

**EFFECT OF PERFORMANCE CONTRACTING ON QUALITY SERVICE  
DELIVERY IN KENYA'S PUBLIC SECTOR: A SURVEY OF TEACHERS  
SERVICE COMMISSION STAFF IN THE NORTH RIFT.**

**BY**

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**DECLARATION**

**Declaration by the Candidate**

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

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**DEDICATION**

This work has been dedicated to my uncle Hon. Dengtiel Ayuen Kuur, my dear wife Rebecca Adau Bior Ajaang and relatives for their wonderful support, encouragement and moral support in one way or the other throughout my studies and towards the successful completion of this study.

**ACKNOWLEDGEMENT**

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## **ABSTRACT**

Most of governments worldwide have faced challenges on their public institutions to effectively and efficiently dispense services to its public and stakeholders thus there has been poor quality service delivery by most of the institutions. The study sought to establish the effect of performance contracting on quality service delivery in Kenya's public sector: A survey of Teachers Service Commission staff in the North Rift. To guide this study, the study formulated the following objectives, to determine the effect of target setting on quality service delivery, to establish the effect of planning on quality service delivery, to determine the effect of Monitoring and Evaluation on quality service delivery and to assess the effect of appraisal on quality service delivery. The study was guided by Theory of contracting and utilized explanatory research design. It used census study for selecting the respondents. The target population was 185 employees in Eldoret, Kitale and Iten TSC which also formed the sample size. Bivariate correlations were employed to establish the relationship among the variables. Finally, multiple regressions were used to analyze the effect of performance contracting on quality service delivery in Kenya's public sector. The results revealed that monitoring and evaluation and performance appraisal were significant in affecting quality service delivery, while target setting and planning were not significant in affecting quality service delivery. It was recommended that TSC commissioners should ensure that, the targets are based on the current year's performance, planning by the commission should be aligned with future organizational desired goals and the monitors should engage with officials and immediately follow up on problems and that TSC monitoring should be made in such a way that the citizens are educated on their rights and in so doing increase their power to demand better services. The study recommends that a study should be done on the role of performance contracting in enhancing effectiveness of performance in Kenya Power in the North Rift.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>TSC</b>	Employees Service Commission
<b>DEO</b>	District Education Officer
<b>SERVQUAL</b>	Service Quality
<b>GOK</b>	Government of Kenya
<b>SERVPERF</b>	Service Performance
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PUMA</b>	Public Management SERVICE
<b>PAC</b>	Political Action Committee
<b>AAPAM</b>	African Association for Public Administration and Management
<b>ERSWEC</b>	Economic Recovery Strategy for Wealth and Employment Creation
<b>PETS</b>	Public Expenditure Tracking System
<b>PAS</b>	Performance Appraisal Systems
<b>MBO</b>	Management By Objectives

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**OPERATIONAL DEFINITION OF TERMS**

<b>Contract</b>	Lane (1987) defines a contract as a binding agreement between two or more parties for performing, or refraining from performing some specified act(s) in exchange for lawful consideration
<b>Performance</b>	The American Heritage Dictionary (2009) defines performance as the results of activities of an organization or investment over a given period of time
<b>Performance contracting</b>	American Heritage Dictionary (2009) defined as a binding agreement between two or more parties for performing, or refrains from performing some specified act (s) over a specified period of time.
<b>Quality</b>	It is defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Kotler et al., 2002, p. 831).
<b>Service</b>	is a product or activity that meets the needs of a user or can be applied by a user (Zeithaml, 1990).
<b>Quality Service delivery</b>	Quality Service is the extent to which customers' perceptions of service meet and/or exceed their expectations for example as defined by Zeithaml et al. (1990).

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter examines the background to study problem, statement of the problem, objectives of the study, Research hypotheses, the justification/significant of the study, the scope of the study and the assumption.

#### **1.1 Background of the Study.**

Most of governments worldwide have faced challenges on their public institutions to effectively and efficiently dispense services to its public and stakeholders thus there has been poor quality service delivery by most of the institutions. The recent concept of result based management through performance contracting was meant to address challenges of quality service delivery by public institutions (Sureshchandar, Rajendran & Anantharaman, 2002:10).

Quality Service has been receiving much prominence of late due to its obvious relationship to costs, financial performance, and customer satisfaction. Service quality oriented organizations focus on ascertaining customer perceptions of quality service and subsequently devising tools and strategies to deliver the same (Sureshchandar, *et al* 2002:10). Thus to this end, quality service is a critical determinant of competitiveness and a proxy measure and key determinant of value for money. It can help a local authority to differentiate itself from other authorities and organizations and through it gain a lasting competitive advantage. Service quality can further be regarded as a key antecedent to successful customer relationships, and to improved economy, efficiency and effectiveness (Ghobadian, Spellar& Jones, 1993:44).

Despite the importance of service quality, the concept is not well developed in the public sector. Thus, in this respect the public sector lags behind the private sector in embracing market-oriented philosophies and initiatives for monitoring and evaluating service delivery. In public service delivery, the concept of service quality is contested. The reason is that conceptually it is often problematic to reach a common understanding or universal definition of quality service.

Lane (1987) defines a contract as a binding agreement between two or more parties for performing, or refraining from performing some specified act(s) in exchange for lawful consideration. On the other hand, The American Heritage Dictionary (2009) defines performance as the results of activities of an organization or investment over a given period of time. Performance contracting as part of strategic management is, therefore, defined as a binding agreement between two or more parties for performing, or refrains from performing some specified act (s) over a specified period of time. It is a branch of management control systems which provide information that is intended for managers in performing their jobs and to assist organizations in developing and maintaining viable patterns of behavior (CAPAM, 2005). As part of performance management, performance contracting is a central element of new public management, which is a global movement reflecting liberation management and market-driven management. Liberation management means that public sector managers are relieved from a plethora of cumbersome and unnecessary rules and regulations which usually hinders quick decision making in the organization (Gianakis, 2002). The debate in the public sector has been more complex than just increasing the effectiveness of strategic management systems and narrowing the gap between ambitious strategies and annual planning.

The Teachers Service Commission (TSC) was established in 1967 through an Act of Parliament, Cap 212 of the laws of Kenya (Legal Notice No. 10 of 1968) and charged with the responsibility of employees' management in public primary schools, secondary schools and tertiary institutions (Republic of Kenya, 1967). The Commission was set up to bring all employees serving in public institutions under one employer with harmonized terms and conditions of service. The TSC is legally mandated to perform core functions such as teacher registration, recruitment, employment and deployment of employees, teacher remuneration, discipline and maintenance of teaching standards (Republic of Kenya, 1967). The Mission of the Employees Service Commission is to establish and maintain a sufficient professional teaching service for educational institutions. The Vision in line with the mission is to be an institution of excellence in the provision of efficient and effective service for quality teaching. The TSC is guided by core values that include; professionalism; customer focus; integrity; team spirit; and innovativeness (TSC, 2009).

In the year 2005/2006 the TSC embraced the Performance Contracting process introduced by the government through Legal Notice Number 93 of 2004. During the period 2005/2006 the Commission attained position seventy-one (71) among the state corporations and position 94 in the financial year 2006/2007 (Republic of Kenya, 2007b). Currently Employees Service Commission is on the 5th cycle of the Performance Contract and is also undertaking a mid-term review of its strategic plan in line with the Kenya Vision 2030. Some of the challenges that TSC faces include: delays in payments of salaries; late appointment of employees on payroll; and, shortage of the teaching force in public learning institutions.



## **1.2 Statement of the Problem**

There have been several Kenyan Government initiatives since 2002 meant at improving delivery of services (GOK, 2006). The enactment of the Public Procurement and Disposal Act, 2005 was meant to streamline procurement efforts within government and avoid wastage of resources. The Anticorruption and Economic Crimes Act, 2003 are among several other initiatives that have generally contributed to overall government performance and service delivery. The current performance management system popularly known as performance contracting in government was introduced in 2004. Since then, the system has gone through its own measure of successes and challenges- Log Associates, Evaluation of Performance Contracting, Final Report, 31st March, 2010. Performance management is aimed at improving quality service delivery in the public sector and these efforts have been tried and applied elsewhere including Malaysia, Singapore, US, among others with generally mixed results (Republic of Kenya, 2005a). Performance contracting in Kenya is still in formative stages. However, within its few years of existence, the system has registered mixed results. Whereas, in some sectors, the system has contributed significantly to improve administrative and financial performance, in others, results are yet to be realized. The lack of universal acceptability has been one of the reasons various institutions began participation in the system at different times. Some of these have been addressed partially while others remain a challenge. The TSC Strategic Plan 2005 – 2010 captured some of these challenges and aligns strategies on how to address them especially in the performance contract (TSC, 2005). Performance Contracting has become an important mechanism in improving quality service delivery in public sector. In view of this, the study sought to investigate

the effect of performance contracting on quality service delivery in Kenyan's public sector, the TSC in particular.

### **1.3 Objective of the Study**

The purpose of this study was to establish the effect of performance contracting on quality service delivery in Kenyan's public sector: A Survey of Teachers Service Commission Staff in the North Rift.

The study specific objectives were.

- (i) To determine the effect of target setting on quality service delivery at Teachers Service Commission.
- (ii) To establish the effect of planning on quality service delivery at Teachers Service Commission.
- (iii) To determine the effect of Monitoring and Evaluation on quality service delivery at Teachers Service Commission.
- (iv) To assess the effect of appraisal on quality service delivery in Employees Service Commission.

### **1.4 Research Hypotheses**

The study tested the following hypotheses.

H<sub>01</sub>: Performance target setting has no significant effect on quality service delivery.

H<sub>02</sub>: Performance planning has no significant effect on quality service delivery.

H<sub>03</sub>: Performance Monitoring and Evaluation has no significant effect on quality service delivery.

H<sub>04</sub>: Performance Appraisal has no significant effect on quality service delivery.

### **1.5 Significance of the study**

This study would benefit the government agencies charged with the responsibility of sensitizing and training officers and managers on the implementation of performance contracts and can use the results of the study to find out how they can more effectively train Government agencies, which monitor and evaluate performance of the public sector under performance contracting may also benefit organizations in the public sector bracket such as the Teachers Service Commission may use the results of the study to implement good management practices that will enable them achieve their set targets agreed on in the Performance Contract.

The findings of the study might also benefit the management in the Commission and in the public sector in establishing specific strategies and policies relating to the implementation of performance contract initiative in Kenya. This in turn can, and would help achieve better service and hence better performance.

Third, organizations such as the Teachers Service Commission that are in the public domain and comply with performance contracts may benefit from lessons learnt during previously signed performance contracts to avoid mistakes, if any that may have been made and improve on general performance; and,

Finally, the findings of this study could be used to assist employees in understanding and embracing the performance contract initiatives, as well as help in identifying their

individual potential. This would enable the Commission pursue personnel development such as training and capacity building through relevant self-development initiatives.

In the end, the study could act as a reference point for future researchers seeking to carry out further research in this field and related areas of improved management.

### **1.7 Scope of the study**

The study was carried out at Teachers Service Commission (TSC) in the North Rift; Eldoret, Iten and Kitale branches. The target populations were employees from four major departments based on area of specialization and included: Branch Director, Deputy Branch director, Human Resource manager, Deputy Human resource manager, Accountant, Deputy Accountant, Registry (Clerks) and Sub –ordinate. Methodologically, the numbers of 185 respondents were drawn from the above mentioned offices, thus limiting the study to census approach. The aspects to be considered in the study was based on the dependent variable; Quality Service Delivery and Independent variable; performance contracting which included Target setting, Planning, Monitoring and Evaluation, and Appraisal. Data collection was collected using questionnaires. The time taken was approximately the period between June and September 2014 respectively. Finally, descriptive and inferential statistics, correlations and regression analyses were applied.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discusses the survey of available literatures related to the study from contribution of various scholars based on the following themes: the concept of quality service delivery, concept of performance and performance contracting theories.

#### **2.2 The Concept of Quality Service Delivery**

Generally, the notion of quality as value or worth in relation to customer expectations is used to describe the nature of quality as interpreted within the quality management context (Cuttance, 1995:4). Embodied in this notion is the assumption that local authorities produce a product or service which is intended to satisfy the needs of users or customers with quality being the totality of features and characteristics of a product or service that bears its ability to satisfy stated or implied needs. This relativist notion of quality finds resonance in Sallis (1993:13) who perceives quality as a philosophy or methodology, which assists institutions to manage change and to set their own agendas for dealing with the plethora of new external pressures. Used in this sense, service quality is a concept implying 'fitness for purpose', measuring up to specification as well as meeting particular customer needs. A distinction can therefore be made between quality as the intrinsic value associated with a service product and quality as meeting of customer or community needs and requirements.

It is, however, worth noting that applied to managing quality service delivery in parastatals while they seem appropriate to service organizations generally, these notions of quality do not necessarily meet all the criteria for quality in the provision of public

services. This is precisely so because delivery of public services is a process based on broadly accepted normative and ethical values and guidelines, emanating from the body politic, community and social values, as well as other prescribed guidelines (Cloete, 1998:91-113). Ultimately, quality in local government cannot be isolated from those values, which relate to what is perceived as worthwhile in society. These values provide an ethically justifiable platform for determining and evaluating public service processes and outcomes, which might permeate the orthodox market-oriented notion of a quality culture in service delivery.

Thornhill (2008:727) writes that politics in the context of local government and municipal administration concerns the: allocation of values as weighted by the ruling political party to the available facts, determination of the relative importance of requests, in relation to the availability of resources, by a community or a particular segment of the municipal community for a particular service, quantity (e.g. how often rubbish bins are emptied per week) of the service to be provided, quality (e.g. accepted level of cleanliness of the streets and sidewalks) of the services to be delivered.

