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Enhancing Service Delivery through Performance Contracting: A Case Study of Lake Basin Development Authority

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Abstract

Performance contracting is part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of public affairs to the expected standards. Public institutions as a result are expected to set performance targets and indicators for their achievement. Its re-introduction in State Corporation and agencies was an effort to institute a framework of accountability and enhance service delivery in Kenya. Therefore the purpose of this study was to assess the impact of performance contracting on service delivery at the Lake Basin development authority. Specific objectives included: to analyze performance contracting at the Lake Basin development authority; to establish the importance of performance contracting on service delivery at the Lake Basin development authority; to assess the impact of performance contracting on service delivery at the Lake Basin development authority and to examine the challenges faced by performance contracting at the Lake Basin development authority. The main concern was that Performance contracting was introduced to increase efficiency and achieve effectiveness but conversely state corporations and agencies continue to provide services which are not effective. This study for that reason will be beneficial to the policy makers and administrators who may use the study to design an effective human resource programs inspired towards performance improvement and quality service. It identified the benefits of performance contracting, its impacts and the challenges faced in the implementation process. The study was conducted at the Lake Basin Development Authority and it employed descriptive survey research design using probability sampling non-probability sampling arriving at a sample size of 107 respondents. The sample size comprised 83 employees of LBDA, 20 consumers of LBDA and purposive sampling for 4 officials. The research instruments that were used to collect data included questionnaires and the interview schedules. From the findings it was evident that performance contracting was being implemented and it was working. The major challenge Challenge was Lack of proper communication between the top cadre employees and those at the lower cadre hence decision making utilized top down approach. Thus, it was concluded that performance contracting improved employees' commitment and allowed for creativity in

service and products development hence enhancing efficiency. Further, the study recommends that for government agencies and parastatals in order to achieve effective service delivery, they should enhance communication and capacity building to the employees and the service users, link planning to motivation, to enjoin e-procurement to reduce bureaucracy and focus more on private and public partnerships.

Keywords: *Service delivery & Performance contracting*

1.0. Introduction

Performance contracting has been the subject of extensive debate among scholars, legal experts, and human resource practitioners. It is considered a subset of management science, particularly within management control systems. Defined as a freely negotiated agreement between a government and its agency or between an administrative body and an employee (GoK, 2004), performance contracting outlines the obligations of both parties. This approach has been widely praised as an effective and promising method for improving the performance of public agencies. Kumar (1994) describes performance contracts as Memoranda of Understanding (MOUs), rooted in evaluation systems that not only assess performance comprehensively but also promote transparency and accountability. These contracts link individual targets with organizational objectives, ensuring employees are evaluated based on measurable outcomes rather than subjective criteria, with a focus on results as the ultimate goal.

The primary objective of performance contracting is to make organizations accountable for their results. Amid Kenya's economic challenges and the need for recovery, the government committed to reintroducing performance contracts as a management tool to enhance accountability and transparency in the use of public resources. Over time, the Kenyan public sector has experienced poor performance, particularly in resource management, which has impeded sustainable economic growth (GoK, 2005). The government's Economic Recovery Strategy (ERS) identified factors such as excessive regulations, political interference, poor management, mismanagement, and bloated staffing as key contributors to underperformance. In response, the government has implemented reform measures to improve public sector performance (ibid).

In 2024, the importance of performance contracting remains crucial. As organizations face increasing demands for transparency and accountability, performance contracts provide a structured framework for aligning organizational goals with measurable employee outcomes. By emphasizing result-oriented targets, performance contracts help foster efficiency, improve resource management, and ensure public institutions meet their development objectives. For instance, the Lake Basin Development Authority (LBDA), one of Kenya's six Regional Development Authorities (RDAs), continues to rely on performance contracts to achieve its mission of promoting regional economic development. Established in 1979 by an Act of Parliament (Cap 442), the LBDA's primary goal is to accelerate development within the Lake Victoria Basin and support Kenya's broader economic objectives.

