

## The Role of Performance Contracting on Performance of Public Universities in Kenya

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### Abstract

*Public universities have undergone major reforms in the past few years. These reforms have brought about challenges to both management and employees of these universities. One of changes that came as a result of these reforms is performance contracting. This study sought to establish the role of performance contracting on the performance of public universities in Kenya. The study objectives were: to establish how stakeholder involvement affects performance in public Universities; to determine how staff training affects performance in public Universities; to assess the impact of monitoring and evaluation on performance in public Universities; to examine how organizational structure affects performance in public Universities. The study was anchored on two main theories; first the New Public Management theory and goal theory. The study was done in four public universities with campuses within Nairobi Central Business District. The research adopted a descriptive research design of survey in nature. The Study found out that collaboration with internal stakeholders, like lecturers, students and other staff members, as well as external ones parents, local government and other parties is important in enhancing performance. It was further established that training influenced performance in public universities to a great extent. The study recommended that, various measures need to be put in place to entrench performance contracting in private and public universities and if possible, to the smallest units of operation. Measured factors leading to effectiveness of performance such as organizational productivity, employees' motivation, organizational effectiveness and organizational culture*

**Keywords:** Performance Contracting, Stakeholder Involvement, Staff Training, Monitoring and Evaluation, Organizational Structure, Performance

### Introduction

Performance Contract is a contract between the owner of an enterprise on one side and the management of the enterprise on the other, setting out certain targets to be achieved in a given time frame. It also enumerates the mutual obligations of the two parties in achieving the targets set in the contract. The introduction of performance contracting in public universities is an effort to institute a framework of accountability and enhance service delivery in Kenya. This paper is drawn on a study conducted in Kenya's public universities. The study sought to establish how variables like stakeholder involvement, staff training, monitoring and evaluation and organizational structure has affected such variables as universities ranking, student enrollment as well as the efficiency of processes at the public universities in Kenya.

### **Background of the Study**

#### *Public University Education in Kenya*

The enactment in August 2010 of the new constitution of Kenya had major implications on university education and particularly the enactment of the Education Act No. 42 of 2012. The Act specifies the universities' obligation to the people of Kenya and indicates to whom they are accountable (Kinyanjui, 2006). Prior to the Universities Act, public universities were established and governed by individual acts of Parliament while the private universities were established through accreditation by the Commission for Higher Education (CHE). The new act (2012) has created a uniform platform for university education in Kenya by providing the legal framework for the establishment, governance and management of all universities both public and private. The act mandates the Commission of University Education (CUE) to grant universities authority to operate as a way of harmonizing supervision, external quality assurance, setting standards for operation and monitoring performance. These universities cut across different geographical locations within the republic and offer a wide variety of courses.

An increasing recognition of higher education's economic and social value supports the argument that universities play an important role in influencing human capital development of a country. Economically, higher education plays an important role in the production and distribution of national income and, socially, many of the social indicators of development improve once the level of education increases. According to Varghese (2013) the recognition of higher education's economic and social value supports the argument for an expanded higher education that less-educated people are better off in a well-educated society than in a society with a mediocre level of education. This expansion comes with challenges among them lack of finances to drive research and development, competition in peer ranking by webometric ranking system, student enrollment rates and increasing public complaint that impact on both the employees and performance of the institutions.

#### *Performance Contracting*

There is a growing body of literature interrogating the concept of performance contracts and its efficacy in enhancing service delivery if well enforced (Economic Commission for Africa, 2009). The concept of performance contract is not very new but is perceived as a freely negotiated performance agreement between government, acting as the owner of a public agency and the management of the agency (Republic of Kenya, 2007). Globally, Gatere *et al.* (2013) noted that in Asia that the performance contract concept has been used in Bangladesh, China, India, Korea, Pakistan and Sri Lanka. They have also been used at different times in Latin America, Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Uruguay and Venezuela. Others include Malaysia, United Kingdom, U.S.A and Canada. Although the paradigm of performance contracting in Belgium dates back in the 1800s, its science originated from France in the 1960s according to research done by Bouckaert *et al.* (1999) and subsequently embraced by Pakistan and Korea and India. In United Kingdom (UK), performance contracting in public sector was introduced in 1998 as Public Service Agreement (PSA) system and outlined a set of performance targets which all government agencies were to report on (Metawie & Gilman, 2005).

In African countries, experience of poor performance in public agencies called for new comprehensive public sector reforms strategy to address these problems. Countries such as Ghana, Nigeria, Gambia and Kenya are managing public service through performance contracting (Kobia & Mohammed, 2006). Ndung'u (2009) noted that the East African Community (EAC) Performance Contract 2008/2009 stipulated expectations of member states

(Kenya, Uganda, and Tanzania) commitment for common achievement including implementation of Strategic Plan (2007-2012) which was to ensure that appropriate work plans are developed on the basis of comprehensive performance targets. In 2001, the GoK launched a strategy for performance improvement in the public service whose aim was to increase productivity and improvement in service delivery underpinned by results-based management orientation (Gatere, Keraro & Gakure, 2013).

The first attempt on PC in the public service in Kenya was made in 1984 with Kenya Railways signing a PC while National Cereals and Produce Board signed in 1990. The initiative however floundered as there was no political will to see it through. A strategy paper recommending re-introduction of PC in state corporations was presented to the cabinet in 1991 but this too did not take off (Kobia & Mohammed, 2006; Mbua & Sarisar, 2013). Based on lessons learnt after the failure of the first phase of implementation of public service reforms, the focus shifted from cost containment to productivity improvement and in addition, the process was fully controlled by the public service itself unlike the first phase that was donor driven (Kobia & Mohammed, 2006). The current phase of reforms focused on improvement of service delivery rather than the processes. This led to the birth of performance contracting in the public service in Kenya (Kobia & Mohammed, 2006 and Mutahaba, 2011). PC is therefore seen as an effective way to provide quality goods and services within budget constraints (Kariuki, 2011). As it has been hugely celebrated and is associated with improvements in service delivery in the public sector (Muthaura, 2010).

