

THE LINK BETWEEN PERFORMANCE MANAGEMENT APPROACHES AND INSTITUTIONAL REFORMS: A REVIEW IN THE KENYAN PERSPECTIVE

Maureen Chemirmir, Stanley Kipsang, Lydia Maket

Lecturer, Moi University

ABSTRACT

Performance management aims at attaining operational effectiveness which in a broader sense refers to a number of practices that allow an organization to better utilize its resources. The need for productivity, quality and speed has spawned a remarkable number of management tools and techniques; total quality management, benchmarking, re-engineering and change management. All these, if pursued from strategy angle leads to emphasis being put on the wrong place. Lack of clarity can be attributed to the fact that most public agencies have to deal with multiple principals who have multiple interests. This leads to fuzziness in the agencies perception of what is expected of them. Performance is therefore enlightening in many public sector organizations. They begin to ask the right questions and realize that they need to do whatever they have defined well and deliver that efficiently. Reforming the public sector has therefore been slowly shifting in many developing countries more towards operational effectiveness, which entails doing what one is doing better. This paper gives a critical examination of performance outcomes and appropriate benchmarks to measure the outcomes, to examine the rampant lack of focus in organizations in regard to measuring performance and to examine mechanisms managers can utilize to diagnose and resolve problems within an organization.

Key words: *performance management, rapid results initiative, performance contracting, service charter, public sector reforms.*

INTRODUCTION

Performance management systems have been defined as a processes designed by management and imposed on employees mainly in an attempt to link performance to reward. This is achieved through measuring individual performance against set goals or deliverables that are, when applying best practice, aligned to team and organizational goals. In this practice, key performance areas are measured in terms of key performance indicators, and a person's performance rating is then used for incentive bonus, promotion and / or salary increase decisions. This traditional approach is captured in the definition of performance management systems put forward by Weiss *et al* (1997): "A process for establishing a shared understanding about what is to be achieved, and how it is to be achieved, and an approach to managing people that increases the probability of achieving success" (Buchner, 2007).

Performance management can play a number of important roles in an organization. It does so by helping an organization assure efficiency, effectiveness, and competence. This can be done on many levels, ranging from individual to organizational. In order to assure that this happens, it is necessary to concentrate on using good performance management tools. These include models of standards self-review systems, and performance maintenance.

Those organizations that use annual evaluations should strongly consider adding other tools. Self-review systems are commonly believed to have positive benefits. When members of an organization are given a set of standards or expectations and the tools to monitor their status at any given time, many respond positively. This is because such tools often prompt individuals to monitor and manage themselves.

Performance measurement is often taken to be fundamental to delivery of improved services. Emphasis on performance management for delivery of results is undoubtedly influenced by the basic assumption of performance management which lies in its professed ability to unite the attention of institution members on a common objective and galvanize them towards the attainment of this objective (Balogun, 2003).

One of the performance management tools that are often undervalued is regular meetings. Many organizations make the mistake of only holding meetings with senior staff. This often excludes staff, such as those involved in operations, which can be a mistake. An organization may find that its performance targets and standards are more easily met when everyone within the organization is made to feel he has a stake in doing so.

Some organizations do not prioritize performance management until it becomes a problem, but by putting tools in place before issues arise, it is often possible to prevent them from occurring. A number of things can fall within this category, including ongoing training, departmental assistance, and certification and education initiatives. The idea is to provide resources that encourage people.

Performance measurement for some very good reasons has been widely seen in many developing countries as a way of improving public service delivery. Kervasdoue (2007) asserts that no one would disagree that performance evaluation is necessary in public affairs. Governments and their bureaucrats must be accountable to their citizens about all use of taxes and public funds. Comparison of the use of these funds for the analysis of public service performance is the only way of justifying their use, other than simple arguments of authority.

PUBLIC SECTOR REFORMS IN KENYA

According to Schultz (1998), the public service can be defined as a body of government officials employed in civil occupations that are neither political nor judicial. Well-ordered societies usually

recruit and promote officials on the basis of a merit-and-seniority system, which may include examinations; elsewhere, corruption and patronage are more important factors. They often serve as neutral advisers to elected officials and political appointees. The officials “though not responsible for making policy” they are charged with its execution.

Reform Agenda was enhanced by the Government when the Result Based Management approach was introduced. This was to ensure that efficient management of the Public service is achieved and acquire the driving force for the broader Public Service, reforms are being undertaken to improve performance and service delivery. The reform strategies the government has adopted since 2003 in order to improve service delivery in the public service include: Rapid Results approach, Contracting, Citizen, Transformative Leadership, Values & Ethics, Institutional Capacity building (GOK, 2007).