Aligned with Vision 2030's pillars of development, the LBDA and other RDAs continue to use performance contracting as a critical tool for ensuring efficiency, transparency, and accountability in delivering public services. By mobilizing domestic resources and promoting regional economic activities, the LBDA plays a central role in Kenya's economic growth strategy. The reintroduction of

performance contracting in 2003 has ensured that organizations like the LBDA remain focused on performance-based outcomes, reinforcing their role as catalysts for development in their respective regions. As Kenya continues to pursue sustainable growth, performance contracts will remain an essential instrument for enhancing organizational performance and public sector accountability in 2024 and beyond.

1.1. Statement of the Problem

Performance contracting continues to be recognized globally as an effective strategy for enhancing and improving the performance of public institutions and government departments. In 2023, its relevance remains critical as public services play a fundamental role in delivering essential services that are key to the functioning of a nation's economy. Effective service delivery not only impacts the welfare of service users but also contributes to broader developmental goals, including the sustainable improvement of the general population's quality of life. Gupta (2002) highlights that performance contracting involves a structured and rigorous process of evaluating results, which is both a technical exercise and a morale-boosting mechanism for managers and staff.

In Kenya, state agencies and corporations were originally established to accelerate economic and social development, redress historical economic imbalances, promote Kenyan citizen participation in the economy, and encourage indigenous entrepreneurship alongside foreign investment through joint ventures (GoK, 1965). However, by 2003, inefficiencies and poor performance across many state agencies led to the reintroduction of performance contracting. The goal was to increase efficiency and ensure accountability in public service delivery. Despite these efforts, some government corporations and agencies continue to underperform, even though performance contracting sets clear guidelines for achieving optimal services (GoK, 2013).

Research shows that there is a positive and significant relationship between performance contracting and performance effectiveness, with the potential to generate substantial profit margins, increase accountability, and improve public service (Gakure et al., 2013). However, challenges in implementation remain, with continued reports of inefficiencies in certain government corporations. Given these ongoing issues, this research seeks to evaluate the impact of performance contracting on state agencies, focusing specifically on the Lake Basin Development Authority (LBDA). The study aims to assess the effectiveness of performance contracting as a tool for improving service delivery and accountability within this key regional development authority.

1.2. Objective

To assess the impact of performance contracting on service delivery at the lake basin development authority

1.3. Research question

How does the implementation of performance contracting influence service delivery to the lake basin development Authority?

2.0. Literature review

2.1. The Concept of Performance Contracting

Performance contracting remains highly relevant in 2024 as an essential tool for enhancing organizational performance, accountability, and efficiency, particularly in the public sector. It is defined as a binding agreement between two or more parties that outlines specified actions or commitments, with the ultimate goal of improving performance and achieving measurable results (Lane, 1987). Kumar (1994) describes a performance contract as a Memorandum of Understanding (MOU), which operates within an evaluation system that not only assesses performance comprehensively but also ensures clarity in autonomy and accountability. This system helps to streamline performance management by creating a transparent framework for setting and evaluating targets.

The Organization for Economic Cooperation and Development (OECD, 1999) defines performance contracts as management mechanisms that establish responsibilities and expectations between parties to achieve mutually agreed-upon results. The goal is to control and enhance employee performance, which in turn improves the overall performance of the organization. To achieve this, employees must clearly understand the organization's goals and their role in accomplishing these objectives (Pfeffer, 1998). It is essential for performance contracts to focus on results, ensuring that the organization's goals, activities, and deliverables are aligned.

In Kenya, performance contracting is a negotiated agreement between the government, organizations, and individuals, designed to enhance accountability and drive results (Kenya Sensitization Training Manual, 2004). Muthaura (2007) highlights that performance contracting is both a philosophy and a tool for coordinating employees to achieve the desired outcomes. The intent of performance contracting is to increase organizational effectiveness, which is crucial for the development of vibrant institutions. As Lusthaus et al. (2002) assert, healthy organizations are fundamental to national development. While some organizations perform exceptionally well, others struggle or fail, making performance contracting a critical tool for addressing these disparities.

