

Performance Contracting: Challenges And Prospects Of Its Implementation In The Lake Basin Development Authority-Kenya

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Abstract—Performance contracting is a new management technique which entails a binding agreement between two or more parties for performing, or refraining from performing some specified acts in exchange for lawful consideration signed at the beginning of the year in which management is committed to improvement in real profitability at the end of the year and based on a comprehensive evaluation system. This paper endeavors to evaluate the implementation challenges and prospects of this technique in the lake basin development authority in Kenya. This study was guided by two objectives; to find out the challenges facing the implementation of performance contracting and to explore the prospects of performance contracting in the lake basin development authority. The paper adopted a descriptive survey to arrive at the logical conclusion of the study. The study found that the challenges facing performance contracting range from lack of appropriate leadership, finance, employee resistance and organizational culture. The prospects are that the organization has developed annual plans, attainment of citizen service and continuous improvement of performance. The study concludes that this technique should be impressed and improved for the improvement of service delivery to the citizens.

Keywords—*performance contracting, service delivery, leadership,*

1.0 Background of the study

Performance contracting had been a subject of considerable debate among scholars, lawyers and human resource practitioners. It can be said to be a branch of management science referred to as management control systems. It is a freely negotiated agreement between the government and its agency or between an administrative agency and an employee

(GoK, 2004). Performance contracting is a contract between two parties that specify their obligation and been acclaimed as an effective and promising means of improving performance of administrative agencies. Kumar, (1994) defines performance contract as a Memorandum of Understanding (MOU) and it is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures improvement of performance managements and industries by making the autonomy and accountability aspect clearer and more transparent. Therefore performance contracting connects the targets of an individual and the organization objectives that is the employees are appraised against quantifiable targets as opposed to subjective criteria hence results are the ultimate goals.

According to Gupta (2002) 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. Over the past few years many organizations have included performance contracts as part of their organizations' strategic management plan. Most of these organizations acknowledge that the human resource is the most critical factor in the provision of services and thus effective management of this special factor will make the organization to realize its goals and objectives which is the core concern of the strategic management. Contracting ensures mutual agreements between the parties by creating harmony and ensuring the successful achievement of the organizations goals (Armstrong and Baron, 2004).

Performance contract system was first introduced in France in 1960s and according to (Grapiret, 1999) it was first introduced in the Directorate General for Taxes (DGT) specifically designed to ensure consistency in a decentralized context and as tools to enhance pressure on the entire services network in order to improve performance. In United Kingdom (UK) performance contracting in public sector was introduced in 1998 as Public Service Agreement (PSA) system and it outlined a set of performance targets which all government agencies were to report on (Metawie and Gilman, 2005). Further, in United State of America (USA) according to Government Performance and Results Act of 1993, performance contract aimed at making federal departments more productive and therefore boosts citizens' confidence in their government (May, 2005). Besides, it was later developed in Pakistan and Korea as the signal systems, incorporating the collection of goals and incentives that would guide managers and administrators. In the system the national goals were translated into explicit and quantifiable targets in performance criteria whilst inclusion of performance measurements and indicators enabled the system a useful instrument to scale the performance of state owned enterprises. India developed it as memorandum of understanding focusing on current operating performance with performance-related pay while others do not (World Bank, 2003). In Brazil performance contracts specify the mutual performance obligations, intentions and the responsibilities which a government requires public officials or management of public agencies to meet over a stated period of time (Brown, 2001).

It was also introduced in the developing African countries including Nigeria, Gambia, Egypt, South Africa, Ghana and Kenya. Lienert, (2003) notes, state owned enterprises in these African countries are confronted with many challenges, which constrain their delivery capacities. They include the human resource factor, relating to shortages of the manpower in terms of numbers and key competencies, lack of appropriate mind-sets and sociologist that are necessary to support effective service delivery. On the other hand the gradual erosion of the ethics and accountability has continued to bedevil the public sector in the delivering of public services to the people effectively. In Kenya performance contracting was introduced in the management of state corporations in 1989 through a Parastatals reform strategy paper which was approved by cabinet in 1991 was the first official recognition of policies that were recommended to streamline and manage the performance of state corporations (Gakure et.al 2013). The first parastatals to be on Performance Contracting were Kenya Railways Corporation and the National Cereals and Produce Board. Kenya Railways Corporation signed performance contracts in April 1989 while National Cereals and produce Board signed performance contracts in November 1990 (GoK, 2003).