Since the 1990's the Government of Kenya has been implementing Civil Service Reform Programs with the aim of reducing the Government wage bill streamlining and rationalizing Government ministries and departments, strengthening personnel and payroll controls and building capacity (GOK, 2007). According to the Government Seasonal papers number one of 1986, 1992, and 1994 the Government wished to refocus the civil service reforms to increase the pace of implementation in order to achieve better control of the wage bill, improve the balance of spending between operations and maintenance to promote improvement to service delivery. These reforms have represented significant policy shifts in the areas of staffing, Civil Service organization, pay and benefits, personnel management and training financial performance and management. Specific policy issues used under each reform programme include: cutback management approach entailing cuts in staff through retrenchment and natural attrition, capacity building, service orientation and result based performance (GOK, 2007).

A number of public service reforms have been initiated in the very recent aiming at placing citizen satisfaction at the heart of policy making and service delivery (GOK, 2007). Efforts under the economic Recovery Strategy (ERS) of improving public service delivery by strengthening the link between planning, budgeting and implementation; improvement on performance management “as well as strategic management” have been cited as some of the recent public service improvement Initiatives (GOK, 2007). Increasingly the Kenyan Government through its path to the realization of the nation's development agenda as enshrined in the First Medium Term Plan (2008-2012) and vision 2030 (GOK, 2007) realizes that an efficient, motivated and well trained public service is one of the major foundations pillar (GOK, 2007). The government has continued to intensify efforts to bring about attitudinal change in public service, service delivery orientation, skills inventory assessments, performance management, computerization of service delivery, as well as training and development (GOK, 2007).

RAPID RESULTS APPROACH / INITIATIVE

In Kenya one of the approaches that widely supported to deliver and is promoted by the World Bank is the Rapid Results Initiative, otherwise known as the Rapid Results Approach. Obongo (2008) indicates that since 2003 there has been three waves of RRI initiatives moving from being a mere tool for generating results within 100 days to being a robust tool for transforming the public service from process orientation to results based management culture; establishing public service values and providing a mechanism that supports the achievement of Economic Recovery Strategy (ERS), the attainment of Millennium Development Goals (MDGs) and the Vision 2030 – Kenya's flagship strategy for public service renewal. In praise of these approach Brown *et al.* (2005) contend that capacity to fulfil its responsibility and responsiveness to citizens' needs and rights are key to RRIs in the public sector

RRI was first introduced in Kenya on a pilot basis in 2004 through partnership between the Government of Kenya and the World Bank. The pilot was run within the National Aids Control Council and the Ministry of Water and Irrigation and was a resounding success. Following the success of the RRI wave in the first two institutions, in 2006 the government decided to undertake institution-wide RRIs in five additional ministries and following significant success in this further deployment, the Government instructed all ministries, departments and agencies to deploy RRI as a tool for mainstreaming results based management in the Public Service.

Rapid Results Initiative is an innovative results focused tool adopted by the Kenyan Government to enhance efficiency and effectiveness in service delivery. The tool creates a sense of urgency, personal challenges, clearly defines success and raises stakes and visibility for success or failure. The tool has been successful in improving performance in service delivery (Omogi, 2010)

The Rapid Results Approach is results focused learning process aimed at starting major change efforts and enhancing implementation capacity. It tackles large-scale medium and long term change efforts through a series of small-scale, results-producing and momentum-building initiatives. The aim of the Rapid Results approach is to create a context for learning and for enhancing implementation capacity, by helping ministries work on sharply defined initiatives that will ensure delivery of the Economic Recovery Strategy targets. The Government's adoption of the Rapid Results Approach as one of the tools for implementing Results Based Management in the Public Service is therefore consistent with the focus on Results, Capacity enhancement and client ownership