In 2024, the relevance of performance contracting remains significant due to its role in fostering accountability, aligning employee performance with organizational goals, and ensuring public resources are used efficiently. This management tool continues to play a vital role in addressing inefficiencies and improving service delivery, particularly in the public sector, where the need for transparency and measurable outcomes is paramount.

2.2. Importance of Performance Contracting

In 2024, performance contracting remains a highly relevant and effective tool for public sector management, enabling organizations to define responsibilities, set expectations, and achieve mutually agreed-upon goals. Smith (1999) emphasizes that performance contracting provides a clear framework for public sector executives and policymakers to outline responsibilities and guide organizational performance. This management tool establishes a standard of execution excellence by making expectations, accountability, and consequences explicit. Its role in setting clear objectives ensures that individuals and organizations work towards

their goals and review their progress at the end of the accounting period, promoting continuous improvement.

Willcoxson and Millett (2000) argue that organizational effectiveness is measured by how well an organization achieves its goals, while efficiency is based on the resources used to produce a unit of output. In 2024, as organizations continue to adapt to rapid changes in technology and the global environment, performance contracting remains crucial for aligning employees' efforts with organizational objectives and optimizing resource use. Ostroff (1992) highlights that performance contracts help maintain consistency in decentralized environments by allowing flexibility in local strategies while ensuring alignment with national guidelines.

Creativity, which is increasingly valued in modern business environments, presents a unique challenge in the context of performance contracting. Simonton (1999) suggests that creativity is essential for industrialized nations' economies, and while traditional performance contracts may constrain individual innovation, organizations in 2024 are exploring ways to balance accountability with creative freedom. Feldman (1999) adds that while performance contracts focus on achieving predefined targets, fostering creativity requires allowing employees some autonomy and rewarding innovative approaches to problem-solving.

Greiling (2005) notes that one of the key advantages of performance contracting is its ability to clarify departmental strategies and tie resource use to priority objectives. In 2024, this continues to be essential for public sector organizations striving for long-term success. Performance contracts offer a practical approach by focusing not just on immediate results but also on sustainable, long-term performance improvements through regular audits and refined action plans.

The use of performance contracting within the framework of New Public Management has been instrumental in increasing the efficiency of public services globally. As OECD (1997) observes, contracting out services in government has been shown to yield efficiency gains without compromising quality. The focus on reducing public waste and enhancing value for money continues to be a driving force behind the adoption of performance contracts in 2024.

Drucker (2006) emphasizes the importance of getting the right things done by focusing on effective decision-making, setting priorities, and aligning employee strengths with organizational goals. This approach remains central to modern performance contracting, as organizations aim to balance efficiency, accountability, and innovation.

In Kenya, the successful reintroduction of performance contracting was driven by political goodwill and leadership, with significant improvements in service delivery and organizational performance (Obong'o, 2000). Kobia and Mohammed (2006) assert that performance contracts foster accountability and transparency by establishing clear performance targets and encouraging healthy competition among public agencies. This approach has led to improved profit generation and service delivery, demonstrating the enduring relevance of performance contracts in 2024.