The evaluation of service quality levels is critically important in monitoring service quality and customer-focused quality service delivery that meets community needs. Quality service delivery quality can essentially be thought of as a measure of the extent to which the service delivered meets service users' or customers' expectations (Ghobadian et al., 1993:43). However, a shortcoming of this notion of quality is the inherent presupposition that the nature of most services is such that the customer is present in the delivery process. More importantly and worth noting is, however, the perception in this conceptualization that service quality is influenced not only by the service outcome but

also the service process. This perceived quality thus lies along a continuum, unacceptable quality lies at one end of the continuum, while ideal quality represents different gradations of quality and one such point is the satisfactory service quality (Ghobadian et al., 1993:49). Performance contracting constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitor and control methods and at the same time imparting managerial and operational autonomy to public service managers. Performance contracting originated in France in the late 1960s and was later developed with great deal of elaboration in Asia mainly in Pakistan and India among others. It has been adopted in developing countries in Africa including Nigeria, Gambia and was later introduced in Kenya in 2003. The GOK has tried various reforms in the public sector over the years with varying degree of success. These efforts were fragmented and sectoral in nature. The main concern has been to improve external accountability and increase internal efficiency and effectiveness at the same time. In particular, performance contracting is seen as a tool for improving public budgeting, promoting a better reporting system and modernizing public management while enhancing efficiency in resource use and effectiveness in quality service delivery (Greiling, 2006).

### **2.2.1 Importance of Quality Service Delivery**

In order for a company's offer to reach the customers there is a need for services. These services depend on the type of product and it differs in the various organizations. Service can be defined in many ways depending on which area the term is being used. An author defines service as "any intangible act or performance that one party offers to another that

does not result in the ownership of anything” (Kotler & Keller, 2009, p.789). In all, service can also be defined as an intangible offer by one party to another in exchange of money for pleasure.

Quality is one of the things that consumers look for in an offer, which service happens to be one (Solomon 2009, p. 413). Quality can also be defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Kotler et al., 2002, p. 831). It is evident that quality is also related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the user.

Service quality in the management and marketing literature is the extent to which customers' perceptions of service meet and/or exceed their expectations for example as defined by Zeithaml et al. (1990), cited in Bowen & David, 2005, p. 340) Thus service quality can intend to be the way in which customers are served in an organization which could be good or poor. Parasuraman defines service quality as “the differences between customer expectations and perceptions of service” (Parasuraman, 1988). They argued that measuring service quality as the difference between perceived and expected service was a valid way and could make management to identify gaps to what they offer as services.

The aim of providing quality services is to satisfy customers. Measuring service quality is a better way to dictate whether the services are good or bad and whether the customers will or are satisfied with it. A researcher listed in his study: “three components of service quality, called the 3 “Ps” of service quality” (Haywood 1988, p. 19-29). In the study, service quality was described as comprising of three elements: Physical facilities, processes and procedures; personal behavior on the part of serving staff, and;



professional judgment on the part of serving staff but to get good quality service. “Haywood 1988, p. 19-29).

He stated that “an appropriate, carefully balanced mix of these three elements must be achieved.” (Haywood, 1988, p. 9-29) What constitutes an appropriate mix, according to him will, in part, be determined by the relative degrees of labor intensity, service process customization, and contact and interaction between the customer and the service process. From the look of things, this idea of his could be design to fit with evaluating service quality with the employee perspective.

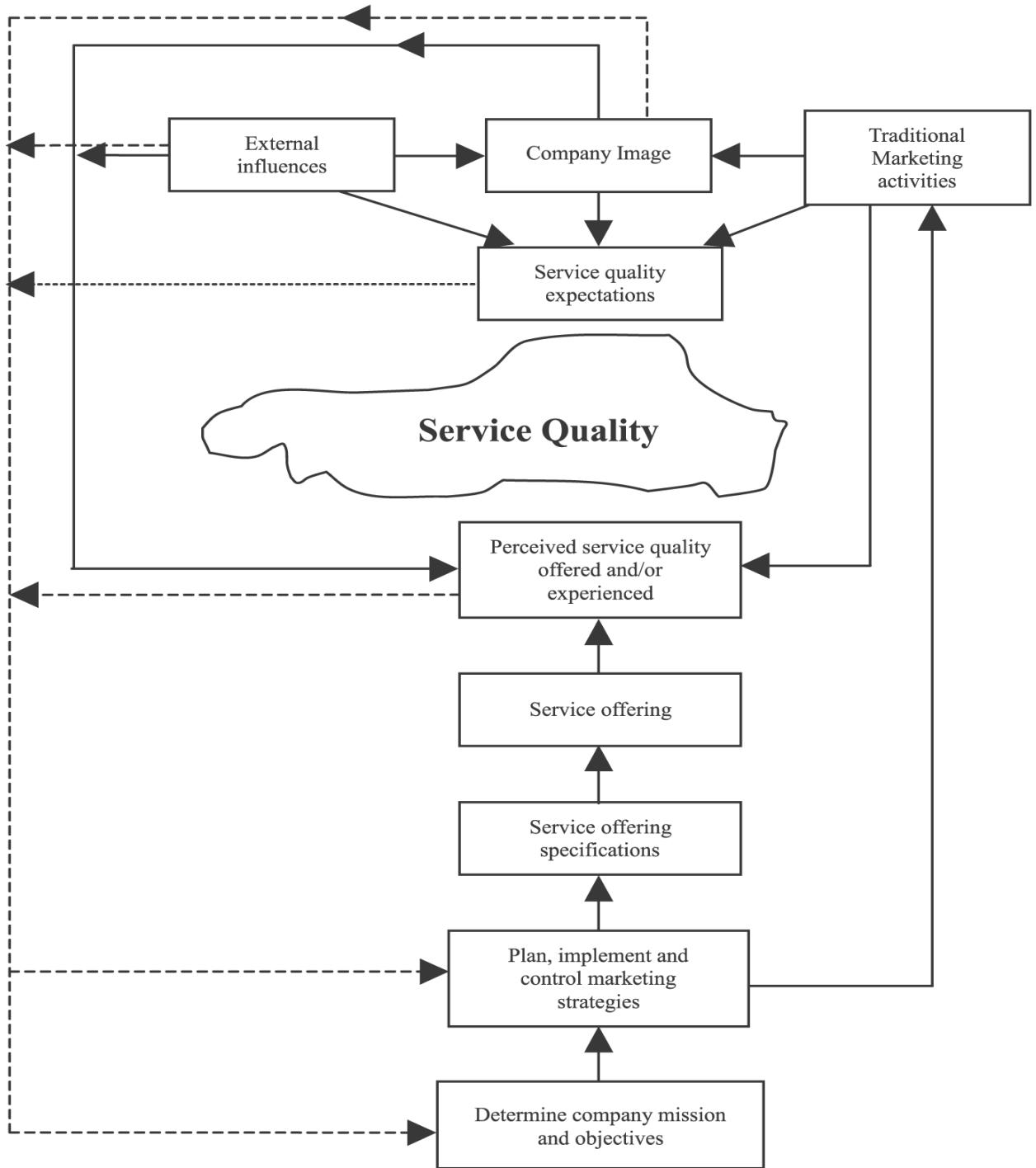
Laroche et al., (2004) made an assessment of the dimensionality of should and will service expectations. They used a survey measuring customers’ post encounter expectations and vis-à-vis a well-known airline with a sample of 363 and examined the existence of hypothesized functional and technical dimensions of should and will expectations and determined the casual relationships between two types of expectations and hypothesized dimensions. They tested their dimensions in the context of the turbulent airline industry. This study measured service quality with other service quality dimensions such as technical and functional dimensions proposed by Grönross (1983). Hence it was proven that the SERVQUAL model must not be used in evaluating service quality in all organizations. This could mean that; different industries might require different measurements for service quality.

## **2.2.2 Models of Service Quality**

### **2.2.2.1 Synthesized model of service quality**

A service quality gap may exist even when a customer has not yet experienced the service but learned through word of mouth, advertising or through other media

communications. Thus there is a need to incorporate potential customers' perceptions of service quality offered as well as actual customers' perceptions of service quality experienced. This model attempts to integrate traditional managerial framework, service design and operations and marketing activities. The purpose of this model is to identify the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control. The synthesized model of service quality (Figure 2.1) considers three factors, viz. company image, external influences and traditional marketing activities as the factors influencing technical and functional quality expectations (Brogowicz et al., 1990).



Source: Brogowicz *et al.* (1990)

**Figure 2.1. Synthesized model of service quality**

### **2.2.2.2 Service Quality Model.**

One of the most useful measurements of service quality is the dimensions from the SERVQUAL model. In the creation of this model for the very first time, “Parasuraman et al. (1985) identified 97 attributes which were condensed into ten dimensions; they were found to have an impact on service quality and were regarded as the criteria that were important to assess customer’s expectations and perceptions on delivered service (Kumar et al., 2009, p. 214).

The SERVQUAL scale which is also known as the gap model by Parasuraman, et al. (1988) has been proven to be one of the best ways to measure the quality of services provided to customers. This service evaluation method has been proven consistent and reliable by some authors (Brown et al., 1993). They held that, when perceived or experienced service is less than the expected service; it implies less than satisfactory service quality; and when perceived service is more than expected service, the obvious inference is that service quality is more than satisfactory (Jain et al., 2004, p. 27). From the way this theory is presented, it seems the idea of SERVQUAL best fits the evaluation of service quality from the customer perspective (This is because when it is stated “perceived” and “expected” service, it is very clear that this goes to the person, who is going to or is consuming the service; who definitely is the consumer/customer in our case employees.

The original study by Parasuraman et al., (1988) presented ten dimensions of service quality: Tangibles: the appearance of physical artifacts and staff members connected with the service (accommodation, equipment, staff uniforms, and so on), Reliability: the ability to deliver the promised service, Responsiveness: the readiness of staff members to

help in a pleasant and effective way, Competence: the capability of staff members in executing the service, Courtesy: the respect, thoughtfulness, and politeness exhibited by staff members who are in contact with the customer, Credibility: the trustworthiness and honesty of the service provider, Security: the absence of doubt, economic risk, and physical danger, Access: the accessibility of the service provider, Communication: an understandable manner and use of language by the service provider, Understanding the customer: efforts by the service provider to know and understand the customer.

The aggregated sum of difference between perceptions and expectations from the five dimensions forms the global perceive quality construct. (Laroche et al., 2004, p. 363). Following this view, customers' expectations were met through the outcome dimension (reliability) and exceed it by means of the process dimension (tangibility, assurance, responsiveness, and empathy).

To confirm the validity of SERVQUAL model in the evaluation of service quality, Zeithaml et al (2006), stated that "service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy, and tangibles"(Zeithaml et al., 2006, p. 106-107). They added that among these dimensions, "reliability" has been shown consistently to be the most important dimension in service quality (Zeithaml et al., 2006, p. 106-107).

Other researchers saw the need of additional components of service expectations that is functional and technical dimensions. (Grönroos 1983) The idea was that, consumers make service evaluations based on the technical dimension that is what is delivered and

on the functional dimension that is how, why, who, and when it is delivered (Laroche et al., 2004 p. 363; Grönroos 1983).

Although the elements listed in SERVQUAL model have been proven to be the main method for evaluating service quality from the consumer's perspective (Brown et al., 1993), drawbacks in using SERVQUAL in measuring service quality has been the reason that the SERVPERF scale was proposed by Cronin & Taylor (1992, cited in Jain et al. (2004, p. 25-37) after they called into question the conceptual basis of the SERVQUAL, having found it, led to confusion with service satisfaction (Jain et al., 2004, p. 25-37). These researchers discarded the 'E' for 'expectation' claiming instead that 'P' for 'performance' alone should be used. They meant that higher perceived performance entails higher quality service. Unfortunately, during this past century, customers have changed their behaviors in ways that do not suit organizational behavior. Till date, it is unclear as to which of SERVQUAL and SERVPERF is superior in measuring service quality (Jain et al., 2004, p. 25-37).

Laroche et al., (2004) made an assessment of the dimensionality of should and will service expectations. They used a survey measuring customers' post encounter expectations and vis-à-vis a well-known airline with a sample of 363 and examined the existence of hypothesized functional and technical dimensions of should and will expectations and determined the casual relationships between two types of expectations and hypothesized dimensions. They tested their dimensions in the context of the turbulent airline industry. This study measured service quality with other service quality dimensions such as technical and functional dimensions proposed by Grönroos (1982). Hence it was proven that the SERVQUAL model must not be used in evaluating

service quality in all organizations. This could mean that; different industries might require different measurements for service quality.

### **2.3 The Concept of Performance Contracting**

The definition of performance contracts has been a subject of considerable debate among scholars and human resource practitioners. Performance contracting is a management tool for measuring performance that establishes operational and management autonomy between government and public agencies focusing on results and not on the processes (Republic of Kenya, 2005a). It also measures performance, enabling recognition and reward of good effort and sanction for poor performance. Performance contracting in itself is a branch of management science referred to as management control systems. A common definition of performance contracting can be found though admittedly, there are a considerable variety of uses and forms for quasi – contractual arrangements (Smith, 1999). For instance, it is also defined as a Memorandum of Understanding (MOU). MOU is rooted in an evaluation system, which not only looks at performance comprehensively, but also ensures forces inherent in performance managements and industries by making the autonomy and accountability aspect clearer and more transparent (Suresh, 1994).

A performance contract constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results (OECD, 1999). It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods and at the same time imparting

In Kenya, a performance contract is a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of

the Agency. It clearly specifies the intentions, obligations and responsibilities of the two contracting parties (Republic of Kenya, 2004). The unifying theme in performance contract is a core focus on three key objectives, namely, savings, effectiveness and responsiveness (PUMA/PAC, 1999: 2). Governments need to make savings from the organizations they own, be they commercial or non-commercial. Effectiveness in product and quality service delivery is also mandatory. State owned organizations should also be responsive to the demands and requirements of their clients and customers (PUMA/PAC, 1999).

Similarly, objectives of performance contracting that are cited include the following (AAPAM 2006): - Facilitating the attainment of desired results; - Improving quality service delivery to the public by ensuring the top –level managers are accountable for results; - Reversing the decline in efficiency and ensuring that resources are focused on attainment of key national policy priorities of the government (Parachuted projects); - Institutionalizing performance oriented culture in the public service through introduction of an objective performance appraisal system; - Measuring and evaluating performance; linking reward to measurable performance; - Instilling accountability for results at the highest level of the government; - Ensuring that the culture of accountability pervades all levels of the government machinery; and, - Strengthening and clarifying the obligation required of the government and its employees in order to achieve agreed target.