The main aim of this policy was to make these organizations accountable for results and due to poor economy and need to recover for the country to enjoy multiplier effect. The Kenyan government made a commitment to reintroduce performance contracts as a management tool to ensure accountability for results and transparency in the management of public resources. This is because it acknowledged that over the years there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization of sustainable economic growth (GoK, 2005). The government reiterates in the Economic Recovery Strategy (ERS) some of the factors that adversely affect the performance of the public sector are excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment. Therefore, the government has continued to undertake a number of reform measures to improve performance.

However, these measures have not provided a framework for guiding behaviour towards attainment of results or ensured accountability in the use of public resources and efficiency in service delivery. The initiatives for instance lack the performance information system, comprehensive performance evaluation system and performance incentive system hinders achievements of the desired targets (GoK, 2005). This system of management has brought about sense of purpose, instilled sense of accountability, transparency and conscience in the conduct of public sector employees. Whereas in an employment contract, an employee has specified tasks and responsibilities, the performance contract lists key result areas, the level of performance expected towards the achievement of agreed targets and how performance will be measured, what gets done, get measured and what gets measured gets done (Opiyo, 2006).

Lake Basin Development Authority is one of the six Regional Development Authorities (RDAs) currently under the Ministry of Regional Development Authorities (MORDA) and its aim was to accelerate economic development and to be self funding and deliver services in a structured and affordable manner. The other RDAs are Kerio Valley Development Authority, Coast Development Authority, Ewaso Ngiro North Development Authority, Tana and Athi river development authority, and Ewaso Ngiro South Development Authority. LBDA was established in 1979 by an Act of Parliament, Cap 442 to spearhead development in the Kenyan portion of Lake Victoria Basin. This was based on the sessional paper No. 10 of 1965 on African Socialism and its application to planning in Kenya, resolved to Launch state corporations with a view to accelerating economic and social development, redress original economic imbalances, increase Kenyan citizen participation in the economy, promote indigenous

entrepreneurships and promote foreign investment through joint ventures (GoK, 1965).

The ministry of regional development authority's (2009), states that the regional development authorities were formed with the primary aim of dealing with the persistent problem of unbalanced economic development in Kenya. However the fact that the authority has undertaken a number of projects which have undoubtedly made some impacts, dismal that might be, the role of the authority vis a vis other institution, particularly government ministries and departments in the region is far from clear. He further argues that several years after its establishment there is no concrete sign that the authority was able to fulfill the high hopes and aspiration that greeted its creation. From his perspective he acknowledges that despite imprecision of its role, the *raison d'être* of the authority is unquestionable and that the authority is absolutely necessary for the sake of a comprehensive and integrated development of the region (Nyinguro, 1988).

Therefore Lake Basin development authority as government parastatals was to act as a catalyst for achieving integrated development for the Region which is placed to coordinate programmes and projects that empower the communities found in its area of jurisdiction, has its focus on the implementation of its programmes anchored on Vision 2030's three key pillars (LBDA, 2012). Therefore, authority's goal strives is to promote of regional economic activities and mobilization of domestic resources for equitable development. With the reintroduction of performance contracting in 2003 the organization has embraced performance contracts to ensure effectiveness and transparency in delivering services to the public.

1.1 Statement of the problem

Performance contracting has been praised globally as an effective strategy and a tool for enhancing and improving the performance of public institutions and government departments' alike. The public service plays an essential role in effective delivery of services key to the functioning of a state economy. The endeavour of effective service delivery in organizations is to exploit on the welfare of its service users and its developmental goal is to achieve sustainable improvement in the standards of the quality of life for its general public. Gupta (2002) notes, performance contracting involves a highly structured phase of evaluating results considers to be an extremely rigorous technical exercise on one hand and on the other hand a morale-boosting exercise for managers and staff.

In Kenya, state agencies and corporations were established with a view to accelerate economic and social development, redress original economic imbalances, increase Kenyan citizen participation in the economy, promote indigenous entrepreneurships and promote foreign investment through joint ventures (GoK, 1965). In 2003 due to poor performances and

inefficiencies in state agencies and corporations' government re-introduce performance contracting since its aspiration was to increase efficiency but conversely some of the government corporations and agencies continue to provide services which were not effective yet measures to achieve optimal services had been stipulated through performance contracting (GoK 2013). Notwithstanding, Gakure et al.(2013) concluded that there exists a positive and significant relationship between performance contracting and performance effectiveness as path worth investing in achieving large profit margins, accountability and better services to the public, there is still poor performance experienced in government corporations and agencies (Gakure et al. 2013). Therefore, the purpose of this research was to examine challenges and prospects of performance contracting policy in Kenya focusing at the Lake Basin Development Authority.