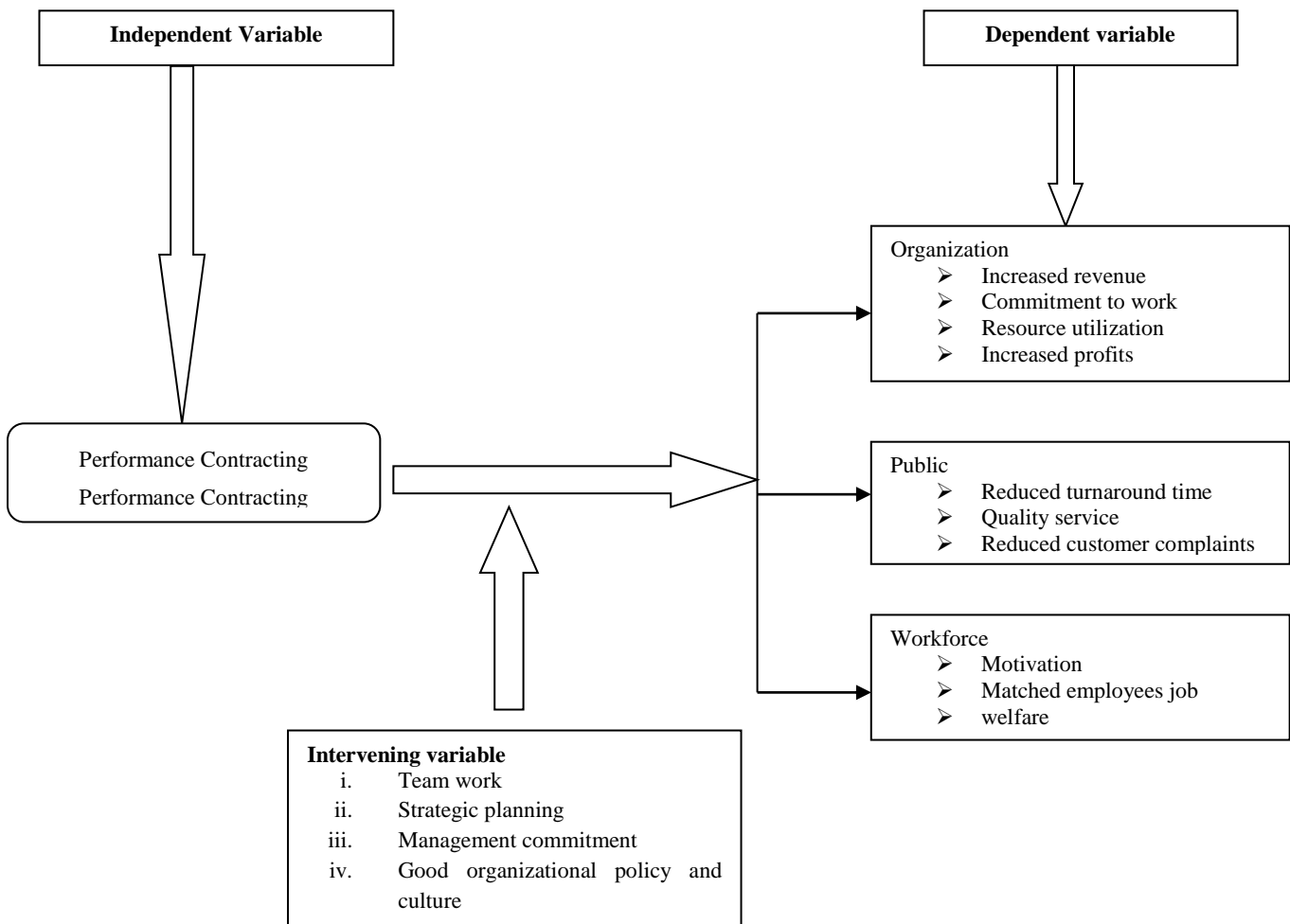
While challenges remain, particularly in balancing creativity and innovation with strict performance targets, performance contracting continues to evolve as an essential tool for managing public and private sector organizations. Its role in promoting

accountability, improving efficiency, and driving performance remains as important today as it was when first introduced.

2.3. Conceptual Frameworks

Conceptual framework summarized in the figure below.

Figure 2.1: A Conceptual Framework



(Author,2024)

3.0. Research methodology

3.1. Research Design

The study was carried through a descriptive survey research design since it was appropriate in interpreting and assessing the impact of performance contract scheme on service delivery at Lake Basin Development Authority that had been chosen to represent state agencies and departments. According to Mugenda and Mugenda (2003) descriptive studies portray an accurate profile of persons, events or situations under study and describe the existing conditions and attitudes through observation and interpretation techniques. However, (Zikmund, 2010) notes that descriptive surveys seeks to determine answers to who, what, when, where and how questions. The researcher was interested in the relationship between performance contracting and service delivery. This research design was appropriate where data was collected from a sample and findings used to infer the characteristics of the population in a systematic description, which was accurate and factual as possible.