#### *Performance of Public Universities*

In the recent past, university education in Kenya has undergone tremendous expansion in that as of 2015 there are 52 fully fledged universities compared to 16 ten years earlier. The rapid expansion of universities in Kenya coupled with an economic as well as social demand for university education has brought about a number of challenges. Increased access, ranking of universities, the flood of students in search of market-driven courses, staff retention and increased competition for quality students from local and overseas are some of the challenges (Chacha, 2004; Mwangi *et al.*, 2011).

The changes brought about by the rapid expansion of universities as well as the demand for quality service has put a strain on employees of universities in Kenya. This coupled with competition for both students and teaching staff among universities has over-stretched facilities and resources in nearly all the public universities. Public universities are now responding through various strategies that include the introduction of innovative courses to attract students, the establishment of new campuses for a wider catchment area, the use of different modes of delivery and the employment of technology in their management processes and systems (Mbithi, 2014).

Additionally, universities have now introduced Income Generating Activities (IGAs) whose sole function is to raise the much-needed funds for the universities. In responding to the general poor performance among state corporations, the Kenyan government has put all the parastatals under performance contracts and public universities are no exception (Shigogodi *et al.*, 2014). The (UNESCO, 2003) report on higher education development in African states show that many countries with higher education systems that are at critical development phases have experienced higher rates of expansion and increase in student enrolment than anticipated. The unprecedented students' enrolment has caused some universities to register more self-sponsored students than government sponsored students. Despite this expansion and as a result of inadequate government funding, the institutions face demand-related challenges especially

in terms of access and equity; quality and relevance; science and technology; and management and global marketability (GoK, 2005). Quality and relevance have even been a greater challenge that every university has had to grapple with. Expansion in students' enrolment has called for higher quality in education and bolder quality management systems that are able to match the speed of expansion of universities. This study will seek to find out the role of PC on the increase of enrollment in public universities in Kenya.

Quality education and research are the backbone to Universities. The challenge to policy makers today is how to balance quality education and research and greater access. Parallel degree programs are attracting a large turnover of staff neglecting research at the platform of teaching which offers an extra remuneration. Most public Universities under PC are tasked with targets in Research, Innovation and development.

The three types of measures of effectiveness of an organization include: rankings, accountability and quality assurance. The first global university ranking was developed by the Shanghai Jiao Tong University in 2003 (Hazelkorn, 2011), and since then a number of systems have been developed in an endeavor to effectively rank universities. For instance, UNESCO European Centre for higher education (UNESCO-CEPES) and the institute for higher education policy in Washington, D.C founded in 2004 the International Ranking Experts Group which developed a set of quality principles and good practices, referred to the Berlin principles of ranking of higher education institution. Another system is the THE-QS World University ranking which is referenced in over 1000 newspapers, journals and websites every year (The Journal of Educational Studies NO.1 2010). The World University Ranking Web is the most recent ranking system and most Kenyan Universities were ranked. Shin, Toutkoushian, and Teichler (2011), note that a university's effectiveness can be measured theoretically by a combination of inputs, throughputs and/or outputs. Another factor to be addressed is how to properly measure the concept of 'quality' in higher education. They agree that it is difficult to find a proxy measure for this construct, thus a critical issue to researchers is how to use available quantitative indicators to best represent quality in higher education. This study intends to find out if PC in Kenya's public Universities influences their level of ranking.

### ***Statement of the Problem***

There has been a lot of public concern as a result of the dwindling rate of performance in public universities in Kenya. Lack of clear focus as to what is expected from employees and poor or no methods of measuring performance has been the greatest challenge (Muthaura, 2007). Since independence performance of public universities in Kenya has been deteriorating largely as a result of management systems which put emphasis on compliance with processes rather than results. This coupled with the absence of clear well formulated objectives made it difficult to assess organizational and individual performance (Government of Kenya, 2005).

As a result of the need to improve both efficiency and effectiveness in the public sector in light of the scarce resources and the high public expectations, all Public Universities were put on Performance Contracts by the Government. The Performance Contract is implemented through the Performance Appraisal System (PAS) which has been adopted in the Public Universities (GoK, 2008). Quality higher education is indispensable to economic growth, political development, technological catch up as well as increasing a society's competitiveness in a globalized environment (Bloom, 2004). Kenya being a growing economy has seen a significant growth in quest for higher education. This is evidenced by the huge population of students in both private and public Universities across the country which has more than doubled in the last decade. This has however brought forth a number of challenges in the management of public

universities among them poor quality of services. Kenya has over 130,000 students enrolled in local universities. This translates into poor performance as reflected in Gross Enrollment Ratio (GER) of 3%, which is lower than the 5% GER for sub-Saharan Africa (Otunga, 2010). The quest to narrow this gap has resulted in mushrooming of Universities and Colleges across the country. This has compromised the quality of services delivered in these institutions of higher learning to all their stakeholders. This is also partly because internally, the administrators forget to tie service delivery with predetermined performance standards. They are not paying as much attention to planning the implementation of their quality standards as they give to formulating these standards (Kibet, 2004).