1.2 Justification of the study

Performance Contracting originated from the perception that the performance of the Public Sector has been consistently falling below the expectations of the Public. Therefore, results from this study will be valuable especially at this time when performance of some government agencies and corporation in Kenya are performing dismally Gakure et al. (2013) hence the need to have these corporation and agencies capable of managing themselves properly through performance contracting system. It is unfortunate that, despite introduction of performance contracting initiative by the Central government, little attention has been focused on measuring the extent to which institutions have steered and rolled out the systems in public authorities in Kenya. Specifically, little attention has been focused by researchers on the contribution of public authorities in acceleration of despite the huge expenditure incurred and still to be incurred by the government. This work therefore is expected to contribute to the advancement of knowledge about the influence of performance contracting and influence of service delivery by public authorities.

It is anticipated that this study presents the new knowledge required for the management and stakeholders to understand the challenges faced by government corporations and agencies. Management in the twenty-first Century requires a new consciousness of thinking and operation in order to impact on improvements in strategies that may be used by the government and other stakeholders in corporations and empowerment given the complex problems surrounding especially performance in organizations, teams and groups. Analysis from the study strongly suggests that performance contracting effects accounts positively towards performances of organizations. Therefore, it is anticipated that this research study will be valuable for planning and decision making to policy makers as regards the general development and advancement of the state agencies and corporations. Furthermore, this study will help the devolved governments in their strategic

management in ensuring accountability for results by their employees and will hopefully contribute concepts to existing literature from other scholars and researchers which may lead to policies in improving organizations policies.

1.3 Scope of the study

The study focus is in area of performance contracting influence on service delivery. The area of focus for this research was Lake Basin Development Authority which is one of the regional developments Authority in Kenya. It covers an area of 39,000 km², exclusive of Lake Victoria's surface area of 4,000 km², which is in total 6.8% of the country's area as annexed in appendix VII. The entire region covers about 18 Counties hosting a population of 16.2 million which is 42% of Kenya's population (LBDA 2012).

1.4 Theoretical framework

The study was guided by new public management model and the key emphasis is on the performance of various organizations and how a performance contract affects service delivery. The model therefore, sets standards and measures for performances, emphasis on output control and importance of disaggregation and decentralization of public, services. The model was essential in the assessment of the impacts of performance contracting in Lake Basin Development Authority.

1.4.1 New Public Management Model

New Public Management (NPM) (Hood, 1991) is an administrative philosophy concerning organizational design in government. An administrative philosophy is a part of a framework that intended to explain the government agenda and authoritative decisions in a given place and time. New public management is also defined based on two fields of discourse or paradigm for example, public choice and managerialism. The public choice is a contemporary field of discourse about government with wider concern than management, whereas managerialism is a field of discourse initially meant to apply to organizations in the private sector. NPM explicitly sets the standards and measures for performances. Another direction is the emphasis on output control. Further, it focuses on the importance of disaggregation and decentralization of public, services. Moreover, there is a shift to the promotion of competition in the effective delivery of public services (Kalimullah and Khan, 2011).

Osborne and Gaebler, (1993) identify ten principles that represent an operational definition of NPM. First and most imperative dictum in this study is that the

government has a responsibility to steer the delivery of public services in addressing the public issues. As such, it reflects a notion that government does not necessarily have to be doing something in order to be responsible for the delivery of that public service. The third doctrine of NPM views competition as inherently good such that, through competition, the best ideas and most efficient delivery of services can emerge. Competition can drive the newly empowered citizens and recipients to create new and better ways of providing public goods to themselves and their fellow citizens.

Performance contracting in Lake Basin Development Authority has been embraced by the authority and therefore the study through the guideline of the model will try to establish the impact of performance contracting on the service delivery within the institution. The model will be instrumental in understanding the study.

1.5 Methodology

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.

1.6 Performance contracting challenges

Performance contracting if well executed increases efficiency in decision making and helps builds self-confidence in employees. In day to day activities we do encounter challenges in life and in government agencies, they are perceived to hinder smooth implementation of government policies. The respondents were expected to indicate to what extent they agreed or disagreed with the outlined challenges of performance contracting. The researcher sought to establish the challenges of performance contracting in table 1.