However, Steiner (1983) speculates that many of the strategic planning systems failed to link planning and resource allocation and did not place emphasis on strategy implementation. He further observes that the existing systems failed to reward managers and employees for strategic thinking, creativity and innovation. This led to



disenchantment with strategic planning and thus forcing managers to believe that it was of little or no value to the organization. Despite of these problems practitioners and academics like Porter (1983) came in support of strategic planning by placing emphasis on strategy implementation.

In Canada the government's approach to performance contracting and management were rooted in early 1990's expenditure management systems designed to cut costs during a period of budget deficits (Kernaghan & Siegel, 1999) and in France they were first introduced in the Directorate General for Taxes (DGI) specifically designed to respond to two main concerns (Grapinet, 1999). First, as tools meant to ensure consistency in a decentralized context and second, as tools to enhance pressure on the entire services network in order to improve performance.

Grapinet (1999) posits that the performance contracting involves a highly structured phase of evaluating results which he considers to be an extremely rigorous technical exercise on one hand and on the other hand a morale-boosting exercise for managers and staff. The performance contract does not actually go into resource appropriations which, although needed for practically all resources, are automatic. He further argues that members of staff are not sufficiently involved in drawing up contracts, a task which in spite of exhortations from central government is still largely the preserve of managers. In management terms, this means that performance goals are all too often perceived as being imposed from above rather than from a collective thought process.

Gore (1996) recognizes the importance of performance contracting when he admits that in the United States federal government, performance contracts are in one way or the

other changing the way many bosses do their jobs. Gore believes that many managers have changed their attitude towards workers which in turn has encouraged innovation and good customer service. On the other hand, Hill and Gillespie (1996) argue that performance contracting is expected to increase accountability because clear and explicit managerial targets, combined with managerial autonomy and incentives to perform, make it easier to establish the basis for managerial accountability and to achieve outputs. Further, Therkildsen (2001) speculates that performance contracts if well executed increase political accountability by making it easier for managers to match targets with political priorities. Politicians can, in turn, hold managers accountable for their performance as being witnessed in many developing nations.

### **2.3.1 Target Setting as a Component of Performance Contract**

Target setting is a complex process. It involves technical calculations of objectives that are achievable at the same time as being challenging. The literature on this issue notes several important problems. The most significant is the tendency of performance to 'cluster' around the target (Meyer and Gupta, 1994; Van Thiel and Leeuw, 2002) and that badly set targets can be demotivating (Kaltenborn et al., 2011). This clustering is where a range of observed performance between organizational units results in a target being set at the average level of top-quartile performance. Superficially this would appear to be achievable at the same time as challenging. Over time however, organizational improvements (and gaming, etc.) are likely to mean that all organizational units can perform at least close to this target, but those that have the capacity to exceed it are likely to avoid doing so because (Bouckaert *et al.*, 2010: 165).

In the Kenyan context a performance contract is a written agreement between government and a state agency (local authority, state corporation or central government ministry) delivering services to the public, wherein quantifiable targets are explicitly specified for a period of one financial year (July to June) and performance measured against agreed targets (GoK,2006, Obong'o, 2009). he further noted that it was expected that the adoption of result based management (RBM)within the public service would enable each ministry/department and public service organizations come up with clear performance objectives in line with the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) targets delineate the activities to help in the achievement of such objectives and determine the roles to be played by each individual staff member involved in the quality service delivery process. The identification of roles played by each member of staff as indicated by Obong'o provides the employees a distinct opportunity in achievement of organizational objectives, this intern will provide employees with the motivation to perform because they own the objectives of the organization.

The process of identifying performance targets is carried out after the budget process has been completed and institutions informed about their resource allocation (Trivedi, 2007). This ensures that targets are realistic and achievable within the available resources. The targets emanate from the institutions and are freely negotiated and not imposed arbitrarily by the government. At the organizational level a staff member and manager agree on the work and responsibilities of the staff member's position. The plan will also set out how the staff members' performance will be measured or evaluated against set objectives (Akaranga, 2008).

Further, Grapinet (1999) argues the challenge experienced PC in most organizations is that, members of staff are not sufficiently involved in drawing up contracts, a task which in spite of exhortations from central government are still largely the preserve of managers. A study by Messah & Kariuki (2011) revealed that, fifty-nine percent (59%) of employees were not involved in setting performance contract targets, and 41% only were involved. They, however argue that their findings confirm that low levels of academic qualifications resulted to less number of employees being involved in setting targets.

In management terms, this means that performance goals are all too often perceived as being imposed from above rather than from a collective thought process. For performance contract to effectively have impact on employee performance, managers must be willing to involve members of staff in development of yearly performance objectives.

Additionally, Log Associates(2010) argue that the question of what extent do performance contracts contain realistic, achievable targets and support “stretch goals”, vis a vis the extent to which target setting is a self-fulfilling process (choosing low hanging fruit) need to be addressed. This means that organizations must protect themselves against the danger of setting targets that are too low just to score highly, but rather chose performance targets that are challenging that have a bearing on the prosperity of the organization.

### **2.3.2 Planning as a Component of Performance Contract**

Effective managers plan their work. Planning means setting performance expectations; goals for groups and individuals to channel their efforts toward achieving organizational

objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done. The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required (Porter, 2003).

The Performance Improvement Plan (PIP) is a time bound process designed to address in a formal manner a performance issue. This is a process that should be implemented as required to address performance issues that are not being improved through normal formative feedback. This process is designed to be managed within a department or unit between the two parties involved. It requires constructive discussions between a manager and their direct report where performance problems are identified. It should be noted that the Performance Improvement Plan is not a disciplinary procedure. If performance does not improve following the use of the Performance Improvement Plan, consideration should then be given to moving to other corrective or supportive HR processes, for example EAP, Occupational Health, Disciplinary Process (Rhodes, 2007).

Planning is a continuous process that requires constant feedback about how the current strategies are working. The market tells the private sector how it is doing. Profit levels,

return on investments, and sales trends let businesses know when they need to adjust their strategies. Performance measurement provides the public sector with comparable information. Planning looks ahead toward desired goals; performance measurement looks back at achievements. Combined, strategic planning and performance measurement form a circle—a continuous process of governing-for-results. The plan defines the performance to be measured, while performance measurement provides the feedback that keeps the strategic plan on target. The connection strengthens both processes (Schwella, 2008).

Performance measurement relies on specified end outcomes not just activities, but the results of those activities. The strategic plan's goals and objectives focus performance measurement on outcomes and help define appropriate performance indicators. A plan must regularly revisit and "truth test" goals, objectives, and outcome measures. Circumstances change. Periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans. This information keeps strategic plans on target and able to accommodate environmental changes (Sean, 2009)

### **2.3.3 Monitoring and Evaluation as a Component of Performance Contract**

Monitoring (M) is defined as measuring progress in delivering a plan, project or program implementation and operation with the view of learning and correction at time; and Evaluation (E) is a periodic review of the performance of a plan, project or program. Operationally, monitoring is the continuous assessment of the implementation of projects in relationship to what was planned or expected according to predetermined activities, outputs, outcomes, and impact of project beneficiaries. It provides managers and other stakeholders with regular feedback on project implementation and early indication of

progress and problems in the achievement of planned results in order to facilitate timely adjustments of in the operation of projects. Evaluation is a periodic assessment of the relevance, performance, efficiency, and impact of lack of thereof of projects in relation to its stated objectives. Evaluation is undertaken selectively to review progress, predict likely effects and identify necessary adjustments in project design and strategy.

The process of monitoring and evaluation is defined by management theory, as well as political science theory, as the collection and analysis of relevant data about organizations' achievements and the implementation of actions to improve future performance (McKelvey & Palfrey, 1996). Control and monitoring is frequently identical with accountability when public needs and interests are involved. As was viewed by Stewart and Ranson (1994), organizations in the public domain exercise substantial power for which they are accountable. Public accountability must involve a political process which responds to the many voices of citizens and other stakeholders.

A response is defined by Hirschman (1980) as a pure political action compared with an exit which represents more of an economical action. Since citizens generally do not have the alternative of exit in a public market, the option of voice becomes more relevant and imminent. Moreover, it seems that western democracies are facing pressures for greater rather than less accountability on behalf of their citizens (Anthony & Young, 1984).

Pollitt (1988) acknowledges that while it is not obvious that the accumulated wisdom of the private sector is transferable to the public sector, inevitable interactions between the two spheres are productive for both. In Kenya, for instance the government is encouraging the Public-Private sector partnership in order to improve on service delivery.

Muralidharan (1997) argues that citizens are the clients and main beneficiaries of public sector operation and thereby should be involved in every process of performance evaluation. In their study, responsiveness of the public sector to citizens' demands is mentioned as an important part of performance control. This is because it refers to the speed and accuracy with which a service provider replies to a request for action or for information. According to this definition, speed can refer to the waiting time between citizens' requests for action and the reply by the public agency. Accuracy means the extent to which the provider's response is appropriate to the needs or wishes of the service user (Miller & Friesen, 1983). Nonetheless, while speed is a relatively simple factor to measure, accuracy is a more complicated factor to measure. In Kenya, many public institutions have developed citizen service charters which spell out their service commitments in terms of timeliness, service requirements; value for the service provided and redresses mechanisms. These service charters are, however not well monitored as there is no measuring mechanism put in place to ensure that services are being provided as stipulated in the service charters. In private sector like Barclays bank of Kenya ltd, service monitoring targets have been fixed closer to the cashiers where customer gives feedback on the service provided.

Contrary to the private sector, public service accuracy must take into consideration social welfare, equity, equal opportunities, and fair distribution of public goods and services to all citizens. To test for accuracy of governmental endeavors one must examine how citizens feel when consuming public services. A well-accepted method is to use satisfaction measures indicating the outcomes of certain activities and the acceptance of public administration actions as fruitful, contributive, equally shared among a vast population, and responding well to public needs (Rhodes, 1987).



Performance evaluation is, therefore, a critical stage in the performance contracting process. It is based on the premise that what gets measured gets done. Performance evaluation assesses the extent to which public agencies have achieved the agreed performance targets. Thomas and Palfrey (1996) conceive that citizens are the clients and main beneficiaries of public sector operation and thereby should be involved in every process of performance evaluation. In their study, responsiveness of the public sector to citizens' demands is mentioned as an important part of performance control since it refers to the speed and accuracy with which a service provider replies to a request for action or for information. According to this definition, speed can refer to the waiting time between citizens' requests for action and the reply of the public agency. Accuracy means the extent to which the provider's response is appropriate to the needs or wishes of the service user. Nonetheless, while speed is a relatively simple factor to measure, accuracy is a more complicated one.

Performance of a public enterprise can therefore be evaluated ex-post where the evaluation is based on selected criteria determined at the end of the performance period, or ex-ante where the firm's performance is evaluated against a set of predetermined indicators. In managing the performance of public sector institutions, it is important to consider the enterprise performance and the managerial performance at the same time. Enterprise performance is based on the observed overall performance of the public institution while managerial performance is the total enterprise performance adjusted for exogenous factors which are beyond the control of managers (Alford, 2000).

In a study carried out by Akaranga (2008), it was revealed that all government ministries and state corporations in Kenya had formally implemented performance contracts. According to the study, there was clear evidence of improvement in income over

expenditure as well as quality service delivery in the state corporations and government ministries. This is evidenced by results for financial year 2005/6 where majority of state corporations posted excesses of revenue over expenditure (GOK, 2006). Akaranga argues that for it to have impact on the populace, the evaluation of this improved performance should be done not only by the government but also by the service users. The government needs therefore, to come up with evaluating tools which will bring to board other stakeholders.

In some developing countries, like Uganda the government uses Public Expenditure Tracking System (PETS) to track the funding from central government up to quality service delivery points. For example, a public expenditure tracking survey was carried out in 2002 to assess the effects of improved access to public information in Uganda. This was a replication of the 1996 survey measuring the difference between the capitation grants disbursed by the central government and the resources actually received by the schools. The 1996 sample consisted of 250 schools, randomly drawn from 18 districts while a total of 218 schools were considered in 2002. Not all schools in the original sample could be resurveyed in 2002 due to security concerns. Summary statistics indicate that schools which had received only 24 percent on average of the total yearly grant from the central government in 1995 received more than 80 percent in 2001 due to increased sensitization via a campaign in both print and electronic media. It is interesting to note that while median school received nothing in the mid-1990s; it received 82 percent of its entitlement in 2001. However, diversion is still a problem for many schools. On average, 20 percent of school entitlements do not reach the schools, and about 30 percent of schools receive less than two-thirds of their entitlements (Bjorkman, 2006). It is clear

from this survey that the increased prudence in the disbursement of funds to schools was occasioned by the sensitization campaign. It therefore calls for improvement in the instrument being used to track funds from the central and local government. After all the Public Expenditure Tracking System is just a tool for follow up on public expenditure.

The framework of accountability described in the World Bank Development Report (2007) indicates that there is no direct accountability of service provider to consumer in situations in which the government takes responsibility for services in sectors such as health, education, water, electricity and sanitation (World Bank, 2003). Instead, accountability travels by a long route and thus citizens influence policy makers who then exert pressure on providers. Tracking surveys if well utilized can, therefore, be a powerful tool for public expenditure in not only in the developing countries but also developed countries.

#### **2.3.4 Appraisal as a Component of Performance Contract**

Performance appraisal practice IS a critical component of the human resource management function in the civil service and the local authorities. It enables periodic formal evaluation of employee performance for the purpose of making career choices based on the principle of work planning, setting of agreed performance targets, feedback and reporting. Its aim is to help human resource systems and processes of recruitment, placement, staff development, career progression, incentives/rewards and sanctions. The public service reforms aimed at improving quality service delivery resulted in implementation in performance appraisal system (Derven,1990).

In organizational setting, performance appraisal (PA) is defined as “a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic

interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.” Moorhead and Griffin (1992) describe it as “the process of evaluating work behaviors by measurement and comparison to previously established standards, recording the results, and communicating them back to the employee. It is an activity between a manager and an employee.”