### **Objectives**

- i. To establish how stakeholder involvement affects performance in public Universities.
- ii. To determine how staff training affects performance in public Universities.
- iii. To assess the impact of monitoring and evaluation on performance in public Universities.
- iv. To examine how organizational structure affects performance in public Universities.

### **Literature Review**

#### ***New Public Management Theory***

In pursuit of the goal of performance improvement within the public sector, New Public Management emphasizes on the adoption of private sector practices in public institutions (Balogun, 2003). Hood (as cited in Mackie, 2008) refer to NPM as ‘a series of themes relating to reforming the organization and procedures of the public sector in order to make it more competitive and efficient in resource use and service delivery. Performance measurement is often taken to be fundamental to delivery of improved services as part of NPM. Emphasis on performance management for delivery of results is undoubtedly influenced by the basic assumption of performance management which lies in its professed ability to unite the attention of institution members on a common objective and galvanize them towards the attainment of this objective (Balogun, 2003).

There is little agreement among scholars on which theory performance contracting should be anchored on though there is consensus that it is closely associated with New Public Management theory or movement (Obong’o, 2009, Mutahaba, 2011; Larbi, 2014). NPM is associated with the various reforms initiated in the public sector with the aim of improving accountability and maximize the use of scarce resources in provision of public goods and services. There is agreement among scholars who have studied performance contracting that PC is one of the reforms that have been initiated under NPM whose main focus is making government more efficient by using less to produce more. This theory informed all the variables of the study.

#### ***The Goal Theory***

Goal theory states that employees are motivated by clear goals and appropriate feedback (Locke, 1968). That working towards a goal provides a major source of motivation. Challenging and specific goals accompanied by feedback lead to higher levels of individual and group performance. The prime axiom of this theory is that specific difficult goals lead to higher performance than when people strive to simply do their best (Latham, 1990). Such goals positively affect performance of an individual and direct people’s efforts and energies in a particular direction. That there was a relationship between how difficult and specific a goal was and people’s performance of a task. Difficult and specific goals lead to better task performance than vague and easy goals. Locke, (1968) found out that for goals to be

motivational, they should people must accept the goals and be committed to them. Performance Contracting is premised on the tenets of goal theory in that the targets are specific based on the organization's strategic plans. This theory instigated the variable on stakeholder involvement.

### **Empirical Review**

Shigogodi et al. (2014) posits that as a result of the introduction of performance contracting in the university, there has been significant improvement in the service delivery even though the impact was yet to be fully felt. The study also found out that most of the respondents were aware of the reasons leading to the implementation of Performance Contracting and the benefits that accrue from its practice. However, only a sample of one University (Masinde Muliro University of Science and Technology) was used in the study and the study generalized the findings to other Universities in Kenya. This study was however based on a small sample therefore the findings cannot be used for meaningful conclusions hence a methodological gap. Consequently, with a view to decrease error and therefore increase accuracy of facts on the relationship between PC and Performance in public Universities in Kenya this study will increase the sample size of universities from one to four.

Gatere *et al.* (2013) observed that performance contracting leads to improvement in performance effectiveness, various factors organizational productivity, employees' motivation, organizational effectiveness and organizational culture were measured that led to performance effectiveness. In the study "Performance Contracts in Kenya: Instruments for Operationalizing Good Governance" based on the results for year 2005-2006, Prajapati (2010) reckoned that Performance Contract (PC) is an agreement between the government as the client and a public agency (managers) which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets and reprimand for non-performance. The study revealed that any effort to measure performance results to positive results because employees' efforts are focused to organization's objectives thus improving performance. However, the studies failed to relate performance contracting to performance.

Kinanga and Partoip (2013) in a study on relationship between employee productivity and participation in target setting found that most employees associated improved performance with performance target setting. These findings were similar to earlier findings by Kobia and Mohammed (2006). Kogei *et al.*, 2013 concluded that involving stakeholders in setting of targets would be crucial in ensuring greater transparency and accountability. Nzuve and Njeru (2013) in a study on PC in Nairobi County in Kenya found that 82% of employees believed that stakeholders have not been involved in performance contracting. All these studies have demonstrated the central role of ensuring that employees and stakeholders are involved in target setting in order to create ownership and by extension, commitment. However, a comprehensive investigation on individual stakeholders' contribution, as a result of PC, to overall performance in their institution's especially public universities is lacking.

The Government of Kenya (2010) through a Panel of Experts set up to review Performance Contracting since implementation in 2004 studied the PCs and shed light on areas such as: the framework and design of the performance contracting system applied since 2004; the performance contracting process; the performance contracting evaluation system and process; the critical learning points from the performance evaluation results reported over the past three financial years, and citizen participation, expectations and perceptions. The report was too broad and failed to address specific areas such as quantified effects of performance contracting on performance.

Obong'o (2009) in the "Review on Performance Contracting in Kenya" based on results for the year 2005-2006 asserted that introduction of performance contracts by the government in 2004 has improved performance, service delivery and governance. The study was descriptive based on the secondary data only.

### Methodology

The study used Descriptive research design of survey in nature. Data was collected using descriptive survey which Saunders *et al.*, (2003) defines as one which looks at intense accuracy of the phenomena at the moment and describes precisely what the researcher sees. The choice of this research design was guided by the fact that the authors intended to establish the extent to which performance contracting (independent variable) affected the dependent variables in the study.

The study was conducted at the selected public Universities with campuses within Nairobi CBD with the target population comprising the Academic staff i.e. the deans and one other lecturer from the various schools at the University of Nairobi, Kenyatta University, JKUAT and TUK. UoN had 35 Schools, KU had 16 Schools, and JKUAT had 15 schools while TUK had 18 schools. The total target population was 84 deans and 84 lecturers of the various schools in the selected Universities adding up to 168 respondents.