Table 1. Challenges of performance contracting

Challenges of performance contract		1		2		3		4		5	
		F	%	F	%	F	%	F	%	F	%
1	Lack of appropriate leadership	2	2.6	5	6.6	0	0	27	35.5	42	55.3
2	Lack of good communication	0	0	6	8	3	3.9	30	39.4	37	48.7
3	Resistance of performance contracting	3	3.9	1	1.3	2	2.6	29	38.2	41	54
4	Lack of financial resources	2	2.6	1	1.3	4	5.3	24	31.6	45	59.2
5	Organizational culture change	2	2.6	0	0	0	0	31	40.8	43	56.6

Source: Field Data 2015

The respondents in table 1 were expected to indicate to what extent they agreed with the outlined challenges of performance contract. The researcher deduced that 55.3% strongly agreed that there was lack of appropriate leadership however, 6.6% disagreed that there was lack of appropriate leadership. From the data it depict that there was lack of appropriate leadership and it corresponded with interview with the official from the ministry who mentioned that Authority's jurisdiction was within eighteen counties and presupposes that it was bound to meet varied political views and opinions and vested interests on the projects and programmes hence affecting organizations leadership. A case where poor leadership was witnessed was at the design and inception stage of Nandi multipurpose dam which solicited a strong resistance from the local community which felt that the project was going to benefit a certain community to their detriment. This went to an extent where the area leaders refused to lobby support from local residents claiming it would destroy the natural resources while seeking control of the ownership. It took government interventions to make people understand that the benefits of the dam outweighed the destructions and that it would improve their livelihood and income per capital. Talented leadership therefore, would have ensured that the locals were enlightened on the purpose of the project and benefits it brings hence preventing waste of time and resources. Further, Scharmer (2000) says the leaders' role is to create conditions that allow other to shift places from which their system operates. Therefore, being pre-occupied by the world of objectives and performance indicators are more open to the subtle complexities of the world as they unfold.

The researcher also deemed that 48.7% strongly agreed that there was lack of good communication whilst 8% strongly agreed that there was lack of good communication. From the data it portrays that there was lack of good communication and it corresponded with the views of the Ministry official who said,

“that the communication was based on top down approach and hindered the participation of the employees as well as ownership of any change in an organization” Further explained, *“that lack of polarity in communication makes employees at the lower cadre refrain from positive contribution towards organization growth and they believe that decision making was solely left to the top cadre of management in matters concerning disciplinary, reward, promotion and training.”*

Cameron and Green (2009) argues that for an effective communication in an organization all parties should work together towards polarity thinking and states that polarity thinking allows creative thinking since it has two sets of opposites which cannot function well independently hence need for polarity thinking so that one side cannot be right or the solution at the expense of the other. The challenges in the organization therefore, are about the management of polarities rather than solving problems. Further, the argument about bottom up approach and top down approach usually implies that one is right and the other is wrong. Furthermore head of planning department perspective reiterated that there was public sessions at each and every projects stage undertaken by the Board and added that there was an effective communication right from project planning up to administrative closure hence these contradicted the findings from the data and the views of the ministry official.

The researcher besides deduced that 54% strongly agreed that there was resistance of the implementation performance contracting while 3.9% strongly disagreed that there was resistance of the implementation performance contracting. From the data it revealed that there was resistance of the implementation of performance contracting and corresponded to views of Managing Director who explained that resistance to performance contracting initiatives was an obstacle due to a shift in the status quo of employees comfort zone. Some of the staff who had been seconded to roll out the programme refused to undertake the task citing personal issues that affected them. Anonymous letters were sent to ministries with intent of sabotaging its intended purpose of bringing services closer to the people. The organization had to coerce staff at a point to focus on the targets set out in the performance contracting which did not auger well with the employees. Affected employees feared that the performance contracts could lead to loss of their allowances, loss of jobs or demotion if they failed to meet targets set out for them. Further these findings jade with report on the review of the performance contracting in the public sector which states that introduction of performance contracting has met some resistance within some Government institutions. The lack of universal acceptability was one of the reasons various institutions began participation in the system at different times with the bulk of the institutions however registering their first participation in 2005/06 (GoK, 2010).

The researcher as well inferred that 59.2% strongly agreed that there was lack of enough financial resources whilst only 2.6% strongly disagreed that there was lack of enough financial resources. From the data it showed that there was lack of enough financial resources and concurred with Managing Director views who agreed that the Authority was continuously faced with challenge of resource inadequacy due to financial constrain from government and limited donor funding. Further, the MD reiterated that recurrent funding are not sufficient to meet the current salaries which leaves the organization hard pressed to generate its appropriation in aid to bridge the short fall. Moreover, these findings agrees with strategic plan report that there is high dependency on the exchequer that is the Authority's role of promoting sustainable management of the Lake Victoria Basin resources does not provide an opportunity for the institution to generate funds to sustain itself in the short-run; hence, high dependency on the exchequer (LBDA 2012).