In companies, performance appraisal systems (PAS) began as simple methods for deciding whether or not the salary of an employee was justified. Later on, empirical studies Moorhead & Griffin, (2012) showed that pay rates were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have major influence. That resulted in progressive rejection of emphasis of performance appraisal on reward outcomes, and in 1950s, in the United States, its potential as a tool for motivation and development was recognized. The general model of performance appraisal, as it is known today, began from that time (Moorhead, & Griffin, 2012).

If an appraisal within a company is carried out without any rules and prospect of things linked to it, it might cause severe troubles: not only can it damage climate at workplace and lead to decrease in productivity, it also can end up with ethical and legal problems. (Moorhead, & Griffin, 2012) Manager should always be aware of what he or she is doing and what consequences might it have when appraising performance. In many organizations, appraisal results are directly or indirectly linked to remuneration. That means, the better performing employees get pay increases, bonuses, promotions; while

those poorer might get some counseling, or in extreme cases, demotion, dismissal or decreases in pay (Moorhead, & Griffin, 2012).

It should be also noted that performance appraisal is a part of a performance management which “includes activities to ensure that goals are consistently being met in an effective and efficient manner.” Performance management includes many other practices besides performance appraisal, like employee performance improvement, performance development, training, cross-training, challenging assignments, career development or coaching.

#### **2.3.4.1 Approaches to performance appraisal**

According to Hansen, there have been two approaches to performance appraisal. Traditional (a.k.a. organizational or overall) approach was primarily concerned with the overall organization and has been involved with past performance, while developmental approach viewed the employees as individuals and has been forward looking through the use of goal setting (Bacal, R. 2012).

Performance appraisal using traditional approach was used for promotion, feedback to employees, reward decisions. Developmental approach performance appraisal adds to those additional purposes, like providing employees the opportunity to formally indicate the direction of the employee’s ambition, showing organizational interest in employee development, and providing satisfaction and encouragement to the employee who has been trying to perform well. (Heathfield,2013).

A study by Locher and Teel shows that three most common appraisal methods in general use are rating scales (56%), essay methods (25%) and management by objectives (MBO)

methods (13%). Since the study is more than 25 years old, it is probable there has been a development in appraisal techniques used. Oberg adds few more, including field review, forced-choice rating, critical incident appraisal, work standards approach, ranking methods and assessment centers (Bacal, 2012).

Every technique has its combination of strengths and weaknesses, so they should be used relative to goals of concrete performance appraisal. Narrative or Essay evaluation method means that the evaluator describes strengths and weaknesses of an employee's behavior. Graphic rating scale is currently the most widely used rating method, which is based on assessing a person on the quality and quantity of his work (for example outstanding, above average, average, unsatisfactory). When supplemented by a few essay questions, it should be suitable for many purposes (Lawrie, 2010).

Forced-choice rating was developed to reduce bias and establish objective standards of comparison (appraiser chooses among groups of statements those which best / least fit a rated individual). The technique is usually limited to middle- and lower-management levels where jobs are similar enough to make common forms. Work-standards approach has evolved from MBO method, where organization set measured daily work standards. When realistically used, it can make an objective and accurate appraisal for the work of both employees and supervisors. According to Oberg (2012) Performance appraisal software was recently introduced and is used in many companies. It is often named electronic performance monitoring, and it may be part of a complex electronic monitoring system.

Advantages of performance appraisal software are that they cut the time it takes to do an appraisal by offering step-by-step instructions to help a supervisor write the performance plan, keep notes on performance, and finally rate the employee. It also helps companies with tight budget and downsized human resources (HR) departments. According to Bacal, (2012).some argue, and rightly, that performance appraisal should be an interpersonal communication process, and thus appraising performance using software is not a progress, but a step back. “Even between two people, it (performance appraisal) is not often done well. Automating the process is a waste of money and time, and HR departments that go that route are doing charitable work for the vendors of the software. It’s bad enough we mechanize a human process using paper forms.” Now we can take it one step further, and managers never have to speak to staff.

## **2.4 Theoretical Framework**

### **2.4.1 Theory of Contracting**

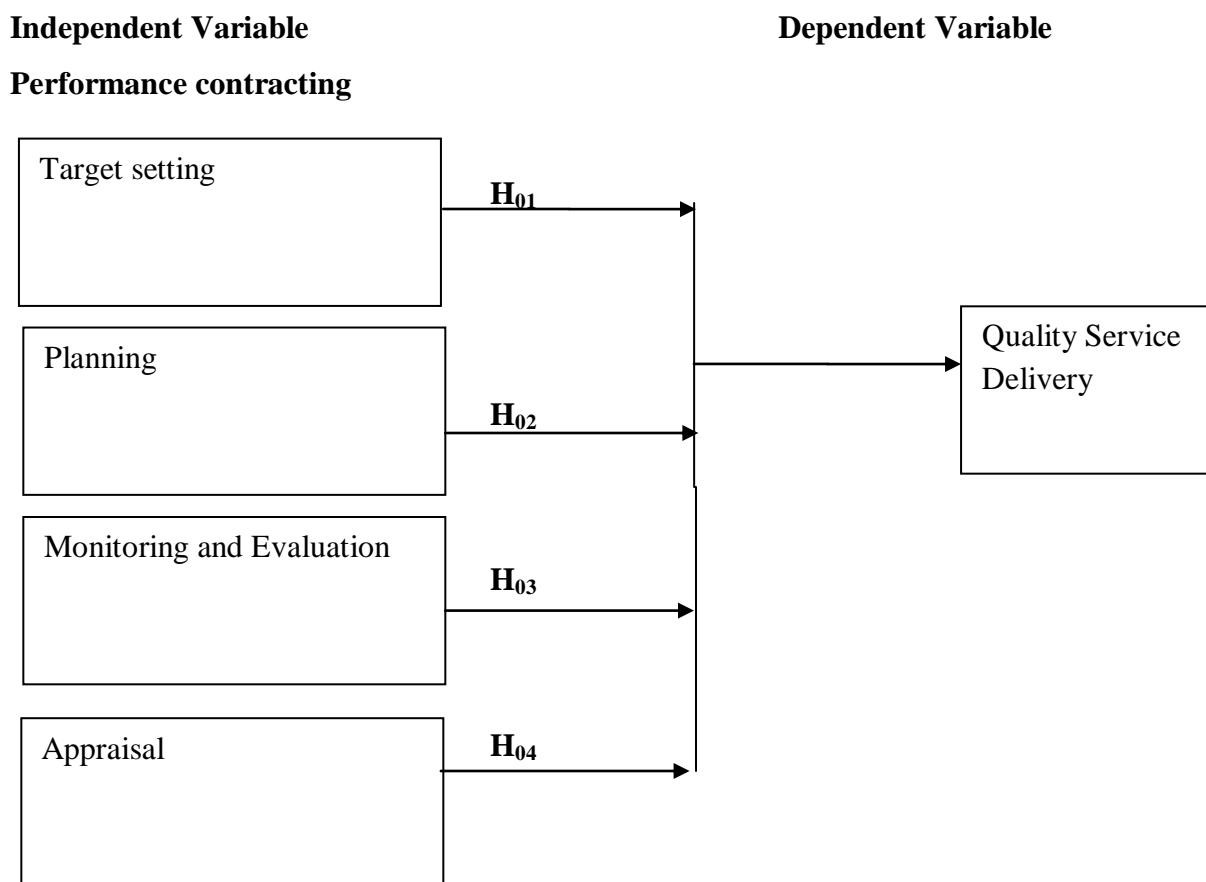
The theory of contracting suggests that to improve performance, performance contracts must not only reduce the information advantage that managers enjoy over owners but also must be motivated through rewards or penalties to achieve the contract’s targets. Shirley (1998) argues that the logic of performance contracts is persuasive, but the reality has been disappointing. She carried out two empirical studies - one analyzing the effect of such contracts on profitability and productivity in twelve companies in six countries and other examining statistically the correlation between performance contracts and productivity in hundreds of state enterprises in China. The results showed that there was no evidence that performance contracts had improved efficiency. The first study analyzed the effects in monopoly enterprises (in water, electricity, telecommunications, oil and

gas) in Ghana, India, the Republic of Korea, Mexico, the Philippines, and Senegal. It found no pattern of improvement associated with the performance contracts in productivity or profitability trends. The second study used a much larger sample in manufacturing but in only one country, China. The results showed that the increasing use of performance contracts in China could not stem the fall in productivity amongst state enterprises. More important, the study found no robust, positive association between performance contracts and productivity. Moreover, a comparison of a sample of state enterprises that had signed performance contracts with a sample of firms that had not signed found that there was no significant difference between the two groups.

## **2.5 Conceptual Framework**

Performance contracting is a summation of various bodies of knowledge applied together with an intention of improving organization performance. Various theories cutting across different bodies of knowledge have therefore been advanced to support and explain performance contracting paradigm. Muthaura (2007) asserts that performance contracting is both a philosophy and a tool for coordinating employees towards achievement of results. Performance contracting will be premised to lead to increase in quality service delivery.





Source (Researcher, 2014)

**Figure 2.2 Conceptual Framework on performance contracting and quality service delivery**

The performance contracting processes; target setting, planning, monitoring and evaluation and Appraisal have instilled discipline to the public institutions by ensuring adherence to work-plans, strategic plans, sector plans and Vision 2030 has its foundation laid on performance contracting hence improved performance, quality service delivery and governance.

The main appeal of performance contracting as a tool of managing public enterprises is that it introduces private sector management attitudes and processes into state enterprises,

while limiting bureaucracy and unproductive systems in an effort to improve efficiency and enhance cost effective quality service delivery to its citizens.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. When monitoring, assessing outcomes and impacts they need to be kept in mind that government interventions can also have unintended consequences. These also need to be identified and monitored so that risks can be managed and corrective action can be taken.

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1 Introduction

This chapter described in details how data was obtained, processed and analyzed so as to answer the researcher's questions. The sub-sections discussed research design, target population, research instruments, data collection procedure, data analysis techniques and ethical considerations in research.

#### 3.2 Research Design

According to Sekaran & Roger (2011), research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. Cooper and Schindler (2006) argued that research design constitutes the blue print for the collection, measurement and analysis of the data to achieve fore stated objectives. It's a structure for investigating so conceived as to obtain answers to research questions and for testing hypothesis (Kothari, 2004). The study adopted an explanatory study design of a case study. A case study is a way of organizing data and looking at the object to be studied as a whole (Kombo & Tromp, 2006). This design was deemed appropriate because it allowed the researcher to assess the various aspects of performance contracting and their effect on quality service delivery in the TSC in North Rift (Uasin Gishu, Trans Nzioa and Elgeyo-Marakwet).

#### 3.3 Target Population

Cooper and Schindler (2006); Kothari (2004); Mugenda & Mugenda 2003; Hyndman 2008) define population as the total collection of elements that is the main focus of a scientific query. Every employee in the TSC is under performance contract whether

direct or indirect and hence has the characteristic of interest for this study. Employees were drawn from four major departments based on area of specialization and included: Branch Director, Deputy Branch director, Human Resource Manager, Deputy Human Resource Manager, Accountant, Deputy Accountant, Registry (Clerks) and Sub – ordinate. Target population composed of 185 employees in these branches of Eldoret, Kitale and Iten TSC employees. Table 3.1 shows the departments/branches.

**Table 3.1 Target Population**

Departments	Target Population			
	Eldoret Branch	Iten Branch	Kitale Branch	Grand total
Branch Director	1	1	1	3
Deputy branch director	1	1	1	3
Human Resource manager	1	1	1	3
Deputy Human resource manager	1	1	1	3
Accountant	1	1	1	3
Deputy Accountant	1	1	1	3
Registry (Clerks)	20	21	13	54
Sub –ordinate	50	30	23	103
<b>Totals</b>	<b>76</b>	<b>57</b>	<b>52</b>	<b>185</b>

Source (HR TSC, 2014)

### 3.4 Census Study

The study used census method for collecting data. This is where the entire population is taken into account and as such it is most accurate. The study chose this method depending on the nature and extent of the enquiry and the degree of accuracy desired. At the same time, the scope of the enquiry, its cost, the time of enquiry, the selection and training of the enumerators etc. are also to be taken into account. Basically, accuracy and precision depends upon the human element. If the human element is perfectly impartial

and unbiased then best results can be expected from either method. In the absence of it, the results may be distorted (Whitford, 1996). This method was chosen because the target population was small and manageable; therefore the sample size for this study was 185 respondents.

### **3.5 Data Collection, Instrument and Procedure**

#### **3.5.1 Type of Data**

This study required the use of primary data and utilized quantitative data. Primary data was collected using questionnaires only. The selection of these research instruments was guided by the nature of data that were collected, the time available for the study and the objectives of the study.

The researcher was mainly concerned with views, opinions, perceptions, feelings and attitudes in relation to performance contracting. Such information could best be collected through the use of questionnaires (Mugenda and Mugenda, 1999).

On the other hand, the researcher sought to gather data concerning the performance contracting and quality service delivery and how the two variables relate. This information could best be accessed through the use of questionnaires as well.

#### **3.5.2 Data Collection**

A questionnaire is a self-report data collection instrument that each research participant completes as part of a research study (Johnson & Christensen 2004). The survey questionnaires were self-administered to the respondents through the drop and pick method through the selected departments. The questionnaires were administered to all employees. This targeted data on performance contracting and its effect on service

delivery. This is because those who are led are better able to accurately describe the performance contracting and not the leader.

The content and organization of the questionnaire corresponded to the research objectives. A fully structured questionnaire (see Appendix A ) was chosen for this study as it ensures a standardized data collection procedure so that the data obtained are internally consistent and can be analyzed in a uniform and coherent manner (Boyce, 2002). The questionnaire comprised two sections, namely: Section A: which has biographical information such as gender, educational experience, financial experience and current position held at the selected TSC branches and Section B:-which has specific study objectives.