Sampling is the process of selecting a number of individuals or objectives from a population such that the selected group contains elements representative of the characteristics found in the entire group (Mugenda & Mugenda, 2003). The sample used in this study was made up of Academic staff members of the selected Universities i.e. University of Nairobi, KU, JKUAT and TUK. Simple random technique and Stratified technique of sampling were used to generate the study sample. Since the sample was made up of schools from the four universities a census was done. This was because the schools were small in number. Below is a table of the sample frame.

**Table 1: Sampling Frame**

<b>Name of University</b>	<b>Number of Deans</b>	<b>Number of Lecturers</b>
University of Nairobi	35	35
Kenyatta University	16	16
JKUAT	15	15
Technical University of Kenya	18	18
<b>SUB-TOTAL</b>	<b>84</b>	<b>84</b>
<b>TOTAL</b>		<b>168</b>

Source: Universities' Websites (2015)

Both primary and secondary data sources were employed for data collection. The questionnaires were made up of both structured and unstructured questions so that quantitative and qualitative data was collected for the study. The responses to the items in the questionnaire were structured on a Likert 5-point rating scale.

This study employed both content and construct validity tests where content validity was based on the extent to which a measurement reflected the specific intended domain of content while construct validity sought agreement between a theoretical concept and a specific measuring device or procedure. Reliability on the other hand, measuring the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003)

was done using pilot test. The data was analyzed and measured by alpha value ranges between 0 and 1. Coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability (Mugenda, 2008). For the purpose of this study alpha value of 0.7 was obtained hence reliable.

The study considered both quantitative and qualitative analysis. Descriptive statistics involved the use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data was analyzed by the help of regression model, presented in tables and graphs and explanation was presented in prose. The study also used inferential statistics to investigate the role of performance contracting on the performance of public universities in Kenya. Specifically, the study used the correlation to establish this relationship.

The regression equation is:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Where:

**Y** is the dependent variable (**Public University Performance**),  **$\beta_0$**  is the regression coefficient/constant/Y-intercept,  **$\beta_1$** ,  **$\beta_2$** ,  **$\beta_3$**  and  **$\beta_4$**  are the slopes of the regression equation,  **$x_1$** = Stakeholder involvement,  **$x_2$**  = Staff Training,  **$x_3$**  = Monitoring and Evaluation,  **$x_4$**  = Organization structure,  **$\varepsilon$**  is an error term normally distributed about a mean of 0 and for purpose of computation, the  **$\varepsilon$**  is assumed to be 0.

### Findings and Discussion

A total of 168 questionnaires were administered out of which 135 were filled and returned. This represented a response rate of 80.36% which was deemed sufficient for inference purposes given that a response rate of 50% and above is acceptable (Mugenda & Mugenda, 2003).

#### Response Rate and Reliability

**Table 2: Response Rate**

University	Target population	Response	% Response rate
University of Nairobi	35	28	80
Kenyatta University	16	12	75
JKUAT	15	12	80
TUK	18	14	77.78
<b>Total</b>	<b>168</b>	<b>135</b>	<b>80.36</b>

#### Reliability Test

Findings presented in Table 2 shows the Cronbach Alpha Coefficient for the performance of public universities in Kenya of 0.845. Reliability of the instruments was measured using the 21 items in the questionnaire that were structured using a Likert type scale.

**Table 3: Reliability Statistics**

Cronbach'SAlpha	Number of Items
0.845	21

Source: Field Data (2015)

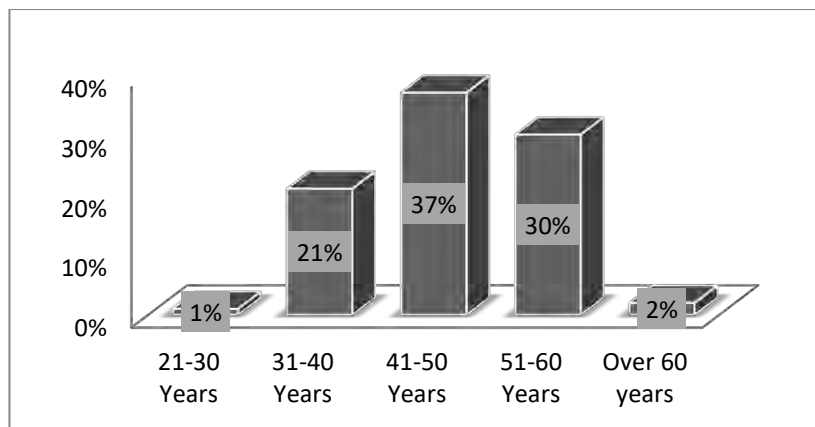


Table 3 reports reliability of the research. For the study to be reliable, it has to be above 0.7000 (Mugenda & Mugenda, 2003). Since the above scale is 0.845 this means the research study was reliable and the findings can be used for decision making with a reasonable degree of reliability.

**Demographic Information**

The study established the demographic information of the respondents based on gender of the respondents, age bracket, educational level, occupation and the number of years they have served at the University. The background information was significant to the study as it helped to understand the logic of the background aspects of the different respondents. However, all the respondents were selected from the study area.

The respondents were required to indicate their age bracket to determine how fairly the results were distributed. The findings are presented in Figure 1.