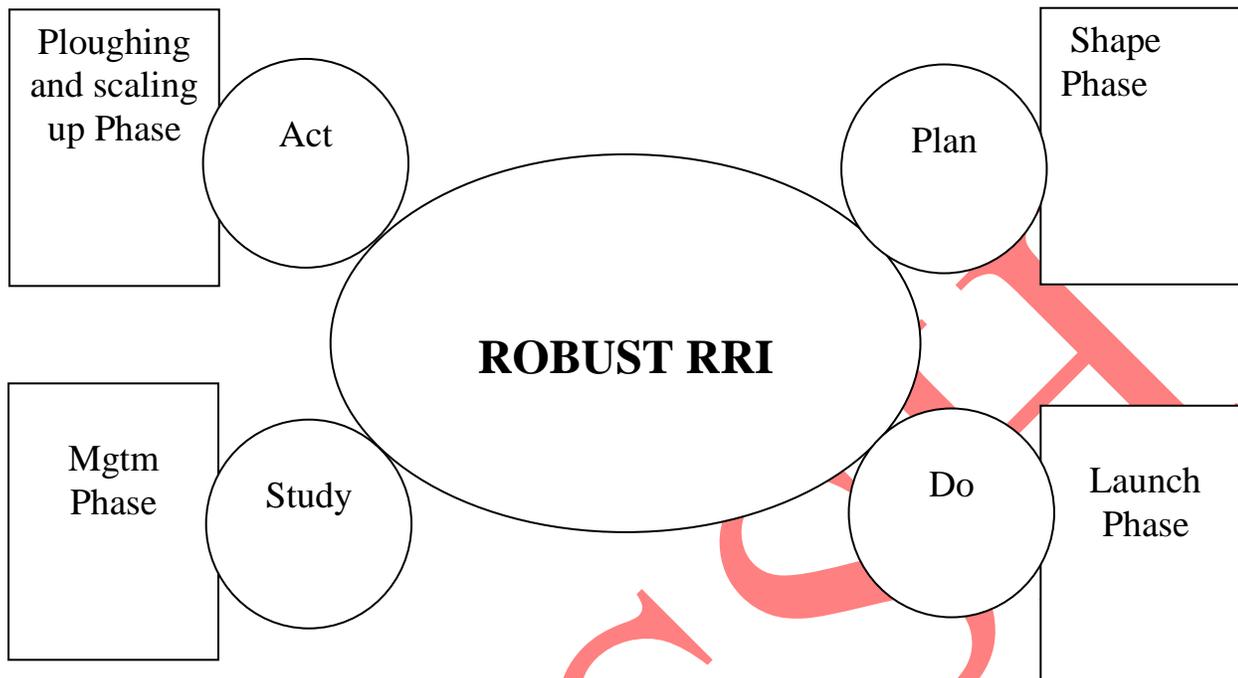
Halachmi (2011) commented that current pressure to increase transparency and accountability burdens to demonstrate the efficiency and effectiveness in order to justify future allocation of resources make the use of performance measurement very attractive. There is need to ensure that

managers and organizations retain enough capacity in the introduction of performance management should not be allowed to inhibit innovation and reasonable experimentation with alternative modes of delivering public service. The Editorial (2011), posited that the development and growth of twenty-first century organizations will be increasingly tied to not only organizational capability of being efficient, in order to produce competitive outputs; but on organizational ability to comprehend and manage the links between the organizational business processes and the external environment.

IMPLEMENTATION IN KENYA

To then various Public Sector institutions, thus central government ministries, local authorities, state corporations and regional authorities have implemented Rapid Results Approach. The central government ministries include all ministries and departments under the Office of the President, state corporations, local authorities launched. The turning point of adaptation of the RRI methodology in the entire public service however came with its launch and implementation in the entire Office the President, Ministries and Department in September 2006. It not only gave Rapid Results Approach, visibility and publicity, it also stamped a mark of approval and authority of the highest office in the land. The subsequent success manifested during the celebration of the 100-days was therefore just a confirmation that for effective and efficient results the entire public services needed to adapt Rapid Results Approach.

Results Initiatives comes into the human desire to succeed by creating real empowerment, motivation and innovation in working towards results. It strengthens accountability and commitment for Results and Rapid unleashes and enhances implementation capacity. It helps teams set challenging or stretching yet achievable, sharply defined, measurable and visible goals, using existing resources and capacities. This results into collaboration among team members, experimentation and discovery of new ideas. A rapid results goal must therefore in its definition have the following attributes (i) Action, (ii) Impact variable, (iii) Scope, (iv) Measurement, (v) Time Frame.

PHASES OF RAPID RESULTS INITIATIVES

The Rapid Results Initiative can be broken down into four main phases. In the first phase Shape, the Strategic Leader and Team Leader would Clarify challenge and outline possible RRI's , Mobilize RRI Team and align stakeholders. This face is essentially the planning phase in the PDSA cycle. Here plans are made prior to launching an RRI initiative. The objectives, schedules, resource requirement and management are all brought to bear.

In the second phase Launch, the Team Leader and the Team would Agree on goal of RRI, Develop work plan and Develop team operating plan. This is equivalent to the Do phase in the PDSA cycle, where an organization commits resources to execute plans devised. Due care must be given to project management principles least the RRI will flop, Allocation of responsibilities for allotted assignments, deadlines to be met and monitoring and evaluation mechanisms to be followed.