### **3.5.3 Data Collection procedure**

The Questionnaires were administered to three branches of TSC in the 3 counties in north rift region. The questionnaires were addressed to the TSC in the selected departments. In each case, the purposes of the questionnaire are explicitly clear instructions for the completion of the questionnaire. The requirement was that the TSC staff must each complete the questionnaire over a two-week period. Each completed questionnaire was handed to the administrative secretary at each branch. The completed questionnaires were collected from the administrative secretary of each of the 3 TSC branches. Three days prior to the due date, a courtesy telephone call was made to the TSC administrative secretary to confirm the appointment for the collection of the questionnaires.

### **3.6 Pilot Testing**

Pilot testing is the process of subjecting the research instruments to a trial to determine its suitability in a given study area. This was done by administering the research instruments

to a sample of population with a characteristic similar to the study population so as to elicit desired responses. This helped the researcher to adjust the instruments in order to yield the desired response in the actual research.

Pilot testing of the research instruments was carried out to check on their validity and reliability. The questionnaires were administered to 10 respondents that were derived from Nandi TSC branch. The instruments were administered to the employees twice, in a time interval of two weeks.

The researcher carried out pilot testing so as to identify areas and questions in the instruments that needed modification. This also helped correct terminologies that were difficult for the respondents to understand. In addition, the pilot test helped assess the appropriateness of the methods intended for data analysis, and revealed the adjustments that were necessary. According to Mugenda and Mugenda (1999), pilot testing ensures that research instruments are stated clearly and have the same meaning to all respondents. It helped refine the instruments so that respondents would have no problem in answering the questions.

### **3.6.1 Validity of Research Instruments**

Validity refers to the degree to which an instrument measures what it purports to measure (Mugenda and Mugenda, 2003). This illustrates the degree to which results obtained from the analysis of data actually represent the phenomena under study. To ensure validity of the research instruments, the instruments were presented to the supervisors who are research experts in the study area. They scrutinized the instruments to check for the use of simple language to formulate questions and the use of side note to guide the

respondents while filling the questionnaires, and give suggestions which would help refine the questionnaires before preparing the final copy.

### **3.6.2 Reliability of Research Instruments**

Reliability refers to the consistency of data arising from the use of a particular research instrument. Mugenda (2003), states that reliability is the measure of the degree to which a research instrument yields consistent results after repeated trials over a period of time. This view is shared by Gay and Airasian (2000), who describe reliability as the degree to which a test consistently measures what it is measuring. Following the design type for this study, only internal reliability was measured using Cronbach's alpha.

Nunnally (1978, p. 245) recommends that instruments used in basic research have reliability of about .70 or better. He adds that increasing reliabilities much beyond .80 is a waste of time with instruments used for basic research. On the other hand, with instruments used in applied settings, a reliability of .80 may not be high enough. Where important decisions about the fate of individuals are made on the basis of test scores, reliability should be at least .90, preferably .95 or better. From our research questions, we can see that Cronbach's alpha is 0.981, which indicates an acceptable level of internal consistency for our scale with this specific sample size response.

### **3.7 Data Analysis Techniques**

Data analysis refers to separation of data into constituent elements. Upon completion of the data collection exercise, all completed research instruments was edited to eliminate errors that might have been made by the respondents. All the data from the study was coded to classify the responses given into categories for ease of analysis. The coded data were analyzed using descriptive statistics such as frequency counts, percentages, as well



as determination of correlation coefficients and regression analyses that accept or reject null hypotheses, with the help of Statistical Package for Social Sciences version 17.

Quantitative data from the field was transcribed, organized into various relevant themes and reported as they emerge. The analysis of Quantitative data was undertaken as an activity simultaneous with data collection. The challenge posed by Quantitative data was to make sense of massive amounts of data, reduce the volume of information, identify significant patterns and design a framework for communicating the existence of what the data revealed.

In view of this, data obtained through Quantitative methods was processed and analyzed following three steps. In the first step, the data was summarized into daily briefs after administration of the instruments. The second step involved description of the responses to produce interim reports. Areas that require additional information were identified and requisite data was sourced. The third step involved systematic analysis and interpretation of the interim report. These were then reported in a narrative form. Descriptive and inferential statistics, correlations and regression analysis were applied.

### **Regression model**

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon$$

Y = Quality service delivery

$\alpha$  = Constant

$\beta$  = Coefficient of independent variable

$x_1$  = Target setting

$x_2$  = Planning

$x_3$  = Monitoring and Evaluation

$x_4$  = Appraisal

$\varepsilon$ = Error term

### **3.8 Measurement of Variables**

Both dependent and independent variables are based on multiple item constructs, and were measured through Likert scales. All the measurement items in the study were adapted from the relevant literature, minor modifications and rewording to ensure contextual consistency. For each measure, respondents assessed their agreement with statements on a five-point likert scale with answers ranging from strongly disagree (SD), disagree (D), neutral (N), agree (A) and strongly agree (SA), unless otherwise specified.

#### **Dependent Variable.**

Quality Service delivery was measured using the measures of quality service such as responsiveness, reliability, assurance, tangibility and empathy.

#### **Independent Variable**

Performance contracting which includes Target setting was measured using current year performance, different functions, exceed targets, targets achieved, performance of the overall system and targets that affect the service delivery. Planning was measured using the performance expectations, performance flexibility, desired goals, performance measurements, achievements, performance indicators and strategic plans that accommodate environmental changes. Monitoring and evaluation was measured on feedback on quality service delivery, progress and problems, improvements, impact in educating citizens, and the extent to which the agreed performance targets are achieved. Appraisal was measured by formal evaluation of employee performance, rewards systems in organization, employee's ambitions and satisfaction.

### **3.9 Ethical Considerations**

This document takes into account several ethical issues. The researcher obtained an introductory letter from Moi University. These documents were used to seek permission from the County Commissioner and the DEO of Uasin Gishu, Tranzoia and Elgeyo-Marakwet to conduct the study in their areas of jurisdiction. A letter of transmittal was used to reach the targeted staff within TSC. Although the questionnaires that were used entailed personal information, privacy and confidentiality of the respondents and information obtained from them was the priority of the researcher. No information was allowed into the public domain without the consent of respondents other than the generalized report on the analysis of data.

The researcher respected and took into consideration the cultural backgrounds, religious affiliations as well as political inclinations of their respondents. After the research process, a letter of appreciation was written to each institution from which the study population was drawn, to thank all the respondents for their participation in the study.

### **3.10 Limitations**

The scope of the study was limited to the performance contracting as a means of improving quality service delivery at TSC. The scope was limited to three branches (Iten, Eldoret and Kitale TSC branches) selected in north rift region. As a result the findings cannot be generalized.

## **CHAPTER FOUR**

### **4.0 DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter deals with data analysis, presentation and interpretation. The data obtained was coded and presented in form of tables most of the questions were closed ended making the questions easy to summarize. The open ended comments served to enrich the closed ended questions. One hundred and eighty five survey questionnaires were initially sent to TSC employees sampled by the study, however, 11 were not fully answered. Therefore, the response rate was 94%.

#### **4.2 Demographic Information**

This section analyzes the demographic data of the selected respondents. It helps to build a profile of the respondents in response to gender, highest qualifications, duration in TSC and understanding of performance contracting. The study findings are summarized in the subsequent sub-headings and tables.

**Table 4.1 Demographics Data**

<b>Demographics Data</b>	<b>Number</b>	<b>Percentage</b>
<b>Gender</b>		
Male	64	35.6
Female	110	64.4
<b>Total</b>	<b>174</b>	<b>100</b>
<b>Duration in TSC</b>		
0-5yrs	134	77.0
5-10yrs	27	16.0
Over 10 yrs.	13	7.0
<b>Total</b>	<b>174</b>	<b>100</b>
<b>Highest Qualifications</b>		
Diploma	28	16.1
Higher diploma	33	18.9
Degree	102	58.6
Master's degree	11	6.4
<b>Total</b>	<b>174</b>	<b>100</b>
<b>Understanding of performance contracting</b>		
Good	118	67.8
Fair	56	32.2
<b>Total</b>	<b>174</b>	<b>100</b>

**Source: The distribution of the respondents, 2014**

#### **4.2.1 Descriptive analysis on Gender**

Table 4.1 above shows that 64(35.6%) of the TSC employees selected were male while 110(64.4%) were female. This shows the research sample design captured more female. The study by using unbiased sampling technique captured more female; this could be because they were the majority during the study period in all the three TSC branches in the study region.

#### **4.2.2 Descriptive analysis on Duration in TSC**

The study sought to find out how long the selected TSC employees have been working in their present work station which will show how they have been exposed to the working

conditions present in their current work station. Their responses are summarized in table 4.2 below.

Out of 174 teachers selected 134(77.0%) had been working between 0-5 years, 27(16%) had worked, between 5-10 years, 13(7%) have been working for over 10 years. The findings showed that most of the employees had been in their profession in the same place for a period of between 0 and 5 years and therefore were aware and were able to identify the conditions and the role of performance contracting in service delivery at their work stations.

#### **4.2.3 Descriptive analysis on Highest Qualifications**

The researcher wanted to find out the education level of the selected employees had attained. Level of education indicates how well they would answer the set questions about the influence of performance contracting on service delivery. An item was included in the questionnaire which sought information on the highest qualification attained .Table 4.3 presents information on the highest qualification attained

Table 4.3 shows the frequency and percentage distribution of the respondents according to their highest level of education. Out of the 174 total sample population, 11 had Master's degree (6.4%), 103 had a Bachelor degree (58.6%), 33 had higher diploma 18.9%, while the rest 28 had diploma certificate (16.1%). The findings show that a majority of the employees were undergraduates with a degree certificate in their respective field, were well equipped with knowledge on performance contracting especially on what the contracts state, the nature of the contract. Therefore most of them were able to answer well the set questions on performance contracting and their effect on

service delivery.

#### **4.2.4 Descriptive analysis on Understanding of performance contracting**

An item was included in the questionnaire which sought information on whether the selected employees in TSC understood performance contracting. Table 4.4 presents information on their response concerning the issue.

Out of 174 employees selected 118(67.8%) indicated that the knowledge on performance contracting was good, while the rest 56(32.2%) said that it was fair. This shows that most of those who were selected were well informed on the knowledge of performance contracting. This was expected because most of them were degree holders and therefore could read and understand the performance contract provided by their employer (TSC). This enhanced understanding maybe attributed to the explanatory guide of performance contracting process in meetings and/or by the supervisor. This may, in essence, have ensured that there was a widespread understanding of the performance-contracting concept.

#### **4.3.0 Descriptive analyses**

Descriptive analyses were performed on all variables, target setting, planning, monitoring and evaluation, appraisal and quality service delivery. The descriptive analyses include mean and standard deviations.

#### **4.3.1 Descriptive analysis on Information on Target Setting**

An item was included on the questionnaire which sought information on target setting and its effect on service delivery. The results and findings of the study obtained from the employees are illustrated in table 4.2

**Table 4.2 Mean, Standard Deviation and Kurtosis for Target Setting**

	<b>Statements</b>	<b>Mean</b>	<b>% Mean</b>	<b>SD</b>	<b>Kurtosis</b>
TS1	Target setting by TSC commissioners ensures the next year's targets are based on the current year's performance hence improving the quality service delivery.	3.40	68.0	1.34	-0.999
TS2	Target setting ensures that performance across different functions is reported as a whole, thereby disguising departmental failure.	3.79	75.8	1.06	-0.453
TS3	The departments exceed their targets vire their surplus across to the poorly performing sections.	4.01	80.2	1.04	0.008
TS4	Where targets are achieved at the expense of important but unmeasured aspects of performance	3.94	78.8	0.990	-0.95
TS5	Where managers operate in such a way that serves their own operation but damages the performance of the overall system has been seen to affect quality service delivery negatively	4.14	82.8	0.967	0.245
TS6	Tunnel vision where managers select some targets has been seen to affect quality service delivery positively	4.05	90.0	0.983	0.366

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**Source: Researcher's survey, 2014**

*Cronbach alpha=0.72*

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**



As revealed in Table 4.2, the mean response for the view that target setting by TSC commissioners ensures the next year's targets are based on the current year's performance hence improving the quality service delivery was 68% (3.40 = neutral). Secondly as revealed by the findings in table 4.5 the mean response by the respondents on the view that target setting ensures that performance across different functions is reported as a whole, thereby disguising departmental failure was 75.8% (3.79=neutral), while that of the view that the departments exceed their targets vire their surplus across to the poorly performing sections was 80.2% (4.01=agreed).

The findings on the first items shows that most of the selected employees were undecided whether target setting by TSC commissioners has ensured that targets are based on the current year's performance. They were also not sure whether target setting ensures that performance across different functions in their institutions is reported as a whole, thereby disguising departmental failure. They were of the target settings do not necessarily ensure that performance across different functions is reported as a whole. However, most of the respondents agreed the departments exceed their targets vire their surplus across to the poorly performing sections.

It was also noted that from the 174 responses, the mean response on the view that where targets are achieved at the expense of important but unmeasured aspects of performance was 78.8% (3.94=agreed), that of the view where managers operate in such a way that serves their own operation but damages the performance of the overall system has been seen to affect quality service delivery negatively was 82.8% (4.14=undecided).Lastly it was noted that the mean response for the view that tunnel vision where managers select

some targets to be a priority has been seen to affect quality service delivery positively was 90.0% (4.05), this score is on the upper boundary on the key under neutral which when rounded off gives (4=agreed) therefore we conclude that most of the respondents agreed.

As shown above most of the employees agreed that where targets are achieved at the expense of important unmeasured aspects of performance services will not be delivery effectively. They also agreed that tunnel vision is important this is where manager's select some targets has been seen to affect quality service delivery positively. However most of them were undecided on the view that where managers operate in such a way that serves their own operation but damages the performance of the overall system has been seen to affect quality service delivery negatively.

Similarly Ahorani, (1986) was of the view that in order to be effective in conducting business or rendering service, organizations need to implement management procedures and practices that will yield the desired results. He further indicated that under performance contracts, targets are set and although the areas of concern are the outcomes rather than the processes, the processes do determine the outcomes.

#### **4.3.2 Descriptive analysis Information on Planning**

The study sought to determine the influence planning on quality service delivery at the three Branches of TSC commission. This was done through evaluating sub-variables that indicated planning. Table 4.3 presents data on the views of TSC employees concerning planning.