**Figure 1: Age Bracket**  
Source: Field Data (2015)

From the results in Figure 1, it is evident that most of the respondents at 37% were within the age bracket of 41-50 years followed closely by the respondents within the age bracket of 51-60 years at 30%, 31-40 years at 21% while the least being between the age of 21-30 years and over 60 years at 1% and 2% respectively. This was evident that the most staff in our Kenyan universities are relatively young and strong and are at the age bracket where optimum in terms of work performance is expected from them.

To determine the gender ratio of the employees in the four universities, the respondents were asked to indicate their gender. The study established that there was a great disparity in the gender ratio between the male and the female staff in the Kenyan Universities. Majority of the respondents (81%) of the respondents were male while 19% of the respondents were female. This disparity is also reflected in the management and supervisory positions and this is far below the 1/3 gender rule of the requirements in the constitution of Kenya.

The educational level of the respondents was essential in the study as it may influence the types of responses obtained from the respondents concerning the independent variable which is the performance of public universities. Figure 2 shows the findings on education qualification and it is evident that majority (77%) of the respondents had attained a doctor of philosophy degrees as their highest academic qualification, 23% had Master’s Degree as their highest academic qualification where 65 respondents at 48% were dean staff and 70 respondents at 52% were lecturers. This depicts that majority of the respondents also staff working at the universities

were literate with very good credentials hence they are capable to adopt to any strategic measures that the institution formulates with aim of improving its operation. This was also a proof that they could give relevant information concerning performance and management generally.

The terms of service for the employees was also sought ascertaining the staffs' level of commitment towards their employer, the respondents were asked to indicate their terms of service as stated in their letter of offer. Findings indicate that majority of the respondents 82% of the respondents confirmed that they had been employed as permanent staff while 18% were staff initially employed on contact terms. This is evident that, since most of the staff were on permanent terms, they are assets to their organizations and that much is expected from them in terms of performance. Table 4 indicates the number of years the members of staff have worked in the university.

**Table 4: Number of Years in the University**

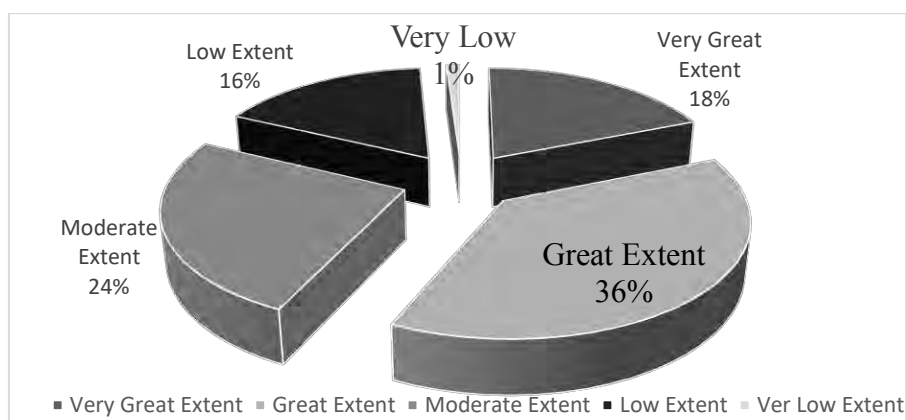
Years	Frequency/Respondents	Percentage (%)
Between 1-5 Years	21	17
Between 6-10 Years	12	8
Between 11-15 Years	22	17
Between 16-20 Years	41	30
Between 21-25 Years	24	19
Between 16-20 Years	10	8
Over 30 Years	5	1
<b>Total</b>	<b>135</b>	<b>100%</b>

Source: Field Data (2015)

The findings indicated that majority had an experience of between 16-20 years in the same university followed by 24 respondents at (19%) who had worked for 21-25 years while the least being those who have worked for over 30 years. This indicates that they had enough information about what is currently happening in the university.

#### ***Extent of Stakeholders' Involvement***

In order to establish the extent to which stakeholders influence employees' performance, they were required to indicate the same in the questionnaires. The following were their responses:



**Figure 2: Stakeholders' Involvement**

Source: Field Data (2015)

Figure 2 illustrates the findings of the study on the extent that stakeholders get involved in influencing the performance of employees. Cumulatively, 54% of the respondents' purported that they influenced employee performance to a great extent, while 17%, of the respondents indicated that stakeholders influenced employee performance to low extent. This was a positive proof that stakeholders played a role in the performance enhancement of the university staff. It was established that collaboration with internal stakeholders, like lecturers, students and other staff members, as well as external ones– parents, local government and other parties is important in enhancing performance and effectiveness.

Table 5 illustrates the finding of the study on the respondent level of agreement on how the aspects of stakeholders' involvement influenced employees' performance. From the findings, most of the respondents strongly agreed that consultation during performance contract formulation process creates ownership and enable the setting of targets that are realistic by the implementing agency was depicted by mean score of 4.83, also respondents strongly agreed with the statement that there should also be continuous capacity building, research and development to ensure favorable ranking of the university as shown by mean score of 4.53. Further respondents said that all stakeholders should be involved in the various stages of the performance contract process and while they agreed the least in the statement where stakeholders' involvement in formulation of the strategies in the strategic plans provides invaluable support during the implementation as shown by mean score of 4.43 and 4.33 respectively.