In the third phase Manage Progress, the Team and Team Leader would Implement work plan, and adjust as needed, achieve the RRI Goal and Review progress, and reflect on learning. Management of the RRI is undertaken alongside implementation and involved performance measurement – gauging the extent to which interim results reflects targets specified in the plan. It's basically a study phase in the PDSA cycle that pauses to ask how implementation is fairing relative to plans so corrective actions are considered to bring the RRI to bear expected results,

In the last phase Scale-Up, the Strategic leader and Leadership Group could Scale-up successful RRI's and Adjust portfolio of Rapid results Initiatives and long term activities the results of the management phase are then used to refine the outcome of the RRI. By acting on the management phase results an organization, takes corrective action and ploughs back the knowledge

gained to improve the outcome of the RRI. Being cyclical rather than one off implies that the solution can be refined over a number of iterations and only when the best results are achieved and the knowledge gained ploughed back to improve existing outcome that the RRI wave can be scaled up to new initiatives and where possible retaining the same teams to spear-head further series of initiatives.

The process of implementation

To identify the first wave of RRIs, the organizational leadership group, identifies a set of strategic priorities from the Strategic Plan, Annual Work Plan or the Performance that would benefit from RRI. A result leader, strategic leader and team leader is then appointed for each focus or Strategic Challenge Area. The portfolio of focal areas then moves into the RRI cycle-Shape, Launch, Implement and Scale-up. As the RRIs move through this cycle the results advance the achievement of the organizational overall strategy.

Benefits of Rapid Results Approach

Rapid Results Approach has the following distinct benefits among others. It generates progress and creates momentum in a critical area of overall strategic objective. It stimulates new insights on implementation challenges and risks. It is challenging but achievable.

RRI in Government

The initiatives have no doubt created anxiety in the Ministries where they are being implemented and anxiety in other ministries where they have not been launched. Their impact has therefore so far only touched a few Kenyans. The scale of impact is definitely set to increase with the release of the Circular from the Permanent Secretary, Head of Public Service and Secretary to the Cabinet requiring all public sector institutions to be put on Rapid Results Approach. With this, the depth and breadth of involvement of all institutions across the Public Sector the impact of Rapid Results Approach will be felt.

RRI 2007 and Beyond

Originally conceived as a project management tool, Rapid Results Initiatives is now being applied widely in various areas of service delivery in the public sector. The tool is extremely robust and versatile and has been proven to lead to improved performance in service delivery, skills and confidence building in ability to achieve results, as well as enhancing creativity. RRI has laid bare the great potential that lies within public servants hence fulfilled the words said by Goethe.

PERFORMANCE CONTRACTING STRATEGY

Performance Contracting is a branch of management control systems and a part of strategic management. It is defined as a binding agreement between two or more parties for performing, or

refrains from performing some stipulated act over a specified period of time. Suresh Kumar defines it as a Memorandum of Understanding which is rooted in an evaluation system, which ensures improvement of performance management comprehensively as cited by Kobia, (2006). Performance Contract is a central element of New Public Management aiming at liberal management where a manager of a public sector institution is relieved of unnecessary cumbersome rules and regulation which hinders quick decision making (Gianakis, 2002)

Performance contracting originated from the perception that the performance of the Public sector has been consistently falling below the expectations of the Public. Performance Contracting is art of broader Public sector reforms aimed at improving efficiency and effectiveness in the management of Public service (Kobia, 2006). The problems that have inhibited the performance of government agencies are largely common and include excessive controls, multiplicity of principles, frequent political interference, poor management and outright mismanagement (Results Based management Guide, 2005). Performance contracting is among the public sector reforms being adopted to address these challenges.

Origin of performance Contracting

Performance contracts originated from the perceptions that the performance of the public sector has been consistently falling below the expectations of the public. This has been associated with excessive controls, multiplicity of principles, frequent political interference, poor management and uptight mismanagement (RBM guide, 2005). While several approaches have been used to address these challenges it is hoped that PC will be an effective tool for managing productivity. There is therefore need to determine the impact of PCs has had on service delivery. The initiatives to adopt Performance Contracts in public institutions have been driven by the changes n political environment in terms of securing better value for money in public services, encouraging greater openness and accountability, and for service improvements in dealing with the general public s consumers (Brown, 1996).