The researcher also believed that 56% strongly agreed that organizational culture change affected implementation of performance contracts even as 2.6% strongly agreed that organizational culture change affected implementation of performance contracting. From the data it illustrate that

organizational culture change affected implementation of performance contracting and corresponded with the literature on organizational culture change as Schein (1990) assert that it is a pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external integration and that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in reaction to these problems. This in mind therefore, introduction of performance contracting in organizations implies that the individuals should move away from traditional world view to emerging world view deemed to improve performance.

The Challenges in the Implementation of the Performance Contracting Program at LBDA

Performance contracting has been instrumental in helping state corporations and government ministries to introduce instruments to monitor client satisfaction but it has received mixed reactions as many people would like to know the performance implications of altering team composition, especially in the top management team. The research sought to establish the extent of challenges faced in the implementation of performance contracting program in the Lake Basin Development Authority. This data has been presented in Figure 1.

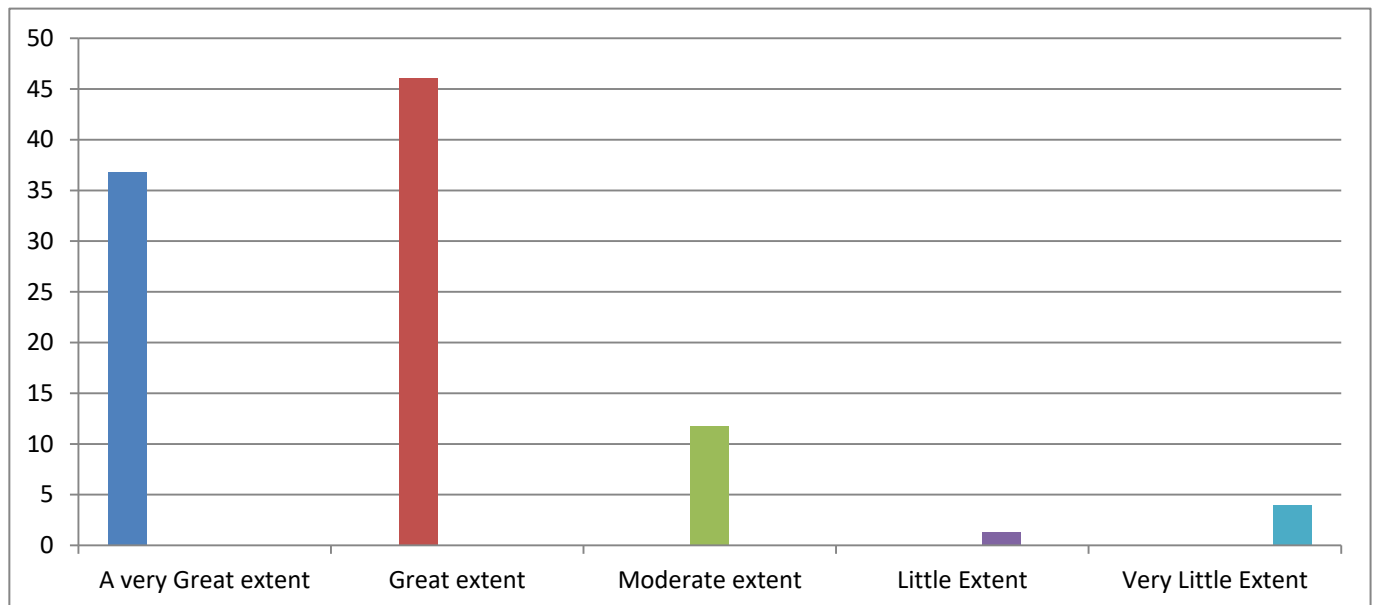


Figure 1. The Level of Challenges in the Implementation of the Performance Contracting Program (Source Field Data 2015)

The researcher construed the level of challenges program at the Lake Basin Development Authority and found out that 46.1% of the respondents indicated that there were challenges in the implementation of the performance contracting to a great extent, 36.8% of the respondents indicated that there were challenges in the implementation of the performance contracting program to a very great extent, 11.8% of the respondents indicated that there were challenges in the implementation of the performance contracting

program to a moderate extent, 1.3% of the respondents indicated that there were challenges in the implementation of the performance contracting program to a little extent and 4% of the respondents indicated that there were very little challenges in the implementation of the performance contracting program.