**Table 4.3 Mean, Standard Deviation and Kurtosis for Information on Planning**

	<b>Statements</b>	<b>Mean</b>	<b>% Mean</b>	<b>SD</b>	<b>Kurtosis</b>
P1	Planning means setting performance expectations and goals for groups to channel their efforts toward achieving organizational objectives.	3.62	72.4	1.27	-0.280
P2	Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements in view of improving the quality service delivery.	3.79	75.8	1.09	-0.628
P3	Planning looks ahead toward organizational desired goals	3.87	77.4	0.962	0.277
P4	Performance measurement looks back at achievements	3.95	79.0	1.04	-0.039
P5	Strategic planning and performance measurement form a circle, and continuous process of governing-for-results.	4.02	80.4	1.01	0.914
P6	Periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans.	4.03	80.6	1.08	0.788
P7	Periodic reporting keeps strategic plans on target and able to accommodate environmental changes	4.30	86.0	0.875	0.156

**Source: Researcher's Survey, 2014**

***Cronbach alpha=0.722***

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

As shown in table 4.3, out of the 174 responses the mean response for the view planning means setting performance expectations and goals for groups to channel their efforts toward achieving organizational objectives was 72.4%(3.62) which when rounded off in

our scale represent agreed. Moreover the mean for the view that employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements in view of improving the quality service delivery was 75.8%(3.79) with addition of 77.4%(1.21) which indicates that the response is 79.0%(1.21) further from the mean which gives when rounded off give a mean of (4=agreed), that of planning looks ahead toward organizational desired goals was 77.4%(3.87) while that of performance measurement looks back at achievements was 79.0%( 3.95).All the three means are at the upper boundary for the scale of 3 and all are rounded off gives a scale of 4 which represents agreed.

Furthermore as shown in table 4.3, the mean response for the view that strategic planning and performance measurement form a circle, and is a continuous process of governing-for-results was 80.4%(4.02), that of periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans was 80.6%(4.03) while on the other hand 86.0%(4.3) was the mean for the view that periodic reporting keeps strategic plans on target and able to accommodate environmental changes.

The findings as shown in table 4.3, most of the TSC employees agreed that planning means setting performance expectations and goals for groups to channel their efforts toward achieving organizational objectives. This implies that they were aware of what planning is because of the explanatory guide of performance contracting process in meetings by the TSC. This may, in essence, have ensured that there was a widespread understanding of the performance-contracting concept among the TSC employees.

It was also noted that most of them agreed that employee performance plans should be

flexible so that they can be adjusted for changing program objectives and work requirements in view of improving the quality service delivery. This implies that where the management has programs that are not flexible and are rigid there will be poor quality on service delivery. Moreover most of the TSC employees agreed that planning looks ahead toward organizational desired goals whereas performance measurement looks back at achievements.

It was also noted that most of the employees selected agreed that periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans and keeps strategic plans on target and able to accommodate environmental changes, in the long run it will affect service delivery which was used as a yardstick in the customers' perspective to confirm if the TSC provided quality services to customers. The findings are similar to that of Sean, (2009) who opined that periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans. This information keeps strategic plans on target and able to accommodate environmental changes. The strategic plan's goals and objectives focus performance measurement on outcomes and help define appropriate performance indicators. A plan must be regularly revisited and goals, objectives, and outcome measured.

#### **4.3.3 Descriptive analysis on Information on Monitoring and Evaluation**

The study also sought to find out the effect of Monitoring and Evaluation on service delivery in TSC and the findings are summarized in table 4.4

**Table 4.4 Mean, Standard Deviation and Kurtosis for Information on Monitoring and Evaluation**

	<b>Statements</b>	<b>Mean</b>	<b>% mean</b>	<b>SD</b>	<b>Kurtosis</b>
ME1	Monitoring provides managers and other stakeholders with regular feedback on quality service delivery.	3.66	73.2	1.22	-0.108
ME2	Monitoring early indication of progress and problems in the achievement of planned results in order to facilitate timely adjustments of in the operation of quality service delivery.	3.97	79.4	2.45	115.3
ME3	At the department level real time improvements are effected as the monitors engage with officials and immediately follow up on problems.	3.85	77.0	0.992	0.071
ME4	The data produced through the monitoring is used as evidence by TSC to improve quality service delivery improvements.	3.90	78.0	0.953	0.314
ME5	Monitoring have a big impact in educating citizens on their rights and in so doing increase their power to demand better services	3.93	78.6	1.08	0.394
ME6	Evaluation is undertaken selectively to review progress in terms of quality service delivery	3.99	79.8	0.977	0.772
ME7	Evaluation aid predicting likely effects and identify necessary adjustments in quality service delivery strategy.	4.07	81.4	0.947	-0.182
ME8	Evaluation assesses the extent to which public agencies have achieved the agreed performance targets	3.98	79.6	1.10	0.735

***Cronbach alpha=0.521***

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

**Source: Researcher's Survey, 2014**

As revealed in Table 4.4, in general the mean score for the items for monitoring and valuation was merged based on the means of responses. In general, the mean score for the

items in range from 3.66-4.07 on the likert scale. What was notable however was the fact that the percentages mean of the response on the view that evaluation aid in predicting likely effects and identify necessary adjustments in quality service delivery strategy was the highest with (81.4%) across the 5-likert scale followed by the mean response on the view that evaluation is undertaken selectively to review progress in terms of quality service delivery (79.8%) while on the other hand most of the respondents 73.2% agreed on the view that monitoring provides managers and other stakeholders with regular feedback on quality service delivery.

It was therefore noted that most of the employees agreed that monitoring provides managers and other stakeholders with regular feedback on quality service delivery. They also agreed that monitoring early indication of progress and problems in the achievement of planned results help to facilitate timely adjustments of the operation of quality service delivery.

Furthermore it was also noted that most of the respondents agreed that at the department level real time improvements are affected as the monitors engage with officials and immediately follow up on problems. This will ensure that any kind of problem that occurs in terms of service delivery is dealt with promptly and effectively as expected by the clients who needs the TSC services. Furthermore it was noted that most of the respondents agreed that monitoring have a big impact in educating citizens on their rights to be served by the commission and in so doing increase their power to demand better services.

Also it was noted that most of the selected employees agreed that evaluation assesses the extent to which public agencies have achieved the agreed performance targets and that evaluation aid predicting likely effects and identify necessary adjustments in quality

service because the data produced through the monitoring is used as evidence by TSC to improve quality service delivery improvements.

#### 4.3.4 Descriptive analysis on Information on Appraisal

The study findings on information on appraisal are summarized in the table 4.5.

**Table 4.5 Mean, Standard Deviation and Kurtosis for Information on Appraisal**

	Statements	Mean	% Mean	SD	Kurtosis
A1	Performance appraisal enables periodic formal evaluation of employee performance	3.78	75.6	1.21	0.358
A2	Performance appraisal enables the organization to reward the better performing employees gets pay increases, bonuses, and promotions.	3.80	76.0	1.06	0.490
A3	Developmental approach performance appraisal aid in providing employees the opportunity to formally indicate the direction of the employee's ambition.	3.85	77.0	1.08	0.204
A4	Developmental approach performance appraisal aid in showing organizational interest in employee development.	3.90	78.0	1.00	-0.669
A5	Developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well.	4.91	98.2	1.06	0.498
A6	Developmental approach performance appraisal helps the organization to counsel those who do not perform in their organization.	3.90	78.0	1.13	0.314

**Source: Researcher's Survey, 2014**

***Cronbach alpha=0.695***

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

The study findings showed that mean response for opinion that performance appraisal enables periodic formal evaluation of employee performance was 75.6%(3.78), that of the



view that performance appraisal enables the organization to reward the better performing employees gets pay increases, bonuses, and promotions was 76.0%(3.80). Furthermore it was noted that the mean response on the view that developmental approach performance appraisal aid in providing employees the opportunity to formally indicate the direction of the employee's ambition was 77.0%(3.85).Developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well had a mean of 98.2%(4.91), while on the other hand developmental approach performance appraisal helps the organization to counsel those who do not perform in their organization had a mean of 78.0%(3.90).

It is worth to note that all the means were rounded of the nearest tens for a clear analysis. It was therefore noted that most of the respondents agreed that appraisal enables periodic formal evaluation of employee performance. The study also shows that majority of the respondents were in agreement that performance appraisal enables the organization to reward the better performing employees gets pay increases, bonuses, and promotions.

The analysis further showed that most respondents were in undecided on the view that developmental approach performance appraisal aid in providing employees the opportunity to formally indicate the direction of the employee's ambition. This indicates that most of them were uncertain whether the set performance appraisals in their institution have set their direction in terms of ambitions and their future security. However they agreed that it helped in formal interaction between themselves and their supervisor that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and

skills development.

The study also shows that majority of the respondents were in agreement that developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well, in contrast if the organization use traditional individual performance appraisals it can make employees compete against one another because the ratings are known (or assumed, based on the employees rating given by the manager and their perceptions of where they stand relative to others), it can create discord in the work group. Performance appraisal should be based on teamwork.

Moreover majority of the respondents agreed that developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well. Finally on approach performance appraisal the analysis of mean response showed that majority of the respondents agreed that developmental approach performance appraisal helps the organization to counsel those who do not perform in their organization this is in contrast with organizational performance management were appraisal is used for employee performance improvement, performance development, training, cross-training, challenging assignments and career development or coaching.

#### **4.4 Descriptive analysis on Information on Quality Service Delivery**

It was important for the researcher to find out Information on Quality Service Delivery on: the TSC employees provide prompt service to customers, TSC employees are willing to help customers, TSC employees are ready to respond to customers request, the TSC employees give customers individual attention, TSC employees are dependable in handling customer's service problems, TSC employees perform services right at the first time, the services of TSC are highly appreciated by people they do business with and many other information on appraisal on TSC.

The responses are summarized in table 4.6

**Table 4.6 Mean, Standard Deviation and Kurtosis for Information on Service Delivery**

	<b>Statements</b>	<b>Mean</b>	<b>% Mean</b>	<b>SD</b>	<b>Kurtosis</b>
SD1	The TSC employees provide prompt service to customers	3.50	70.0	1.41	-0.841
SD2	TSC employees are willing to help customers	3.79	75.8	3.31	126.6
SD3	TSC employees are ready to respond to customers request	3.68	73.6	1.24	-0.277
SD4	TSC employees instill confidence in customers	3.90	78.0	3.29	129.8
SD5	TSC employees are consistently courteous	3.70	74.0	1.26	-0.422
SD6	TSC employees have the knowledge to answer customer questions	3.72	74.4	1.18	-0.220
SD7	The TSC employees give customers individual attention	3.76	75.2	1.12	-0.322
SD8	TSC employees understand the needs of their customers	3.77	75.4	1.11	-0.652
SD9	TSC provide services as promised	3.87	77.4	1.12	-0.414
SD10	TSC employees are dependable in handling customer's service problems	3.77	75.4	1.06	-0.515
SD11	TSC employees perform services right at the first time	3.88	77.6	1.00	0.245
SD12	TSC employees provide services at promised time	3.94	78.8	1.11	0.347
SD13	TSC has convenient hours for the business	4.01	80.2	0.988	0.210
SD14	TSC has modern equipment	3.98	79.6	1.02	0.300
SD15	TSC employees have a neat, professional appearance	3.95	79.0	1.01	0.300
SD16	The services of TSC are highly appreciated by people I do business with	4.03	80.6	1.06	0.696
SD17	Services of the TSC contribute to the welfare of the society	4.20	84.0	0.935	1.29
SD18	Services of the TSC are in line with our social values	4.10	82.0	1.11	0.837

**Source: Researcher's Survey, 2014**

***Cronbach alpha=0.823N=174***

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

To construct the final data set, the researcher merged the aggregated survey data set based on the means of responses this is presented in table 4.6. In general, the mean score for the items in the constructs which indicate how the service delivery is at TSC is ranged from 3.50 to 4.20 on a five likert scale with a percentage of between 70.0%-84.0%. It indicated that a majority of the respondents were in agreement that TSC employees provide prompt service and ready to respond to customers request, it should be noted that that performance appraisal is a part of a performance management which “includes activities to ensure that goals are consistently being met in an effective and efficient manner.

The analysis of mean response also showed that majority of the respondent accord that TSC employees were ready to respond and instill confidence in customers by use of both traditional (organizational or overall) approach and developmental approach which viewed the employees as individuals and has been forward looking through the use of goal setting.

The study further shows majority of the respondents agreed that TSC employees are consistently courteous. Furthermore the study findings show that the selected employees agreed that their fellow employees had the knowledge to answer customer questions and give individual attention. These can therefore be achieved by work-related attitudes which are commitment and involvement in work.

The study findings also showed that majority of the respondents agreed on the opinion that TSC employees are dependable in handling customer’s service problems and perform services right at the first time. They further agreed that TSC has convenient

hours for the business, which will help to create enough time for individual customer to be served. Moreover the study findings shows that majority of the respondents agreed that TSC has modern equipment and neat, professional appearance.

The study furthermore showed that majority of the respondents agreed that services of the TSC contribute to the welfare of the society. Finally the study finding shows that majority of the respondents agreed that services of the TSC were in line with their social values, this is in agreement with TSC core values which are professionalism, customer focus, integrity, innovativeness and team spirit.