The objectives of performance contracts in the civil service include: improving service delivery to the public by ensuring that top-level managers are accountable for results, and in turn hold those below them accountable, reversing the decline in efficiency and ensuring that resources are focused n attainment of the key national policy priorities of the Government; institutionalizing performance oriented culture in the civil service through introduction of an objective performance appraisal system; measuring and evaluating performance; linking reward to measurable performance and strengthening and clarifying the obligations required of the Government and its employees in order o achieve agreed targets.

Performance contracting in Kenya

In Kenya, performance contract adoption began with the establishment of a Performance contract Steering Committee in August 2003, and the issue of legal Notice No.93., The State corporations Performance Regulations, (2004). According to the State Corporations Performance contracting Regulations (2004), performance is defined as evaluated results of achievement of greed performance targets.

The public sector in Kenya for example is faced with the challenge of poor and declining performance, which inhibits realization of sustainable economic growth. The Public sector had consistently fallen below expectations due to: Excessive regulations and controls; Frequent political interference; Poor leadership and management; Outright mismanagement (Kenya Railways, Kenya eat Commission); Bloated staff establishments; Multiplicity of principals and non-performing employees. In addition to regressing economic growth, the declining in Public Service has resulted to performance, poor service delivery, degeneration of infrastructure and severe brain drain (GOK, 2007).

Choke (2006) studied the perceived link between strategic planning and performance contracting instate corporations in Kenya and found that most managers perceive PCs as a management tool useful n achieving set targets. Kiboi (2006) on the other hand studied the management perception of performance contracting in state corporations and came to the same conclusion as Choke. Korir (2005) also studied the impact of performance contracting at the East African Portland Cement. This study found that in the presence of PCs, there is a corresponding improvement in performance. Opondo (2004) surveyed Strategic Planning and Performance of Public Corporations in Kenya, he concluded that the use of performance contracts is a process of performance management that leads o effective and efficient management practices, ensures improved staff performance, increased autonomy, and accelerated service delivery. Mburugu (2005) established that many countries have ad success in improving the performance of their own public enterprises local authorities inclusive, by designing performance contracts for them. He concluded that efficiency gains for local authorities that had fully embraced performance contracts initially exceeded councils that delayed in adapting performance contracts initiative. He further concluded performance contracts contribute to deficiency and quality improvements.

Purpose of Performance Contracting

An organization's purpose defines the ways in which it relates to its environment. If this purpose is fulfilled, the organization will survive and prosper (Luo & Peng, 1999). The main purpose of the performance contracting according to Armstrong and Baron (2004) is to ensure delivery of quality service to the public in a transparent manner for the survival of the organization. Hope (2001) points out that performance contracts specify the mutual performance obligations, intentions and the responsibilities which a government requires public officials or management of public agencies or ministries to meet over a stated period of time. As part of the performance orientation in

government, the common purposes of performance contracting are to clarify the objectives of service organizations and their relationship with government, and facilitate performance evaluation based on results instead of conformity with bureaucratic rules and regulations which have killed thinking, innovation and creativity in the public sector (Hitt *et al.* 1999).

According to Grapinet (1999) 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.

The importance of performance contracting in the United States federal government, performance contracts are in one way or the other changing the way many bosses do their jobs (Gore 1996). 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.

Challenges in implementing performance contracting

There are emerging critical challenges in the system and implementation that hamper the full realization of the benefits of Performance Contracting notably: There is no uniformity among MDAs due to inconsistencies in application of PC in regard to signatories, this negate the policy directives given in the ERS which identifies chief executive officer as the sole executive officer of institutions under PC. Example: in the Ministries PC are signed by Permanent Secretaries and countersigned by the Minister, but the same is not mirrored in Local Authorities and State Corporations where the Mayor and Member of the board signs the PC respectively.

Challenges arise on the appointment, composition and nature of members especially on their capacities on the sector. Most of them are drawn from academia and private sector resulting to information asymmetry which leads to impeded ability to negotiate and evaluate targets appropriately. The high turnover of membership frustrates the development of institutional memory, learning and growth. There is lack of adequate resources to coordinate and implement PC within

MDAS. These include financial resources to facilitate activities at various stages of the PC process hampering efforts of training public officers on PC. The budget allocated is inadequate and there are inconsistencies and delays in releasing funds.

There is a limited human resource capacity and expertise to effectively oversee performance contracting process. During vetting, staff members are overstretched with overload requiring them to approve PC for more than 400 public institutions and at the same time provide feedback reports on quarterly, mid-year and annually. Regular transfers of key staff during the contract periods aggravate this situation further. Additionally, cascading becomes problematic as lower level officers have not been trained on PC. Evidently, there is slow uptake of training appointments resulting to limited success of Training of Trainers.

Performance Contract process with MDAs are managed by officer with no specific cadre.