3.2. Sample size and Sampling Techniques

MacMillan and Schumacher (2006) describe a sample as the collective group of subjects or participants from whom the data is collected. Sampling involves the drawing of the subject from the population for data collection. The researcher used both probability sampling and non probability sampling. Mugenda and Mugenda (1999) recommends that in descriptive studies, 10% of the survey population is represented enough to generalize characteristics being investigated. Each cadre of employees that is, senior management level, and middle management level and those holding supervisory post was sampled to represent the characteristics of the population. A sample size of 83 respondents was drawn using Yamane formula which gave same results as Yamane table shown as Appendix four. Therefore, researcher used Stratified random sampling to select different respondents at the Lake Basin Development Authority to avoid bias in sampling process. Further, the researcher interviewed 11 customers/consumers through a telephone interview and an in-depth interview to the 4 key interviewees respectively. Out of the total 100 telephone numbers offered by the organization over the past month, the researcher managed to get 11 response out of the 20 aimed at by the researcher. Based on what Guest et al. (2006) notes, often theoretical saturation is cited as a sampling parameter for qualitative research meaning you interview to redundancy, or collect data until you no longer learning something new about the topic. Also the researcher conducted in-depth on 4 respondents who were selected purposively by the researcher in order to gain the insights of what the organization is undertaking derived from what (Creswell 2005) described as purposeful sampling that is international selection of people or sites to understand them deeply. Data was collected at three levels related to policy direction, implementation and the regulation and monitoring of service delivery at the LBDA.

3.3. Instrumentation

The researcher used both primary data in order to collect views and opinions from the respondents on issues regarding performance contracting on performance of Lake Basin Development Authority in Kenya. The researcher utilized questionnaires and interview schedules as the main tools for collecting data. The questionnaire was pretested then refined for the study to begin. The researcher administered all the questionnaires on the same day to save on costs and time. The main advantage of using a semi-structured questionnaire was that it was easy to analyze since they were in an immediate unusable form. However it was more difficult to construct because categories must be well thought out. On the other hand, open ended questions permitted a great depth of response and were easy to formulate while its disadvantage was that response to the questions was time consuming and also answering questions which were not aligned to research objectives. The main reason why the researcher used in-depth interview was to gain access to, and an understanding of, activities and events which cannot derive from observation directly by the researcher (Minichiello et al. 1995). As such, in-depth interviewing is apposite when the researcher wants to gain a view of how organization reality is from the informant's perspective. This face to face interview had an advantage to the researcher because he was able to observe respondents' behaviour whenever they were giving their views hence could seek clarification on issues which were vague. However, data collected from the interviews consumed time to analyze yet the number of the respondents was small when compared to questionnaire.

3.4. Data Analysis

Mugenda & Mugenda (2003) conceive that data analysis is the process of bringing order, structure and meaning to the mass of information collected. The collected data was thoroughly examined and checked for completeness and comprehensibility before processing the responses. Qualitative analysis was done based on information that was collected through personal interview and telephone interview. On the other hand quantitative analysis involved descriptive statistical techniques; measures of central tendencies which include the mean, median, mode, range quartile deviation, standard deviation, frequencies and percentages. On receiving responses from the respondents, the researcher edited, classified, coded and tabulated to analyze quantitative data using Excel and Statistical Package for Social Science (SPSS version 17).

The data that was obtained from closed-ended questionnaire items was grouped under broad objectives and then converted into frequency counts. The Likert of scale of 1 to 5 was used for answering where: 1 = No extent at all; 2 = little extent; 3 = Moderate extent; 4 = Great extent; 5 = A very great extent were used to and determine the extent to which the organization performance is affected by the various innovation strategies and organizational challenges affecting performance contracting. The findings were presented using tables and charts for further analysis. The qualitative information was analyzed based on the themes which emerged during the analysis and the information used augment the quantitative information obtained.

3.5. Ethical considerations

The researcher adhered and upholds all issues pertaining to integrity, during this study. To the end the researcher respected the confidentiality and dignity of the respondents by assuring them of their anonymity and the purpose of the research. Further, the researcher informed the respondents that their names and addresses were not required on their questionnaires. The researcher also refrained from engaging in any form of data fabrication and plagiarism. Informed consent was sought from the respondents to ensure their dignity was upheld.