The researcher inferred from the data that there were challenges at the Lake Basin Development

Authority and it corresponded and concurred with views by the Managing Director, who explained,

“there were some existing challenges due to delays in procurement which affected performance contracting implementation since long procurement processes hinders growth and development of the organization in resource mobilization. The MD also added that the Authority had to commercialize business units such as rice mills complex, machinery service and Kibos Fish Farm through public-private partnerships to address issues related to financial and human resource.”

Moreover, the views by the manager planning department that organization was faced by challenges of high Cost of Labour and the HIV/AIDS pandemic affected the value of work in the organization. These views corresponded with strategic plan report that most of the programmes found within the municipalities are labour intensive hence the high number of casuals engaged in the production processes leading to high operation costs. Also the HIV/AIDS pandemic is a threat to the infected and affected workforce as it affects them socially and economically.

Further, these findings coincide with the independent procurement review, conducted jointly by the government of Kenya and the European Union identified several critical problems with Kenya's procurement systems. Review found weak oversight on institutions, Lack of transparency, poor linkages between procurements and expenditures, delays and inefficiencies and poor records management. Therefore the government should improve public procurement systems by enacting the public procurement and disposal act (GoK, 2005). The researcher deduced that performance contracting should be much more than a process for documenting and delivering feedback, coaching and ratings. When expanded beyond these basics, performance contract becomes a powerful tool for helping employees develop and achieve their full potential. Processes should be fairly standard and be able to address agency objectives. The amount of detail provided depends on the level of guidance required to support the needs of business units. However, ministry official surmise,

“e- Procurement in all the government departments and agencies is being rolled out in order to maximize economy and efficiency in promoting competition and ensuring that competitors are treated with fairness hence increasing transparency and accountability in those procedures and increase public confidence in those procedures. This will enable various government agencies to mobilize resources to support organization survival”

Therefore, it is always important to evaluate the success of performance contracting especially in value addition and despite all these challenges the organization is working toward its best in ensuring the

development of the Lake Basin Development Authority.

1.7 Prospects 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.

Prospects of performance contracting

The following management aspects are the results of performance contracting in the LBDA:

Improved Performance appraisal at the Lake Basin Development Authority; The researcher inferred that performance appraisal influenced implementation of performance contracting. LBDA Strategic plan report points on enhancing institutional and human capacity for improved performance by equipping with the appropriate tools of work to increase productivity and improving work environment and staff satisfaction level of self-work discipline through performance contracting as organization annual appraisal tool to management with focus on achievements set targets.

Development of Service Charter: The researcher construed that there were service charters elaborating on the objectives missions and the core objectives of the institution. Customers expressed their satisfaction with LBDA products and services and they responded that it was satisfactory but reckoned that priorities for the Authority should be to better understand the needs of customers and communities and to make sure those services are tailored to the needs of people who are using them. The essential idea behind charters is to increase the quality of life in society and to pay more attention to the needs of citizens and to renew citizen trust not only in public services but in the state hence renews the social contract between the rulers and the ruled, by developing charters (Waldt, 2004).

Introduction of Quality service: The researcher deduced that quality service and continuous improvement has been achieved and correlate with literature on performance contracting in Europe and Americas which adopted the Japanese systems of Total Quality Management with emphasis on teams rather than individuals as the focus of productivity improvement hence early performance management systems were fairly simple and mainly focused on

employee in ranking and comparing individuals with others (Cardy & Dobbin, 1986). LBDA Strategic Plan holds that customer focuses must never be lost making Lake Basin Development Authority ranked higher on customer satisfaction survey.

Ability to Discharge Duties: The researcher surmises that performance contracting enhanced discharge of duties and employees who embraced change and adjusts faster to the changing trends globally. On the other hand those who contradicted performance contracting as a tool to discharge duties were against change and wanted to maintain status quo in order to use their position in the pursuit of their interest putting aside organizational set goals. The researcher gathered that 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.

1.8 Conclusion

Generally, the results concluded that performance contracting system was implemented at the Lake Basin Development Authority and it is working in promoting service delivery to the public though it faced some challenges linked to its culture, inadequate finances, resistance to change, lack of appropriate leadership, communication, as well as lengthy and time consuming procurement process. The Authority made efforts to handle the challenges by making the change process all inclusive through holding meetings, group sessions, trainings, resource mobilization by attracting Public-Private Partnerships, commercializing some of the strategic business units and automation of its operations.

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