SUCSESSES OF PERFORMANCE CONTRACTING

Apart from the challenges faced in Performance Contracting implementation, significant benefits to the country has been realized according to the National Customer Satisfaction Survey Report (2009) and Sector Performance Standards (2010) where customer satisfaction index was 63.5 the 2007 UN Public Service Award category 1; Improving Transparency, Accountability and Responsiveness in the Public Service, and; the Ash Institute for Democratic Governance and Innovation award (Harvard University) – (Report by Panel of Experts, 2010-Prime Minister's Office).

The positive impact includes:

1. Ministries, Departments and Agencies (MDAs) have refocused on comprehending their core mandate/business thus re-engineering their operations by restructuring extensively to operate efficiently.
2. Significant improved MDA performance such as profitability levels realized in Commercial State Corporations; through the introduction of citizen service delivery charters which refocused MDAs on identifying and delivering against service standards there has been improvements in the performance of the public service.
3. Improvement in levels of transparency and accountability; probity and integrity where obligations of all public agencies are included in the publicly signed PCs and at times uploaded on the agencies website for stake holder's reference.
4. There is high degree of autonomy from the management of public service brought about by the independent ad-hoc committees infusing credibility, objectivity and professionalism into the entire exercise. There have been limited cases of organizations claiming unfair evaluation or being denied an opportunity for expressions of opinions/ideas since the strategy is implemented in an inclusive and interactive manner.

5. Administration of PC have also realized considerable progress and improvement to adapt to emerging issues such as expansion of indicators to reflect some of the overarching national concerns such as corruption. The reliable benchmarks set have offered opportunity of achieving high degree of accountability and transparency.

PUBLIC SERVICE CHARTER

Service charter has created a practical method and approach for creating a contract between citizens and the state that clarifies what the level of public service citizens can expect. This is called the Service Charter model. The aim of Service Charters is to 'translate' constitutional and legal obligations into practical and technical standards for service provision. For instance, Service Charters for the educational sector can determine the maximum number of students allowed to be in a class, how many miles is the maximum distance students should have to walk to school, and so on.

A service charter is a public document developed in cooperation between the state and its citizens. The Public Service Charter model uses experiences from the practical implementation of human rights. The model is used to strengthen transparency, accountability, and public involvement in the delivery of public services. This includes public dialogue, mechanisms for complaints and redress, civic education and engagement, procedures for monitoring and documentation, etc.

Danish Institute of Human Rights supports the development of service charters by providing expertise in service charter models, rights-based approaches, dialogue, strategic planning and public participation. The public service charter is evidence of government and public service unions' commitment to better service delivery. The service charter defines the values and principles that govern and conduct public servants who are employed by the state. It serves as a statement of commitment by public servants to uphold those values and principles in rendering services to the citizenry. The charter outlines the services offered by the state and the service standard that underpins those services.

Service charter sets out the commitment to provide timely and effective service to community in general. This will go along way in facilitating the improvement of the responsiveness of the organization to necessitate the business community. The level of the efficiency in service delivery to the business community is of great importance to an organization. The use of the service charter will provide a great opportunity to ensure that services offered or required by the business community are appropriate and provided in a timely and efficient manner.

TYPES OF SERVICE CHARTER

Customer service charter

Hickman 2006 defines a customer service charter as sets of standards for a company regarding customer service. A charter is shared with all employees so they work under the customer charter to assure the best customer service possible. A it explains different areas customers can expect service. Customer service goes beyond listening and helping customers. The responsibility of writing the customer charter may fall to a number of employees. A manager, human resource director or director may write such a charter. It is written by a leader with knowledge of how to build and keep a client base. All customers of a company have access to the customer charter. This may be through online or a physical copy. Regardless, customers expect the information laid out in the customer charter and it is a company's responsibility to comply.. This document covers the types of service we are committed to providing how to provide us feedback whether that feedback back is regarding a positive or a negative experience, and how you can assist us to better serve customers. It strives to provide a consistently high quality of service to clients.

Corporate service charter

A Corporate charter is a document filed with a specific state which sets out the details of a new corporation, including the corporation's purpose, business location, number and classes of shares and duration of the corporation (Murray, 2004). The details of a charter will vary based on specific regulations and the size of the company. However, at the most basic level, the charter will include the corporation's name, its purpose, the number of shares that are authorized to be issued and the names of the parties involved in the formation. This is generally the first document in the life of a corporation.