3.6. Limitation of the Study

The study was limited to descriptive statistics due to the research designed employed by the researcher. The study was confined to Lake Basin development authority due to the financial costs, time available, and access and proximity. The officials who were the key interviewee had tight and busy schedules hence not available on time to give an interview due to the nature of their activities hence required to secure appointments prior to the interview. Therefore, to overcome this shortcoming, the researcher booked the interview and also delivered the questionnaires in person, well in advance.

4.0. Results and discussions

4.1. Significance of Performance Contracting

The research sought to wrap up the significance of performance contracting in public service delivery in Lake Basin development authority. The respondents were expected to indicate the extent to which they agreed with the given statements by looking at the six variables as shown in the table 1.

Table 1 Importance of Performance Contracting

Importance of performance contract		1		2		3		4		5	
		F	%	F	%	F	%	F	%	F	%
1	Ensures consistency in revenue collection	1	1.3	0	0	4	5.3	40	52.6	31	40.8
2	Allows creativity in service and products	0	0	1	1.3	7	9.2	29	38.2	39	51.3
3	Improves infrastructural development and financial management	2	2.6	5	6.6	9	11.8	47	61.8	13	17.1
4	Improves employees commitment to work on the implementation of performance contracting	0	0	0	0	3	4	27	35.5	46	60.5

(Author, 2024)

The researcher in table 1 inferred that 61% of the respondents agreed to great extent that it improves infrastructural development and financial management while only 6.6% of the respondents agreed to a little extent that it improves infrastructural development and financial management.

From the data it portrays that performance contracting infrastructural development and financial management. These findings were in agreement with LBDA strategic plan report that the organization achieved the production of the integrated regional development master plan was initiated, quarterly monitoring and evaluation of regional development programmes, establishment of a resource centre at the LBDA headquarters, and the development of Information Communication and Technology (ICT) infrastructure (LBDA 2007).

The researcher also deduced that 52.6% of the respondents agreed to a great extent that it ensures consistency in revenue collection however, simply 1.3% of the respondents agreed that there was no extent at all that it ensures consistency in revenue collection. This depicts that performance contracting ensures consistency in revenue collection. This concurs with interview by LBDA Managing Director who clarified that the reforms in the organization aimed at rising consistency in revenue collection which in turn increase service access and quality in fulfilment of the regional development of Kenya's Growth and Development in achieving vision 2030. As a result the performance contracting had made individuals in the organization to work to the best of their ability and hence help the management in meeting organizational goals and customer demands which are the ultimate counter in terms of governmental reforms.

The researcher as well believed that 60.5% of the respondents agreed to very great extent that it improves employees' commitment to work on the implementation of performance contracting, none of the respondents agreed that there was little or no extent at all that it improves employees commitment to work on the implementation of performance contracting. The findings seem to contradict LBDA strategic plan that there are low level of commitment to targets hence the Authority is faced with persistent challenges in meeting its targets and this has been attributed to the low commitment of staff and lack of clear individual performance targets (LBDA 2012).

The researcher inferred moreover that 51.3% of the respondents agreed to a very great extent that it allows creativity in service and products with just 1.3% of the respondents agreed to a very great extent that it allows creativity in service and products. This portrays that performance contracting allows creativity in service and products. These findings agree with Kobia & Mohammed (2006) who believes that creativity and knowledge is important to the success of organizations. In particular, they emphasized on the role that tacit knowledge has to play in the creative process.

Therefore, moving from standardized to modified services can dramatically shift the balance of public services outcomes to cost hence meeting customer satisfaction. Therefore efficiency of public services has been focus for the promoters of organizational change as individuals are rated on their productivity. Consequently, cutting through the red tape, minimizing public waste and value-for-money reporting have been important drivers for the introduction of performance measurement in the public sector. This means that increasing efficiency of public services therefore is still a concern for the policy makers.

4.2. Effectiveness of Performance Contracting

The research sought to establish effectiveness of performance contracting as a tool in public service delivery at the Lake Basin development authority. The respondents were expected to indicate the extent to which they agreed with the given statements by looking at the five variables as shown in the table 2.