**Table 5: Aspects of Stakeholders' Involvement**

	Mean	StdDev
Stakeholders' involvement in formulation of the strategies in the strategic plans provides invaluable support during the implementation	4.33	0.626
Consultation during performance contract formulation process creates ownership and enable the setting of targets that are realistic by the implementing agency	4.83	0.461
All stakeholders should be involved in the various stages of the performance contract process	4.43	0.817
There should also be continuous capacity building, research and development to ensure favorable ranking of the university	4.53	0.73

Source: Field Data (2015)

#### ***Extent of Staff Training on Employees' Performance***

The respondents were required to indicate the extent to which staff training influenced employee performance in the respective universities. The findings show that 38% of the respondent agreed that staff training influenced employee performance in the university. Cumulatively, 44% of the respondents were in agreement while 23% disagreed that it influenced to a little and low extent. This was a positive proof that training played an important role in enhancing employee' performance since the skills and competence of employees are enhanced. The findings were in consistence with World Bank, (1995) where it is argued that Performance contracting tool operates in a management style that involves breaking down work into activities, setting targets based on the activities, measurement and evaluation the targets and using the generated information to guide future activities including the enhancement of performance. The results are as shown in Table 6.

**Table 6: Specific Statements on the Influence of Training on Employee Performance**

Statement		N	SD	D	A	SA	Total	Mean
Staff are involved and consulted in coming up with training needs	F	39	5	16	45	30	135	3.87
	%	30.0	2.0	12.0	33.8	22.2	100	80.1%
Training provided by the university offers to improve employees' skills in order to surpass their targets.	F	31	8	15	56	25	135	4.38
	%	23	6	11.1	41.5	18.4	100	90.6%
There is clarity in understanding how training needs for individual employee are arrived at.	F	35	4	20	61	15	135	4.00
	%	25.9	2.9	14.8	45.2	11.2	100	82.7%
Training combines on the job, internal and external training	F	31	2	27	51	24	135	3.87
	%	22.9	1.48	20	37.8	18	100	80.1%
Competent employees attract more students' enrolment	F	40	10	12	53	20	135	3.78
	%	29.6	7.4	8.9	39.3	14.8	100	78.2%
Training and development of any kind should have its objective the redirection or improvement of behavior so that the performance of the trainee becomes more useful and productive for himself and the organization which he is part of	F	45	4	12	40	34	135	3.84
	%	33.3	2.9	8.8	29.6	25.2	100	79.4%

Source: Field Data (2015)

The findings presented in Table 6 established that majority of the respondents at 90.6% (mean 4.38) were of the opinion that Training provided by the university offers to improve employees' skills in order to surpass their targets, 82.7 (Mean 4.0) were of the opinion that there is clarity in understanding how training needs for individual employee are arrived at, 80.1% the respondents were indifferent between the two statements that were; training combines on the job, internal and external training and that staff are involved and consulted in coming up with training needs while at 78.2% (mean 3.78) the respondents least agreed that competent employee attract more students enrolment. This is evident that is being provided by the university to employees enhances the performance targets.

### ***Influence of Monitoring and Evaluation on Employee Performance***

Different respondents gave different ratings with regard to the extent to which monitoring and evaluation influences employee performance in the university. Table 7 shows the responses.

**Table 7: Extent of Influence by Monitoring and Evaluation**

Responses	Frequency/Respondents	Percentage (%)
Very Great Extent	20	15
Great Extent	62	46
Moderate Extent	44	33
Little Extent	5	4
No Extent	4	2
<b>Total</b>	<b>135</b>	<b>100%</b>

Source: Field Data (2015)

The results in Table 7 show that cumulatively, 82 respondents at 61% were agreed that monitoring and evaluation had an influence while 6% where on the opinion that it had no effect on employee performance. This will lay the foundation of understanding that monitoring and evaluation is very instrumental in the enhancement of the employee performance because it allows employees to learn from each other’s experiences, building on expertise and knowledge.

From the findings, most of the respondents’ agreed that the Universities have monitoring and Evaluation unit and that the methods of evaluating performance are well articulated as depicted by mean score of 4.22, also respondents agreed that Service recipients are actively involved in M&E and that customer reviews are useful in improving service delivery as illustrated by mean score of 4.20. Likewise, respondents agreed that evaluation reviews are well communicated to all employees as depicted by mean score of 4.14. but they agreed the least that monitoring and evaluation should be done on an ongoing basis in order to establish the areas of weaknesses vis a vis the strength areas and make the corrective actions where performance had been compromised.

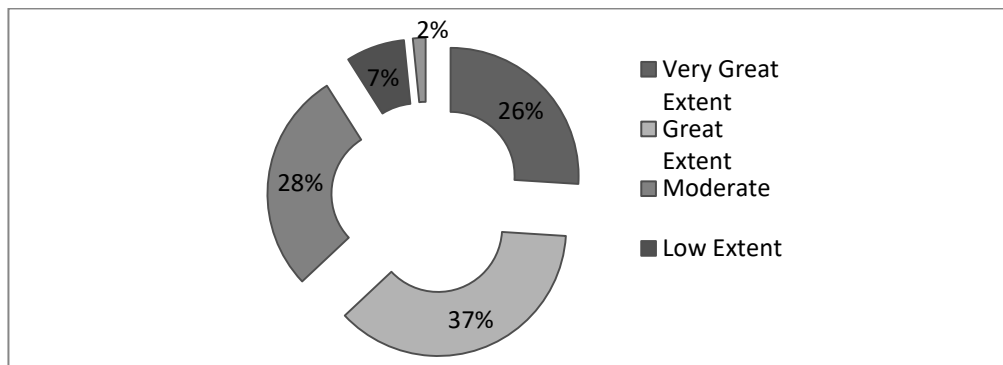
**Table 8: Monitoring and Evaluation Statements**

Statements	Mean	St. Dev
The University has monitoring and Evaluation unit	4.22	0.854
Monitoring and evaluation is conducted on an on-going basis	4.13	0.963
Evaluation reviews are well communicated to all employees	4.14	0.119
Service recipients are actively involved in M&E	4.20	0.848
Customer reviews are useful in improving service delivery	4.20	0.714
Methods of evaluation on performance contracting are well articulated	4.22	0.932

Source: Field Data (2015)

**Extent to Which Organizational Structure Influence Employees’ Performance**

When the respondents were asked to indicate whether or not the organizational structure influence employees’ performance in each university, they responded as shown in the following results; From the results in Figure 3, cumulatively 63% of the respondents agreed that organizational structure had a positive impact on employee performance while 9% disagreed and 25% of the respondents indicated that it moderately affected the results. This generally indicates that the structure has more effects on organizational learning and performance.