AIMS OF A SERVICE CHARTER

- a) To create and sustain reinforcing relationships among businesses and between businesses and the community –
- b) To participate in the development of public policy, it affects economic growth and development for Kenya -.
- c) To effectively express the views of the business community to appropriate levels of government on matters of relevance to the business community -
- d) To protect private enterprise, business excellence and individual achievement- to do this the Chamber shall
- e) To provide proper levels of member services and to foster member involvement in the community through the Chamber

RECOMMENDATION

In the current world increasing competition make it imperative for the public sector to continuously improve their performance to compete favorably not only with their neighbors but increasingly with the rest of the world. Governments must therefore adopt strategies that will make them more efficient and effective to meet their duty to the citizens and international community and to enable them achieve competitive advantage and superior economic development performance. Performance must therefore be further integrated within the wider management activities to ensure it is part of the organizational long-term objectives and goals to enhance high performance in the public sector.

CONCLUSION

Public institutions therefore can improve on their service delivery process and enhance their competitiveness by adopting performance contracting in their management programme. It is noted that public service reforms have entailed multiple performance improvement initiatives including rapid results initiative, performance contracting and service charter. The gains being recorded in the public sector performance in Kenya could therefore be attributable to these performance improvement initiative though to varying degrees for each.

REFERENCES

African Association for Public Administration and Management (AAPAM), (2006). *The Enabling State and the role of the Public Service in Wealth Creation: Problems and Strategies for Development in Africa*. The report of the 26th Roundtable conference of the African Association for Public Administration and Management Mombasa, Kenya.

Akaranga, E. M. (2008). *The Process and Effects of Performance Contracting in Kenyan Public Sector*, MBA Project; United States International University (USIU), Nairobi.

Alford, J. (2000). "The implications of "Publicness" for strategic management theory", in *Exploring public sector strategy*; Financial Times Prentice Hall.

Amin, S., Jishnu, D. & Goldstein, G. (2008). "Are you being served?" The International Bank for Reconstruction, 1818 H. Street NW, Washington DC 20433. ISBN; 978-0-8213-7185-5.

Aosa, Evans (2000). "Development of Strategic Management: An Historical Perspective." University of Nairobi.

Armstrong, M. & Baron, A. (2004). *Managing performance: performance management in action*. London: Chartered Institute of Personnel and Development.

Armstrong, M. (2006). *Performance Management: Key Strategies and Practical guidelines*, 3rd Ed. MPG Books Ltd., Bodmin, Cornwall.

Balogun, M. (2003), "Performance Management and Agency Governance for Africa Development: The Search for common cause of Excellence in the Public Service. UNCEA Addis Ababa.

Bjorkman, M. (2006). *Public Funding in the Educational Sector and Its Effect on Test Scores in Essays on Empirical Development Economics: Education, Health and Gender*, IIES Monograph Series No 56, Stockholm University.

CAPAM (2005). *In Pursuit of Excellence: Developing and Maintaining A High-Quality Public Service. A Report on a CAPAM High-Level Seminar on Commonwealth Training and Development Institutes*, October, 2005.

CIDA (2001), *Results Based Management in the Development Co-operation Agencies: A review experience*.

Dehn, Jan, Ritva Reinikka & Jakob Svensson (2003). *Survey Tools for Assessing Performance in Service Delivery. In The Impact of Economic Policies on Poverty and Income Distribution: Evaluation Techniques and Tools*, edited by François.

Dessler, G. (2003), *Human Resource Management* (9th ed.). Prentice Hall, New Jersey.

DPM, 2004: *Information Booklet on Performance Contracts in the Public Service*; Directorate of Personnel Management

Gianakis, G. (2002), "The promise of public sector performance measurement: anodyne or placebo?", *Public Administration Quarterly*, Vol. 26, pp. 34-64.

GOK, (2003), *Economic Recovery Strategy for Wealth and Employment Creation*. Nairobi: Government Printer.

GOK, (2005). *Ministry Human Resources Development Strategy*. Government Printers: Nairobi.

GOK, (2006). *Results for Kenyans: Capacity Building Programme for Transforming the Public Service, Public Service Reform and Development Secretariat*, December, 2006.

Government of Kenya (2004), Economic Recovery Strategy for Wealth and Employment Creation: Government Press

Government of Kenya, (2001). "A Strategy for Performance Improvement in the Public Service", Nairobi: *Government Printer*.

Greiling, D. (2006), Performance measurement: a remedy for increasing the efficiency of Public services. *International Journal of Productivity and Performance Management* Vol. 55 No. 6, 6 pp. 448-465.26

Kapoor A. (2002). Review of the Impact Evaluation Methodologies used by the Operations Evaluation Department Over 25 Years, OED Working Paper, Washington, D.C.: World Bank.