Table 2 Effectiveness of Performance Contracting

Effectiveness of Performance contracting		1		2		3		4		5	
		F	%	F	%	F	%	F	%	F	%
1	Doing the job efficiently is the central theme of the public sector reform	0	0	3	4	6	8	16	21	51	67
2	Inter-administrative comparison circles at the lower administration level were introduced in order to increase efficiency and effectiveness	1	1.3	2	2.6	12	15.8	39	51.3	22	29
3	Integration of HR strategies with PC promotes positive work attitudes and behaviour at the Development authority	0	0	0	0	2	2.6	24	31.6	50	65.8

(Author, 2024)

The researcher sought to deduce the extent to which respondents agreed with statements in table 2 in relation to efficiency, consistency and creativity. The researcher closed that 67% of the respondents agreed to a very great extent that doing the job efficiently is the central theme of the public sector reform however 4% of the respondents agreed to a little extent that doing the job efficiently is the central theme of the public sector reform. The research depicts that doing the job efficiently is the central theme of the public sector reform. These findings coincide with World Bank report which states that performance contracting tool operates in a management style that involves breaking down work into activities, setting targets based on the activities, measurement and evaluation of the targets and using the

generated information to guide future activities (World Bank, 1995).

Moreover, the researcher presumed that 51.3% of the respondents agreed to a great extent that inter-administrative comparison circles at the lower administration level were introduced in order to increase efficiency and effectiveness while 2.6% of the respondents agreed to a little extent that inter-administrative comparison circles at the lower administration level were introduced in order to increase efficiency and effectiveness. The study portrays that inter-administrative comparison circles at the lower administration level were introduced in order to increase efficiency and effectiveness. These findings agree with a theory by Drucker (1998) that argued that unless employees work is measured, production expected is to

the minimum because anything is acceptable. Therefore; measurement provides a basis for communication and comparison since what get measured gets done.

Further, the researcher wrap up that 65.8% of the respondents agreed to a very great extent that integration of HR strategies with PC promotes positive work attitudes and behaviour at the Development authority and none of the respondents indicated neither was a little nor no extent at all that integration of HR strategies with PC promotes positive work attitudes and behaviour at the Development authority. This is therefore in consonance with LBDA report on Human Resource development intention in Kenya to create a globally competitive and adaptive human resource base to meet the requirements of a rapidly industrializing economy. This is to be done through life-long training and education. As a priority, a human resource data base is to be established to facilitate better planning of human resources requirements in the country (LBDA 2012).

The two areas, efficiency (usually measured in direct financial terms or productivity), and effectiveness (usually indicated by quality), are frequently referred to when the benefits of contracting are discussed. Therefore effectiveness is usually conceived as the degree to which the outcomes match the original goals or objectives set for the organization of programme. Thus performance contracting plays a key role in ensuring management effectiveness setting the desired goals to be achieved.

4.3. Impact of Performance Contracting

For an organization to realize the full potential of some of its available labour force it has to put in place avenues and ways of obtaining the best from its employees. The study was keen to determine the effects of performance contracting on quality of service delivery. The researcher found it imperative to establish on performance contracting effect on public sector performance. The public sector in Kenya is being reformed in order to achieve efficiency, effectiveness and economy in resource use which in turn will enhance the quality of service delivery. Overall the reforms are being carried out in order to align with the Kenya's Growth and Development Strategy vision 2030 and Millennium Development Goals. Service Charters spell out the obligations which will be carried out by the service provider during the engagement with the users. The charters provide a framework within which users concerns are taken into consideration.

5.0. Discussions, Conclusions and Recommendations

5.1.1. Significance of Performance Contracting

The researcher deduced that 61% of the respondents agreed to great extent that it improves infrastructural development and financial management hence it portrays that performance contracting infrastructural development and financial management. These findings merged LBDA strategic plan report that the organization achieved the production and initiation of the integrated regional development master plan, establishment of a resource centre at the LBDA headquarters, and the development of Information Communication and Technology (ICT) infrastructure. The researcher also realized that 52.6% of the respondents agreed to a great extent that it ensures consistency in revenue collection thus depicting that performance contracting ensures consistency in revenue collection. This was clarified by LBDA Managing Director who explained that the reforms in the organization aimed at rising consistency in revenue collection which in turn increase

service access and quality in fulfilment of the regional development of Kenya's Growth and Development in achieving vision 2030.