**Figure 3: Extent to Which Organizational Structure Influences Performance**

Source: Field Data (2015)

Organizational structures can inhibit or promote performance, depending how effectively the supervisory relationships and workflow influence productivity. It was agreed that in a professional organization structure, highly-trained individuals, such as service providers, perform work independently. Workers have a great deal of autonomy over their own performance hence enhancing the organization wide performance. The study sought to establish how the respondents agreed or disagreed to a number of statements related to organizational structure and performance. The findings were analyzed and tabulated as shown in Table 9.

**Table 9: Organizational Structure**

Statement		N	SD	D	A	SA	Total	Mean
The structure of an organization is designed to break down how work is to be carried out in business units and functional departments	F	30	5	10	63	27	135	3.9
	%	22	4	7	47	20	100	76.7%
Performance contracting formulation requires the abilities to conceptualize, analyze and judge, implementation involves working with and through other people and institution of change	F	27	10	5	58	35	135	4.5
	%	20	7	4	43	26	100	88 %
Strategy and structure need to be mandated and be supportive of each other in order to achieve objectives set	F	36	5	3	62	29	135	4.1
	%	27	4	2	46	21	100	80.2%
It is important that in designing the organizational structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered	F	28	11	14	52	30	135	3.6
	%	21	8	10	39	22	100	70.4%
There are written rules and procedures to govern decisions and working relationships within the university	F	22	15	20	55	23	135	3.5
	%	16	11	15	41	17	100	68.4 %
This university has adequate facilities and infrastructure to support research and development	F	22	15	20	55	23	135	3.8
	%	16	11	15	41	17	100	74.3 %

**KEY:** N- neutral SD- strongly disagree D-disagree A-agree SA- strongly agree (F-Frequency)

Source: Author (2015)

Table 9 indicates that 88% (mean 4.5) of the respondents were of the statement that performance contracting formulation requires the abilities to conceptualize, analyze and judge, implementation involves working with and through other people and institution of change, 80.2% (4.1) of the respondents were of the opinion that strategy and structure need to be mandated and be supportive of each other in order to achieve objectives set, 76.7% (mean 3.9) said that the structure of an organization is designed to break down how work is to be carried out in business units and functional departments. Further, 74.3 % (Mean 3.8) agreed that universities have adequate facilities and infrastructure to support research and development programmes which is very essential in predicting their performance. On the same note, 70.4% of the respondents said that is important that in designing the organizational structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. They also said that there are written rules and procedures to govern decisions and working relationships within the university at 68.4 %.

**Inferential Analysis**

*Coefficient of Correlation*

This section was investigating the correlation between performance contracting and performance of public universities in Kenya. For the purpose of establishing whether there was a relationship between dependent variables and independent variables the study employed the Karl Pearson’s correlation coefficient (r). From the findings, it was clear that there was a positive correlation between employee performance and staff training as shown by a correlation figure of 0.721, it was also clear that there was a positive correlation between monitoring and evaluation and employee performance with a correlation figure of 0.640, there was also a positive correlation between stakeholders’ involvement and employee performance with a correlation value of 0.583, there was also a positive correlation between organizational structure and employee performance with a correlation value of 0.600. It is therefore prudent to justify that all the independent variables in this study had a positive relationship with the dependent variable (performance) and therefore the enhancement of one variable automatically influenced the dependent variable positively.

**Table 10: Coefficient of Correlation**

		Performance in public Universities	Stakeholder involvement	Staff Training	Monitoring and Evaluation	Organizational Structure
Performance in public Universities	Pearson Correlation Sig. (2-tailed)	1				
Stakeholder involvement	Pearson Correlation Sig. (2-tailed)	0.583	1			
Staff Training	Pearson Correlation Sig. (2-tailed)	0.721	0.420	1		
Monitoring and Evaluation	Pearson Correlation Sig. (2-tailed)	0.640	0.0354	0.125	1	
Organizational Structure	Pearson Correlation Sig. (2-tailed)	0.600	0.1524	0.1057	0.314	1
		0.071	0.1648	0.6100	0.0245	

Source: Field Data (2015)

*Regression Model between PC and Performance in Public Universities*

This is a mathematical equation that relates performance contracting and performance of public universities in Kenya. In this study, the researcher used the Statistical package of social science to code, enter and generate a multiple regression analysis in order to determine how each independent variable is used to individually predict the dependent variable (Performance in public Universities).

*Model Summary for Performance in Public Universities*

This section was analyzing diagrammatically the relationship between performance contracting and the performance of public universities in Kenya. The coefficient of determination was

carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination,  $r^2$  is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the four independent variables which are basically stakeholder's involvement, staff training, monitoring and evaluation to the dependent variable. All the four independent variables that were studied and were found to contribute to 68.2% on the performance of public universities as represented by the adjusted  $R^2$ . This therefore means that other factors not studied in this particular research contribute 31.8% on the performance of public universities. This can therefore be attributed to factors not investigated in this study which can be covered when another study can be done emphasizing on other factors.

