - a) 18 – 25 ()
 - b) 26 – 35 ()
 - c) 36 – 45 ()
 - d) 46 – 55 ()
 - e) 56 – 59 ()
 - f) 60 and over ()
2. Level education (Tick one) Primary.....Secondary DiplomaUniversity.....
3. What is your managerial level?
 - a) Top management ()
 - b) Middle level management ()
 - c) Lower management ()

Performance contracting process

4. Kindly indicate whether the Directorate adhere to the following requirements

Parameters	Yes	No	Don't know
Are the targets set from the organization strategic plan?			
Are performance targets freely negotiated?			
Do you derive departmental work plans from cascaded performance contract document?			
Do you derive individual work plans departmental work plan?			
Do you undertake performance Appraisal?			
Do you have a performance contract steering committee			

5. How can performance contract implementation be improved to deepen service delivery?.....

Constraints affecting performance contract implementation

6. This section contains items on constraints affecting performance contract implementation at the Directorate. Kindly indicate whether you think the factors are experienced by the Directorate.

Parameters	YES	NO
Does the organization experience political interference?		
Does the staff undergo some form of training with regards to performance contract?		
Lack of Systems to attract and retain High Caliber Workforce		
Directorate do not incorporate lessons learnt and best practices into pc		
Are sufficient resources are allocated for performance contract implementation?		

7. In your view what other constraints affect performance contract implemetation
.....

8. Suggest ways of overcoming the mentioned constraints of performance contracting
.....

The End, Thank you

Appendix V B: Check List for Key Informants

Nicholas K. Songok of Maseno University is carrying out a survey on Impact of Performance contracting on service delivery at Directorate of Co-operative. The issues are directed to your expert opinion on performance contracting. Your responses will be highly appreciated and treated with confidentiality. The information obtained will be used only for academic purposes.

Designation_____

1. Kindly explain the performance contracting process at the Directorate?

2. How can we strengthen performance contracting at the Directorate?

3. In your view what constraints affect performance contract implementation?

4. Suggest ways of mitigating the constraints?

5. In your view what positive results has performance contract brought?

6.

7. Your comment on staff adherence to professional ethic

8. Your comments on staff response to inquiries

9. Your comments on staff Directorate service provision

10. Your comments on Directorate services

11. Any other information you would like to share with the researcher on performance contracting

The End, Thank you so much

Appendix V C: CLIENT’S RESPONSE ON SERVICE PROVISION BY DIRECTORATE AND ITS PERFORMANCE

This questionnaire has been designed to solicit information for purely academic purposes to enable the researcher, NICHOLAS K SONGOK, a final year student of MASENO University, complete PROJECT on the topic; ASSESSMENT OF PERFORMANCE CONTRACTING ON SERVICE DELIVERY IN DIRECTORATE OF CO-OPERATIVES in pursuance of Master of Arts MONITORING AND EVALUATION degree. Towards this end all information given will be used for academic purposes only and would be treated with utmost confidentiality. Therefore on behalf of your Co-operative kindly help us by taking a few minutes to tell us about the perception of Directorate on service provision.

BASIC DEMOGRAPHIC DATA (PLEASE TICK WHERE APPROPRIATE)

- 1. Name of Cooperative:
- 2. Category (Sacco , Marketing , Housin , Investmen Jual Kali Others specify)
- 3. Position in the society.....

PERCEPTION ON DIRECTORATE SERVICE PROVIDERS

4. Kindly rate the following factors/statements ticking where applicable

Parameters	Very satisfied	Somewhat satisfied	Neither satisfied nor dissatisfied	Somewhat dissatisfied	Very dissatisfied
Directorate staff adherence to professional Ethics					
The Directorate staff response to inquiries					
Overall, quality of services provided by the Directorate					

Performance of the Directorate of Co-operative

5. Rate the performance of Directorate of Co-operatives from 2006-2015 using the scale Exceeded expectation (5), Met expectation (4), Average (3), Improvement needed (2) and Poor (1) for the years
2000(.....)2003(.....)2006(.....)2009(.....)2012(.....)2015(.....
..)
6. Please tell us what the Directorate should do to enhance its performance on services provision?

.....

Thank you