#### 4.5 Correlation Analysis

**Table 4.7 Pearson Correlation coefficients and significance level**

	TS	Planning	M& E	Appraisal	Service
TS	1	.469**	.443**	.439**	.307**
planning	.469**	1	.449**	.440**	.353**
M &E	.443**	.449**	1	.492**	.413**
Appraisal	.439**	.440**	.492**	1	.483**
Service	.307**	.353**	.413**	.483**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed). N=174

As indicated above the correlation between the target setting and quality service delivery was ( $r=0.307$ ,  $p<0.01$ ) was significant but a medium relationship. It is clear from the above that target setting does not necessarily improve quality service delivery at TSC. Moreover the relationship between planning was medium but a significant relationship at

( $r=0.353$ ,  $p<0.01$ ). Again it is clear that planning has to be supported by other external factors in order to improve service delivery at the commission. Such factors could improve the working conditions by providing a good rewarding system, providing the right tools of work and others. Thirdly the correlation analysis showed that there was a moderate significant relationship between monitoring and evaluation and quality service delivery ( $r=0.413$ ,  $p<0.01$ ). This means that monitoring and evaluation in a way contributes to quality service delivery in the long run at the commission. Lastly it was noted that the correlation between appraisal and service delivery was medium but significant ( $r=0.483$ ,  $p<0.01$ ). This means that where appraisal systems are well established there service quality will improve, these was the case at the TSC where as indicated by regression analysis there was appraisals affect service delivery at TSC in the selected branches.

## 4.6 Factor Analysis

### 4.6.1 Factor analysis for target setting

**Table 4.8**Factor analysis for target setting

Scale Items	Factor loading	Eigen Values	Percentage variance	Cumulative %
Target setting by TSC commissioners ensures the next year's targets are based on the current year's performance hence improving the quality service delivery.	0.707	2.127	35.447	35.447
Target setting ensures that performance across different functions is reported as a whole, thereby disguising departmental failure.	0.712	1.414	23.564	59.011
The departments that exceed their targets vire their surplus across to the poorly performing sections.	0.805			
Where targets are achieved at the expense of important but unmeasured aspects of performance	0.706			
Where managers operate in such a way that serves their own operation but damages the performance of the overall system has been seen to affect quality service delivery negatively	0.615			
Tunnel vision where managers select some targets has been seen to affect quality service delivery positively	0.884			

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

**Source: Researcher's Survey, 2014**



The Kaiser-Meyer- Olkin (KMO) has measure of 0.506 which is above the threshold of 0.5 (Field, 2005).The Bartlett's test is significant in this study with  $X^2$  175.327 (p-value < 0.001). Therefore, the KMO value of 0.506 and significant of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set. Table 4.8 shows that all the factor loads were greater than 0.5 therefore, conforming the appropriateness of the factor analysis for the set data. An eigenvalue of 1.0 is used to identify the number of factors at this stage of analysis. The eigenvalue associated with each factor represent the variance explained by that particular linear component and SPSS also displays the eigenvalue in terms of the percentage of variance explained (so, factor 1 explains 35.447% of total variance). It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance. The eigenvalue associated with these factors are again displayed in the columns labeled extraction sums of squared loadings. The values in this part of the table are the same as the values before extraction except that the values for the discarded factors are ignored. Hence the table is blank after the third factor.

#### 4.6.2 Factor analysis for Planning

**Table 4.9 Factor analysis for Planning**

Scale Items	Factor loading	Eigen Values	Percentage variance	Cumulative %
Planning means setting performance expectations and goals for groups to channel their efforts toward achieving organizational objectives.	0.847	2.047	29.245	29.245
Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements in view of improving the quality service delivery.	0.795	1.684	24.052	53.297
Planning looks ahead toward organizational desired goals	0.554			
Performance measurement looks back at achievements	0.591			
Strategic planning and performance measurement form a circle, a continuous process of governing-for-results.	0.725			
Periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans.	0.610			
Periodic reporting keeps strategic plans on target and able to accommodate environmental changes	0.676			

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

**Source: Researcher's Survey, 2014**

The Kaiser-Meyer- Olkin (KMO) has measure of 0.604 which is above the threshold of 0.5 (Field, 2005). The Bartlett's test is significant in this study with  $X^2$  126.978 (p-value < 0.001). Therefore, the KMO value of 0.604 and significant of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set. Table 4.9 above presents how the items were grouped to two factors based on selection criteria of an eigenvalue greater than 1.0. The table also shows factor loading. Any item that fails to meet the criteria of having a factor loading value of greater than 0.5 and loads on one and only one factor will be dropped from the study (Liao et al, 2007). In our case the factor loading ranged between 0.554 and 0.847 which is greater than 0.5 therefore, there was no item dropped.

The eigenvalue for two factors was greater than 1.0 (2.047, 1.684), which implies that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by 2 factors is 53.297 per cent. In other words, more than 53.297 per cent of the common variance shared by 7 items can be accounted or explained by these 2 factors, therefore the construct validity has been established.

### 4.6.3 Factor analysis for Monitoring and Evaluation

**Table 4.10. Factor Analysis for Monitoring and Evaluation.**

<b>Scale Items</b>	<b>Factor loading</b>	<b>Eigen Values</b>	<b>Percentage variance</b>	<b>Cumulative %</b>
Monitoring provides managers and other stakeholders with regular feedback on quality service delivery.	0.531	1.746	21.826	29.245
Monitoring early indication of progress and problems in the achievement of planned results in order to facilitate timely adjustments of in the operation of quality service delivery.	0.750	1.527	19.088	53.297
At the department level real time improvements are effected as the monitors engage with officials and immediately follow up on problems.	0.695	1.332	16.644	57.559
The data produced through the monitoring is used as evidence by TSC to improve quality service delivery improvements.	0.755			
Monitoring have a big impact in educating citizens on their rights and in so doing increase their power to demand better services	0.816			
Evaluation is undertaken selectively to review progress in terms of quality service delivery	0.757			
Evaluation aid predicting likely effects and identify necessary adjustments in quality service delivery strategy.	0.655			
Evaluation assesses the extent to which public agencies have achieved the agreed performance targets.	0.585			

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

**Source: Researcher's Survey, 2014**

The Kaiser-Meyer- Olkin (KMO) has measure of 0.500 which is above the threshold of 0.5 (Field, 2005). The Bartlett's test is significant in this study with  $X^2$  246.604 (p-value < 0.001). Therefore, the KMO value of 0.500 and significant of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set. Tables 4.10 shows the factor loading for each item, Eigen values, percentages variance and cumulative variance, they were sorted by size. According to Garver and Mentzer, (1999) construct validity measures the degree to which a scale measures what it intends to measure. As shown all the factor loading were greater than 0.5 (0.531, 0.750, 0.695, 0.755, 0.816, 0.757, 0.655 and 0.585), therefore no item was dropped. On the other hand the eigenvalues (1.746, 1.527, and 1.332) were greater than 1 which means that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by five factors is 57.559 per cent. This means more than 57.559 per cent of the common variance shared by 8 items can be accounted or explained by these 3 factors hence the construct validity is established.

#### 4.6.4 Factor analysis for Appraisal

**Table 4.11 Factor analysis for Appraisal**

Scale Items	Factor loading	Eigen Values	Percentage variance	Cumulative %
Performance appraisal enables periodic formal evaluation of employee performance	0.638	2.420	40.333	40.333
Performance appraisal enables the organization to reward the better performing employees gets pay increases, bonuses, and promotions.	0.699			
Developmental approach performance appraisal aid in providing employees the opportunity to formally indicate the direction of the employee's ambition.	0.666			
Developmental approach performance appraisal aid in showing organizational interest in employee development.	0.688			
Developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well.	0.608			
Developmental approach performance appraisal helps the organization to counsel those who do not perform in their organization.	0.488			

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

**Source: Researcher's Survey, 2014**

The Kaiser-Meyer- Olkin (KMO) has measure of 0.501 which is above the threshold of

0.5 (Field, 2005). The Bartlett's test is significant in this study with  $X^2$  49.512 (p-value < 0.001). Therefore, the KMO value of 0.501 and significant of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set. Table 4.11 above presents how the items were grouped to one factor based on selection criteria of an eigenvalue greater than 1.0. The table also shows factor loading, any item that fails to meet the criteria of having a factor loading value of greater than 0.5 and loads on one and only one factor will be dropped from the study (Liao et al, 2007). In our case the factor loading ranged between 0.488 and 0.699 which is greater than 0.5 therefore there was no item dropped.

The eigenvalue for two factors was greater than 1.0 (2.420), which imply that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by 2 factors is 40.333 per cent. In other words, more than 40.333 per cent of the common variance shared by 7 items can be accounted or explained by these 2 factors, therefore the construct validity has been established.

#### 4.6.5 Service Delivery

#### 4.6.4 Factor analysis for Quality Service Delivery

**Table 4.12 Factor analysis for Quality Service Delivery**

Scale Items	Factor loading	Eigen Values	Percentage variance	Cumulative %
The TSC employees provide prompt service to customers	0.557	3.318	18.432	18.432
TSC employees are willing to help customers	0.722	3.086	17.146	35.578
TSC employees are ready to respond to customers request	0.678	2.722	15.125	50.703
TSC employees instill confidence in customers	0.530	1.521	8.449	59.152
TSC employees are consistently courteous	0.683			
TSC employees have the knowledge to answer customer questions	0.663			
The TSC employees give customers individual attention	0.697			
TSC employees understand the needs of their customers	0.633			
TSC provide services as promised	0.614			
TSC employees are dependable in handling customer's service problems	0.623			
TSC employees perform services right at the first time	0.640			
TSC employees provide services at promised time	0.639			
TSC has convenient hours for the business	0.572			
TSC has modern equipment's	0.507			
TSC employees have a neat, professional appearance	0.533			
The services of TSC are highly appreciated by people I do business with	0.555			
Services of the TSC contribute to the welfare of the society	0.532			
Services of the TSC are in line with our social values	0.535			

**N=174**

**Key SA-Strongly Agreed=5, A-Agreed=4, N-Neutral=3, and D-Disagreed=2, SD-Strongly disagreed=1)**

**Source: Researcher's Survey, 2014**

The Kaiser-Meyer- Olkin (KMO) has measure of 0.837 which is above the threshold of



0.5 (Field, 2005). The Bartlett's test is significant in this study with  $X^2$  5364.971 (p-value < 0.001). Therefore, the KMO value of 0.837 and significant of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set. Table 4.12 presents how the items for dependent variable which were grouped to four factors based on selection criteria of an eigenvalue greater than 1.0. The table also shows factor loading, any item that fails to meet the criteria of having a factor loading value of greater than 0.5 and loads on one and only one factor will be dropped from the study (Liao et al, 2007). In our case the factor loading ranged between 0.530 and 0.722 which is greater than 0.5 therefore, there was no item dropped.

The eigenvalue for four factors was greater than 1.0 (3.318, 3.086, 2.722, 1.521), which implies that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by 4 factors is 59.152%. In other words, more than 59.152 % of the common variance shared by 18 items can be accounted or explained by these 4 factors, therefore the construct validity has been established.

## 4.7 Regression Analysis

**Table 4.13 Regression Analysis**

		<b>Coefficients</b>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.049	.368		2.848	.005
	TS	.028	.082	.027	.342	.732
	planning	.126	.089	.111	1.406	.162
	Monitoring and evaluation	.221	.093	.189	2.366	.019
	appraisal	.351	.085	.329	4.131	.000

### a. Dependent Variable: Service

**Key SA-Strongly Agreed=5, A-Agreed=2, N-Neutral=3, and D-Disagreed=4, SD-Strongly disagreed=5)**

**Source: Derived from Author's survey, 2014**

The regression model for data is:  $y$  (service delivery) = 1.049-0.028 (Target Setting)+ 0.126(Planning)+0.221(Monitoring and Evaluation)+ 0.351(Appraisal).

**Table 4.14 Model Summary**

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.534 <sup>a</sup>	0.285	0.268	0.62470
	a. Predictors: (Constant), appraisal, TS, planning, Monitoring			
	b. F=16.81, p<0.01			

The F-statistics produced (F=16.81) was significant at 1 per cent level (Sig,F<0.01), thus confirming the fitness for the model. Therefore, there is a statistically significant relationship between the performance contracting and quality service quality. The coefficient of determination  $R^2$  was 28.5 percent. Thus, the performance contracting can

significantly account for 28.5 per cent in the quality service industry at TSC.

#### **4.8. Test of Hypotheses.**

The research hypotheses were tested using the significance level of the coefficients of the regression model; the research aimed to test the hypotheses with an aim of accepting whether there was any effect by the variable of Performance Contracting on Kenya's Public sector.

Hypothesis 1 (**H<sub>01</sub>**) The first research hypothesis posited, performance target setting has no significant effect on quality service delivery on Kenya's public sector, from the result ( $\beta=0.027$ ,  $P=0.732$ ) this is not so significant because the value is above the acceptable  $p$ -value of  $0.732(p>0.05)$  therefore, the null hypothesis is accepted and concluded that target setting has no significant effect on quality service delivery.

Hypothesis 2(**H<sub>02</sub>**) The second research hypothesis, stated that performance planning has no significant effect on performance contracting on quality service delivery in Kenya's public sector, from the research results ( $\beta= 0.111$ ,  $p =0.162$ ), which was not significant because the  $p$ -value falls outside the acceptance  $p$ -value of  $0.162(p>0.05)$  therefore, the null hypothesis was accepted and concluded that performance planning has no significant effect quality service delivery.

Hypothesis 3 (**H<sub>03</sub>**) The third research hypothesis, posited that monitoring and evaluation has no significant effect on Performance Contracting on quality service delivery in Kenya's public sector, from the research results ( $\beta= 0.189$ ,  $p =0.019$ ). Therefore, the null hypothesis was rejected and concluded that monitoring and evaluation has significant effect on quality service delivery.

Hypothesis 4 ( $H_{04}$ ), the fourth research hypothesis  $H_{04}$  posited that performance appraisal has no significant effect on Performance Contracting on quality service delivery in Kenya's public sector, from the research results ( $\beta= 0.329$ ,  $p =0.000$ ). Therefore the null hypothesis is rejected and concluded that Performance Appraisal has significant effect on quality service delivery.

**Table 4.15 Hypotheses**

Hypotheses		Test criterion	Statistics	Comments
$H_{01}$	Performance target setting has no significant effect on quality service delivery.	Reject $H_{01}$ when $P < 0.05$ , otherwise accept the alternative	$p = 0.732$	Null hypothesis accepted
$H_{02}$	Performance planning has no significant effect on quality service delivery.	Reject $H_{01}$ when $P < 0.05$ , otherwise accept the alternative	$p = 0.162$	Null hypothesis accepted
$H_{03}$	Performance Monitoring and Evaluation has no significant effect on quality service delivery.	Reject $H_{01}$ when $P < 0.05$ , otherwise accept the alternative	$p = 0.000$	Null hypothesis rejected
$H_{04}$	Performance Appraisal has no significant effect on quality service delivery.	Reject $H_{01}$ when $P < 0.05$ , otherwise accept the alternative	$p = 0.019$	Null hypothesis rejected

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents a summary of the major findings of the study which attempted to give answers to specific objectives of the research.