**Table 11: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.826	0.682	0.573	0.220

Source: Field Data (2015)

### Multiple Regression

The multiple regression output on Table 11 revealed the following:

$(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon)$  becomes:

$$Y = 1.405 + 0.598X_1 + 0.520X_2 + 0.511X_3 + 0.515X_4$$

The equation (multiple regression equation) above has established having in mind that taking all factors (Stakeholder involvement, Staff training, monitoring and evaluation and finally organizational structure) constant at zero, performance of public universities will be 1.405. Similarly, it is assumed that taking all other independent variables at zero and assuming that both the dependent and independent variables are measurable, this would mean that; a unit increase in stakeholder involvement will lead to a 0.598 enhancement of performance in public universities; a unit increase in staff training will lead to a 0.520 increase performance of public universities; a unit increase in monitoring and evaluation programmes will lead to a 0.511 increase in performance of public universities and a unit increase in organizational structure will lead to a 0.515 increase in performance of public universities. This therefore means that the variables (independent variables) have positive relationships with performance of public universities (dependent variable).

**Table 411: A Summary of Regression Coefficients**

	Un-standardized Coefficients		Standardized Coefficients	t-statistic	Sig.
	B	Std. Error	Beta		
(Constant)	1.405	0.218		0.145	3.22 -02
Stakeholder involvement	0.598	0.112	0.020	1.208	1.11 -02
Staff Training	0.520	0.346	0.121	1.613	1.42 -02
Monitoring and Evaluation	0.511	0.468	0.420	1.150	2.54 -02
Organizational structure	0.515	0.114	0.214	1.052	8.36 -02

Source: Field Data (2015)



These results indicated that the four components influenced performance of public universities individually in a number of ways and that stakeholder involvement influenced it the most, followed by staff training, organizational structure and finally the monitoring and evaluation.

Under the dependent variable (Performance in Public Universities), the respondents were asked a verbal question to explain whether webometric ranking of public universities enhances the performance. It was observed that, universities are ranked annually to display the position for each performance in comparison to others. Sixty nine respondents at (51%) cumulatively agreed that the webometric ranking had an effect on the performance of public universities while forty nine percent (49%) disagreed. This implied that employees for (51%) and against (49%) tallied which contradicts the spirit behind measurements according to GoK (2005) because public universities were expected to share their strength in order to minimize on the weakness. Studies by (Korir, 2010; Muthaura, 2007; Kobia & Mohammed, 2006) observed that performance contracting has become key to the achievements of results in the public sector following a move by the government to open up its public coffers for scrutiny and accountability.

### **Conclusion and Recommendations**

Under **stakeholders'** involvement, the study established that the collaboration with internal stakeholders, like lecturers, students and other staff members, as well as external ones– parents, local government and other parties is important in enhancing performance. Findings indicate that performance contracting leads to improvement in performance effectiveness in public universities. Under the same note, the study further established that consultation during performance contract formulation process creates ownership and enable the setting of targets that are realistic by the implementing agency.

To the objective of **staff training**, it was established that training influenced performance in public universities to a great extent. Staff training was perceived to enhance the employees' skills and competence which will translate to enhanced performance in a variety of areas, including increased customer satisfaction, profitability and productivity, and reduced employee turnover. There are additional benefits, especially when Universities offer their employees for development; staffs are more loyal, more motivated, and experience a higher level of job satisfaction if offered training and encouraged to improve their performance.

On **monitoring and evaluation (M & E)**, the study found that that majority of the respondents were of the opinion that it had an influence on employee performance and that monitoring and evaluation is very helpful in enhancing employee performance because it allowed the employees to learn from each other's experiences, building on expertise and knowledge. It was further established that most public Universities had a monitoring and Evaluation unit and that the methods of evaluating performance were well articulated hence performance was not compromised however; the study was categorical that monitoring and evaluation of performance should be conducted on ongoing basis in order to keep track of activities in an organization. To assess performance, it is necessary to select, before the implementation of the project, indicators which will permit rating the targeted outputs and outcomes.

Under **organizational structure**, the study established that structure has more effects on organizational learning and performance. For instance, organizational structures can inhibit or promote performance, depending how effectively the supervisory relationships and workflow influence productivity. It was further found out that in a professional organization structure, highly-trained individuals, such as service providers, perform work independently. Workers

have a great deal of autonomy over their own performance hence enhancing the organization wide performance.

Performance contracting is very important in influencing the performance of any institution, whether private or public and therefore its formulation requires the abilities to conceptualize, analyze and judge, implementation involves working with and through other people and institution of change.

### **Recommendations for Further Research**

Arising out of the findings of this study, the following are the areas suggested for further study:

- (i) This study did not focus on other factors which may directly or indirectly affect performance in public universities. Therefore, further research is recommended to examine in more details on other factors that are not covered in this study.
- (ii) The same research could also be carried in private universities in Kenya. This will widen the scope of information collected on the topic of the study to ascertain whether it is in line with this particular one.
- (iii) Since not all stakeholders were included among the respondents due to time constraints (although they might have been included indirectly), it is therefore recommended that further research should be conducted using a larger sample size to establish whether the results will be consistent with this study.
- (iv) An investigation should be carried out to establish the extent to which Performance Contract targets are cascaded to all levels of the organizations and their linkage with individual performance targets. Available research is not conclusive as it is based on small samples that cannot be used for meaningful conclusions.

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