Kiboi, W. (2006). Management perception of performance contracting in state corporations. An unpublished MBA project. University of Nairobi.

Kiragu, K and Mutahaba, G. (2005), "Public Service Reform in Eastern and Southern Africa: Issues and Challenges.

Kobia, M. & Mohammed, N. (2006). *The Kenyan Experience with Performance Contracting: Discussion Paper, 28th AAPAM Annual Roundtable Conference, Arusha, Tanzania.*

Kobia, M. and Mohammed, N. (2006) 'The Kenyan Experience with Performance Contracting: Discussion Paper, 28th AAPAM Annual Roundtable Conference, Arusha, Tanzania

Kobia, M. & Mohammed, N. (2006). *The Kenyan Experience With Performance Contracting, African Association For Public Administration and Management, 28th AAPAM Annual Round table Conference, Arusha, Tanzania.*

Kueng, P. (2000). "Process performance measurement system: a tool to support process-based organisations", *Total Quality Management*, Vol. 11 No.1, pp.67-85.

Lane, J.E. (1987). 'Public and private leadership', pp. 47-64, in J. Kooiman and K.A. Eliassen (eds.), *Managing public organizations.*

Langat, K. S. (2006). *Factors Necessary for the Design of Good Performance Contracts for State Corporations in Kenya. An unpublished MBA project. University of Nairobi*

Leonard, B. 2001. Turnover at the top. HR Magazine, May: 46-52.

Lienert, I. (2003). Civil Service Reform in Africa: Mixed Results After 10 Years'. *International Monetary Fund. Finance and Development, Vol. 35 No. 2 (June)*

Lings, I. N., (2004). Internal Market Orientation Construct and Consequences. *Journal of Business Research, 57(4), 405-413.*

Martin, L. L.(2000). "Performance Contracting in the Human Services: An Analysis of Selected State Practices." *Administration in Social Work 24.2 : 29-44.*

Mburugu, J.K. (2005). Public Sector Performance Contracts? Another Management Fad will they Work? *Journal of the Institute of Certified Public Secretaries of Kenya.*

Musa, M. (2001).Economic Recovery Strategy for Wealth and Employment Creation.2003-2007. Civil Service Reform agenda Africa.

Nahavandi, A. (2006). *The Art and Science of Leadership.* Upper Saddle River, NJ: Prentice Hall.

Obongo, S. O, 2009 'Implementation of Performance Contracting in Kenya" *International Public Management Review, Vol. 10, Issue2 – 2009*

OECD (1999) *Performance Contracting: Lessons from Performance Contracting Case Studies: A framework for Performance Contracting, (PUMA/PAC)* *International Journal of Research in Management, Economics and Commerce*

Oldham, G., (2002).*Stimulating and supporting creativity in organizations.* Jossey-Bass, San Francisco, CA

Opiyo, H. (2006), Civil Service Reform Policy in Kenya: A review of the Retrenchment Strategy: Discussion Paper Series: *Institute of Policy Analysis and Research*

Opiyo, H. (2006). Civil Service Reform Policy in Kenya: A review of the Retrenchment Strategy:*Journal of Applied Psychology.* Vol. 77 pp.693-974

Opondo, (2004). A Survey of Strategic Planning and Performance of Public Corporations in Kenya *Unpublished MBA Project. University of Nairobi.*

Performance Contracts Steering Committee, Kenya (2005): *Sensitization/Training Manual* on Performance Contracts in the Public Service. RBM Guide, Kenya (2005). Results Based Management: *Training Manual. Kenya*

RBM Guide, Kenya (2005). *Results Based Management: Training Manual. Kenya.*

Report by Panel of Experts (2010), “Review of Performance Contracting in the Public Sector”, *Prime Minister’s Office* report submitted to Office of Financial Management; 210, 11th Ave. S.W. Rm.311, Olympia, Washington D.C. 98504.

Therkildsen, O. (2001) ‘Efficiency, Accountability and Implementation, Public Sector Reform in East and Southern Africa’, *Democracy, Governance and Human Rights Programme Paper, Number 3*, UNRISD. Geneva.

Verbeeten, F H. M. ‘Performance Management practices in Public Sector organisations – Impact on performance’ *Accounting, Auditing and Accountability Journal*, Vol. 21 No. 3, 2008

World Bank, (2003). *Building Institutions for Markets* (World Development Report 2004). Oxford University Press: Oxford, U.K.

World Bank, (2007). *A Decade of Measuring the Quality of Governance: Governance Matters 2007- Worldwide Governance Indicators, 1996 to 2006.*