It also presented conclusions and recommendations on the findings and suggestions for further study.

#### **5.1 Summary of the findings.**

The descriptive analysis for demographic characteristics showed that by using unbiased sampling technique that captured more female 110 (64.4%); this could be because they were the majority during the study period in all the three TSC branches in the study region. Most of who had been in their acting capacity for a period of between 0 and 5 years, 134 (77.0%) and therefore were aware and were able to identify the conditions of performance contracting and its effect on quality service quality. Majority of employees were undergraduate (58.6%), with a degree certificate and could read and understand the contents of a performance contract, they understood the performance contracting and what to expect from their employer (TSC) as well as what is expected of them as stipulated in the contract. In the Kenyan context has identified by Obong'o, (2009) a performance contract is a written agreement between government and a state agency (local authority, state corporation or central government ministry) delivering services to the public, wherein quantifiable targets are explicitly specified for a period of one financial year (July to June) and performance measured against agreed targets

(GoK,2006).

There was a significant relationship ( $p=0.000$ ) between target setting and quality service delivery at TSC, however the relationship was medium as shown by  $r=0.307$ . The correlation also showed that there was significant relationship between planning and service delivery ( $p=0.00$ ) which was medium as indicated by the correlation coefficient of  $r=0.353$ . Thirdly the correlation analysis showed that there was a moderate significant relationship between , ( $p=0.00$ ) monitoring and evaluation and quality service delivery ( $r=0.413$ ). Lastly it was noted that the correlation between appraisal and service delivery was medium but significant ( $r=0.483$ ,  $p=0.00$ ).

The first research indicated that there is no significant relationship between target setting and quality service delivery ( $P=0.732$ ). These findings supports prior researches that had been done by past researchers. One such researcher is Ahorani, (1986) he was of the view that in order to be effective in conducting business or rendering service, organizations need to have targets, implement management procedures and practices that will yield the desired results.

The second research hypothesis showed that performance planning has no significant effect quality service delivery ( $p=0.162$ ). On a similar note Schwella, (2008) was of the view that planning is a continuous process that requires constant feedback about how the current strategies are working. He further indicated that the market tells the private sector how it is doing. Profit levels, return on investments, and sales trends let businesses know when they need to adjust their strategies. Performance measurement provides the public sector with comparable information. Planning looks ahead toward desired goals; whereas

performance measurement looks back at achievements.

The study identified that monitoring and evaluation has a significant effect on quality service delivery at ( $p=0.019$ ). Similarly Akaranga (2008), argued that for an organization to have impact on the populace, the evaluation and monitoring of performance should be done not only by the government but also by the service users. Monitoring and evaluation are important management tools to track commission progress and facilitate decision making.

The study also noted that there was a medium significant relationship between performance Appraisal and quality service delivery. This similarly with Moorhead, & Griffin, (2012) view who was of the view that if an appraisal within a company is carried out without any rules and prospect of things linked to it, it might cause severe troubles: not only can it damage climate at workplace and lead to decrease in productivity, it also can end up with ethical and legal problems.

## **5.2 Conclusions**

From the analysis of means response, it was concluded that the selected employees were uncertain whether target setting by TSC commissioners has ensured that targets are based on the current year's performance hence these has reduced the quality service delivery in their institution. That target settings do not necessarily ensure that performance across different functions is reported as a whole. It is also concluded that where targets are achieved at the expense of important unmeasured aspects of performance services will not be delivery effectively and that tunnel vision is important, managers select some targets and this has been seen to affect quality service delivery positively. It was however

concluded that it was uncertain if where managers operate in such a way that serves their own operation has a negative effect on quality service delivery negatively.

On the second objective it was concluded that the TSC employees were aware of what planning is because of the explanatory guide of performance contracting process in meetings by the TSC. They acknowledged that employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements in view of improving the quality service delivery. It was also concluded that periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans and keeps strategic plans on target and able to accommodate environmental changes, in the long run it will affect service delivery which was used as a yardstick in the customers' perspective to confirm if the TSC provided quality services to customers.

On the third objective the study concluded that monitoring provides managers and other stakeholders with regular feedback on quality service delivery. Monitoring early is an indication of progress and problems in the achievement of planned results help to facilitate timely adjustments of the operation of quality service delivery. Furthermore it was concluded that the department level real time improvements are affected because the monitors engage with officials and immediately follow up on problems encountered. On the other hand it was concluded that evaluation assesses the extent to which public agencies have achieved the agreed performance targets and that it aids in predicting likely effects and identifying necessary adjustments in quality service because the data produced through the monitoring is used as evidence by TSC to improve quality service delivery improvements.



On the fourth and the last objective it was concluded that appraisal enables periodic formal evaluation of employee performance, it enables the organization to reward the better performing employees gets pay increases, bonuses, and promotions. However it was uncertain if developmental approach performance appraisal aid in providing employees the opportunity to formally indicate the direction of the employee's ambition, although it has helped in formal interaction between themselves and their supervisor. Developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well, in contrast. It has helped in providing satisfaction and encouragement to the employee who has been trying to perform well and counsel those who do not perform in their organization.

On service delivery in the institution the study concluded that TSC employees provide prompt service and ready to respond to customers request, were ready to respond and instill confidence in customers by use of both traditional (organizational or overall) approach and developmental approach, are consistently courteous .Also TSC as an institution contributes to the welfare of the society and their services are in line with our social values, this is in agreement with TSC core values which are professionalism, customer focus, integrity, innovativeness and team spirit.

It was also concluded that that there was a significant relationship between performance target settings, planning, performance monitoring and evaluation and appraisal and the dependent variable (quality service delivery).

### **5.3 Recommendations**

The recommendations given below are based on the findings of the study. They are principally directed at enhancing improvement of performance contracting so as to

augment improved quality service delivery at the Commission.

TSC commissioners should ensure that, the targets are based on the current year's performance. Moreover planning by the commission should be aligned with future organizational desired goals.

Furthermore the commission at the departmental level real time improvements should be embraced and the monitors should engage with officials and immediately follow up on problems. They should make monitoring in such a way that the citizens are educated on their rights and in so doing increase their power to demand better services, have regular monitoring and feedback be undertaken to ensure that targets are met on time. All staff should be trained on strategic planning and performance contracting and must familiarize themselves with the performance contract by reading it.

#### **5.4 Suggestions for Further Study**

Based on the findings of the study, the study recommends that a further study should be done on the role of performance contracting in enhancing effectiveness of performance in the civil service in Kenya, a case of any Kenya Power in the North Rift Region.

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## APPENDICES

### APPENDIX I: LETTER TO THE RESPONDENTS

I am a student at Moi University undertaking a Master's Degree course in Business Administration. As part of the requirements of an award of the master's degree, I am carrying out a research on *EFFECT OF PERFORMANCE CONTRACTING ON QULALITY SERVICE DELIVERY IN KENYAN'S PUBLIC SECTOR: A SURVEY OF TEACHERS SERVICE COMMISSION STAFF IN THE NORTH RIFT(UASIN GISHU, TRANS NZIOA AND ELGEYO MARAKWET)*. I kindly request you to assist me in answering the questionnaire provided just for academic purposes. This information will be confidential.

Thank you in advance and God bless you.

Thon David Nhial.



## APPENDIX II: QUESTIONNAIRE FOR TSC STAFF

The response to this questionnaire and all information obtained from you will be held in strict confidence.

Please put a tick (√) in the box to the right response:

### **SECTION A BIO-DATA**

#### **1. Gender**

Male

Female

#### **2. How long have you worked in the TSC?**

0-5yrs

5-10yrs

Over 10 yrs.

#### **4 Please indicate your highest qualifications.**

Diploma

Higher diploma

Degree

Master's degree

#### **5) Understanding of performance contracting**

Good

Fair

**SECTION B: INFORMATION ON TARGET SETTING**

6) Using the Likert scale provided below rate the following statements on effect of targeting on service delivery (**SA-Strongly Agreed, A-Agreed, N-Neutral, and D-Disagreed, SD-Strongly disagreed**)

	<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
TS1	Target setting by TSC commissioners ensures the next year's targets are based on the current year's performance hence improving the quality service delivery.					
TS2	Target setting ensures that performance across different functions is reported as a whole, thereby disguising departmental failure.					
TS3	The departments that exceed their targets vire their surplus across to the poorly performing sections.					
TS4	Where targets are achieved at the expense of important but unmeasured aspects of performance					
TS5	Where managers operate in such a way that serves their own operation but damages the performance of the overall system has been seen to affect quality service delivery negatively					
TS6	Tunnel vision where managers select some targets has been seen to affect quality service delivery positively					

**SECTION C INFORMATION ON PLANNING**

7) Using the Likert scale provided below rate the following statements on effect of planning on service delivery (**SA-Strongly Agreed, A-Agreed, N-Neutral, and D-Disagreed, SD-Strongly Agreed**)

	<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
P1	Planning means setting performance expectations and goals for groups to channel their efforts toward achieving organizational objectives.					
P2	Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements in view of improving the quality service delivery.					
P3	Planning looks ahead toward organizational desired goals					
P4	Performance measurement looks back at achievements					
P5	Strategic planning and performance measurement form a circle, a continuous process of governing-for-results.					
P6	Periodic reporting of performance indicators provides the information necessary to guide adjustments in strategic plans.					
P7	Periodic reporting keeps strategic plans on target and able to accommodate environmental changes					

**SECTION D` Information on Monitoring and Evaluation**

8) Using the Likert scale provided below rate the following statements on effect of Monitoring and Evaluation on quality service delivery (**SA-Strongly Agreed, A-Agreed, N-Neutral, and D-Disagreed, SD-Strongly Agreed**)

	<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
ME1	Monitoring provides managers and other stakeholders with regular feedback on quality service delivery.					
ME2	Monitoring early indication of progress and problems in the achievement of planned results in order to facilitate timely adjustments of in the operation of quality service delivery.					
ME3	At the department level real time improvements are effected as the monitors engage with officials and immediately follow up on problems.					
ME4	The data produced through the monitoring is used as evidence by TSC to improve quality service delivery improvements.					
ME5	Monitoring have a big impact in educating citizens on their rights and in so doing increase their power to demand better services					
ME6	Evaluation is undertaken selectively to review progress in terms of quality service delivery					
ME7	Evaluation aid predicting likely effects and identify necessary adjustments in quality service delivery strategy.					
ME8	Evaluation assesses the extent to which public agencies have achieved the agreed performance targets					

**SECTION E INFORMATION ON APPRAISAL**

9) Using the Likert scale provided below rate the following statements on effect of Appraisal on service delivery (SA-Strongly Agreed, A-Agreed, N-Neutral, and D-Disagreed, SD-Strongly Agreed)

	<b>Statements</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
A1	Performance appraisal enables periodic formal evaluation of employee performance					
A2	Performance appraisal enables the organization to reward the better performing employees gets pay increases, bonuses, and promotions.					
A3	Developmental approach performance appraisal aid in providing employees the opportunity to formally indicate the direction of the employee's ambition.					
A4	Developmental approach performance appraisal aid in showing organizational interest in employee development.					
A5	Developmental approach performance appraisal helps in providing satisfaction and encouragement to the employee who has been trying to perform well.					
A6	Developmental approach performance appraisal helps the organization to counsel those who do not perform in their organization.					

**SECTION F INFORMATION ON QUALITY SERVICE DELIVERY**

9) Using the Likert scale provided below, rate the following statements on “Performance Contracting” which has changed a lot of factors that affect Service Delivery.

(SA-Strongly Agreed, A-Agreed, N-Neutral and D-Disagreed, SD-Strongly Disagreed).

	<b>Measures are Responsiveness, Assurance, Reliability, Tangibility and Empathy.</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
SD1	The TSC employees provide prompt service to customers					
SD2	TSC employees are willing to help customers					
SD3	TSC employees are ready to respond to customers request					
SD4	TSC employees instill confidence in customers					
SD5	TSC employees are consistently courteous					
SD6	TSC employees have the knowledge to answer customer questions					
SD7	The TSC employees give customers individual attention					
SD8	TSC employees understand the needs of their customers					
SD9	TSC provide services as promised					
SD10	TSC employees are dependable in handling customer’s service problems					
SD11	TSC employees perform services right at the first time					
SD12	TSC employees provide services at promised time					
SD13	TSC has convenient hours for the business					
SD14	TSC has modern equipments					
SD15	TSC employees have a neat, professional appearance					
SD16	The services of TSC are highly appreciated by people I do business with					
SD17	Services of the TSC contribute to the welfare of the society					
SD18	Services of the TSC are in line with our social values					

**APPENDIX III**  
**INTRODUCTORY LETTER FROM THE UNIVERSITY**



**MOI UNIVERSITY**  
**SCHOOL OF BUSINESS AND ECONOMICS**

Tel: (053) 43287  
Fax No: (053) 43360  
Telex No. 35047 MOIUNIVERSITY  
REF: SBE/MBA/REC

Box 3900  
Eldoret  
KENYA

3<sup>RD</sup> SEPTEMBER, 2014

**TO WHOM IT MAY CONCERN:**

Dear Sir/Madam,


**RE: THON DAVID NIHAL AJETH . REG. NO- SBE/MBA/001/13**

The above named is a bonafide student of Moi University, School of Business and Economics pursuing a Master Degree in Business Administration, MBA.

He has completed his course work and is proceeding to the field to collect data for his Project titled "**Effect of Performance Contracting on Quality Service Delivery in Kenya's Public Sector: A Survey of TSC Staff in North Rift**".

Please accord him the necessary assistance and support.

Yours Sincerely,

  
**PROF. THOMAS CHERUIYOT**  
**DEAN SCHOOL OF BUSINESS AND ECONOMICS**