The researcher as well inferred that 60.5% of the respondents agreed to very great extent that it improves employees' commitment to work on the implementation of performance contracting which contradicted LBDA strategic plan that there are low level of commitment to targets hence the Authority is faced with persistent challenges in meeting its targets and this has been attributed to the low commitment of staff and lack of clear individual performance targets. The researcher established moreover that 51.3% of the respondents agreed to a very great extent that it allows creativity in service and products hence portraying that performance contracting allow creativity in service and products. In particular, they emphasized on the role that tacit knowledge has to play in the creative process.

5.1.2. Effectiveness of Performance Contracting

The researcher deduced that 67% of the respondents agreed to a very great extent that doing the job efficiently is the central theme of the public sector reform hence depicting that doing the job efficiently was a central theme of the public sector reform. Moreover, the researcher presumed that 51.3% of the respondents agreed to a great extent that inter-administrative comparison circles at the lower administration level were introduced in order to increase efficiency and effectiveness. The study revealed that inter-administrative comparison circles at the lower administration level were introduced in order to increase efficiency and effectiveness which according to Drucker (1998) unless employees work is measured, production expected is to the minimum because anything is acceptable. Therefore; measurement provides a basis for communication and comparison since what get measured gets done. Further, the researcher construed that 65.8% of the respondents agreed to a very great extent that integration of HR strategies with PC promotes positive work attitudes and behaviour at the Development authority and according to LBDA report on Human Resource development, its intention in Kenya was to create a globally competitive and adaptive human resource base to meet the requirements of a rapidly industrializing economy. This therefore was to be done through life-long training and education.

5.2. Conclusions

The study also found that performance contracting continues to play a pivotal role in advancing infrastructural development and financial management, with regional authorities receiving consistent financial support from the government. For instance, the establishment of a resource center at the Lake Basin Development Authority (LBDA) headquarters, along with the enhancement of Information Communication and Technology (ICT) infrastructure, highlights the transformative impact of performance contracting. These reforms are integral to improving consistency in revenue collection, which subsequently increases service access and quality, contributing to Kenya's regional development goals as outlined in Vision 2030.

In the context of 2024, the study emphasizes that performance contracting remains a key driver of organizational efficiency and effectiveness. The practice of contracting out services has led to efficiency gains while maintaining or improving the quality of services. In today's rapidly evolving digital economy, achieving quality service delivery increasingly depends on the collective efforts of teams, rather than individuals, as the focus of productivity improvement shifts. Performance management

systems have also evolved to be more sophisticated, incorporating advanced data analytics and technology-driven metrics, which facilitate the fair evaluation of employees. This shift has led to more comprehensive comparisons of employee performance while fostering a culture of continuous improvement and innovation.

In summary, performance contracting remains relevant in 2024 as an essential tool for enhancing public service delivery and advancing Kenya's economic and social development goals. Its role in driving ICT infrastructure development and boosting revenue consistency aligns with the country's strategic objectives of fostering sustainable development and meeting the demands of an increasingly interconnected global economy.

5.3. Recommendations

Recommendations for Policy and Practice

- 1) The study recommends to the policy makers to continue with capacity building both individually and institutionally to ensure service standards are integrated into trainings and provision of education to employees within the institution.
- 2) The study recommends to policy makers to continue supporting the autonomy of institutions in order to promote Public-Private Partnerships to make an appropriation fund out of it to address the issue of over dependence on the exchequer funding.
- 3) The study recommends to the policy makers to take up effective communication strategy that puts emphasis on bottom-up approach to have an effective feedback tool without fear of reprisal or dire consequences among the workforce.
- 4) The study recommends to the policy makers to continue implementing adoption of e-procurement that has been recently rolled out by the government to reduce bureaucratic procedures and improve service delivery to all stakeholders in the supply chain.

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