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# The Effects of Managerial Knowledge and Information on the Implementation of Performance Contract in Tertiary Institutions in Meru Country.

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**Abstract:** Performance contract is a management tool for measuring freely negotiated performance targets between institutions management and the Government. Performance Contracts have been used in many enterprises in the world. Performance contract was introduced by the Government of Kenya to ensure delivery of quality service to the public as well tertiary institutions also known as TIVET institutions. The purpose of this study was to investigate the effects of managerial knowledge and information on the implementation performance contract in Tertiary institutions in Meru County. The specific objectives of the study were: to determine find out the effect of managerial knowledge on implementation of performance contract in tertiary institutions in Meru County, and to evaluate the effect of information on implementation of performance contract in tertiary institutions in Meru County. The study adopted a survey research design and stratified sampling technique was used to draw a sample size of 63 from a population of 76 employees of tertiary institutions in Meru County. Data was collected using a questionnaire and the interviews. Data analysis was done using SPSS software; correlation coefficients were used to determine the nature of the relationship between the dependent variable and independent variables. Chi-square analysis will be done to test significance of variables. The findings were presented in tables and figures. The study of the findings were considered important for gathering information for managerial policy decision making that enabled the managers understand the positive approaches towards performance contracting as a management tool for improving performance in tertiary learning institutions which has continuous benefits to the long-term development. The findings of this study were; Managerial knowledge of PC coordinators affects the implementation to a very great extent and there is an association between managerial knowledge and the implementation of performance contracts  $\{\chi^2(1,4) = 56.448, p < 0.05\}$ . There is a significant association between policies and procedures and the implementation of performance contracts. In the view of the findings the study recommended principals of tertiary institutions should organize continuous in-servicing of officers on performance contracting so as to improve their knowledge on the same and the managers should always induct the junior managers on implementation of performance contracts.

**Keywords:** Managerial knowledge, information, Implementation, performance contract and tertiary institutions.

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## INTRODUCTION

The effectiveness of performance contracting is a key input in the successful implementation of Kenya vision 2030 and medium term plans. Indicators and targets form a framework of an effective performance management system that delivers high quality services and builds public confidence and trusts in the performance management systems [1]. This means that through Performance contract tertiary institutions can improve on performance. Lack of adequate managerial knowledge to enable them set achievable performance targets, make broad institutions policies and be able to meet targets and evaluate performance. Therefore for managers to be effective in the implementation of Performance contract they must be knowledgeable, well focused and effective in performance management. To achieve this, they should be adequately trained. This study was to establish

whether possession of PC knowledge by managers affect implementation of PC in tertiary institutions.

The information on performance contract is scanty in that not all workers know about it. In most cases, it is only the senior management that are aware due to the trainings that they undergo with the hope of passing information to the workers are the lower cadres before implementation [2]. Information is important in implementation of performance and in absence of clear guidelines and procedures employees finds it difficult to meet their performance targets. This study was to establish whether information affects implementation of PC in tertiary institutions in Meru County. Careful choice of words, clarifications and summaries are useful to the listener [3]. According to ROK [4], evaluation of the performance of public agencies for the financial year 2010/2011, none of the tertiary institution in Meru

County scored excellent and especially Meru teachers training college was ranked among the ten bottoms performing tertiary institution. Therefore, this study investigated the effects of managerial knowledge and information on the implementation of performance contract in tertiary institutions in Meru County.

### **OBJECTIVE OF THE STUDY**

The objective of the study was to investigate the effects of managerial knowledge and information on the implementation of performance contract in tertiary institutions in Meru County.

### **LITERATURE REVIEW**

Performance contracting mostly involves values and inputs like the knowledge, skills and behavior required to produce the positive output, it is developed in line with the concept of Management by Objectives (MBO) and self-control. This has made performance management to become an important and effective tool for managing evaluating employees' performance through work planning [5]. Performance contract is a freely negotiated performance agreement between Government, acting as the owner of an Agency, and the management of the Agency. It is a range of management tools used to define responsibilities and expectations between parties to enable them achieve mutually agreed results, performance contract specifies what needs to be achieved, expected levels of achievement, timelines, evaluation and reporting methodologies[6]. According to Muthaura [7], Government in 2003 introduced performance agreements management tools to create accountability to the public for targeted results. Performance Contracts expanded from a pilot group of 16 commercial public enterprises in 2004, to eventually cover the entire public service in Kenya, comprising the following institutions: 38 Ministries and Accounting Departments, 130 Public Enterprise, 175 Local Authorities, that is, municipalities, local, county, and urban councils. According to Omboi et al. [8], Performance management reduces quality of controls and enhances the quality of service. The performance contract privatizes the style of public sector management by focusing on result and not process. Job satisfaction and morale of employees tend to be higher. Active participation of subordinates in goal setting and performance reviews help to satisfy ego and self-actualization needs [5]. An impressive record of setting and accomplishing goals is an indicator of a manager's performance. Close linkage between overall goal and individual goal leads to integration of individual with the organization.

According to Armstrong [5], it is desirable to carefully define performance so that it supports the organization strategic goal. Setting clear goal for individual employees is a critical component of performance management. Therefore it is desirable to carefully define performance so that it supports the

organization strategic goal. Setting clear goals for individual employees is a critical component of performance management. Many tertiary institutions sometimes they are given guidelines and set targets on performance contracts that are not in line with their strategic plan this result to misallocation of scarce funds hence straining institution more financially. Performance measurement is not an end in itself and unless it can direct efforts towards organizational goals and influence future performance it would only represent a tool for measuring past activities [9]. Organization effectiveness is defined as the capacity of an organization to achieve its goals by making effective use of the resource available to it [10]. According to Armstrong [5], Performance management is the integration to performance appraisal system with broader human resource system as a means of aligning employees work behaviors with the organization goals. Performance management should be an ongoing interactive process designed to enhance employee capability and facilitate productivity. Manager is responsible for achieving the target of his work units. The extent to which these targets are achieved is a good criteria for evaluation. Performance management focuses on further performance planning and improvement and personal development rather than retrospective performance appraisal [11].

Performance management should not be imposed on managers as something 'special' they have to do; it should instead be treated as a natural function that all good managers carry out. To ensure that a management performance culture is built and maintained, performance management has to have the active support and encouragement of top management who must make it clear that it is regarded as a vital means of archiving sustained organizational success. Tertiary institutions only line managers who have ideas about performance contracts whereas the other employees are properly monitored and evaluated on performance contracts therefore they not take the process serious. They must emphasize that performance management is what managers are expected to do and that their performance as managers will be measured by reference to the extent to which they do well. According to Richer [12], poor performance is best seen as a problem in which the employer and the management are both accountable. In fact, one can argue that it is unlikely to emerge that people are effectively managed. Managing under performance is therefore positive process that is based on feedback through the year and looks forward to what can be done by individuals to overcome performance problem and importantly, how managers can provide support and help.

Performance contracting constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is a useful tool for articulating clearer

definitions of objectives and supporting innovative management, monitor and control methods and at the same time imparting managerial and operational autonomy to public service managers. A fundamental prerequisite for Performance Contracts is the introduction of a sound policy, legal and regulatory reforms must be in place before Performance Contracts can take place. The understanding of the legal and regulatory principle is essential [13].

As Buchner [14], emphasizes, performance management should be something that is done for people and in partnership with them. Performance management is a continuous and flexible processes that involve managers and those whom they manage acting as partners within a framework that set out how they can best work together to archive the required results. It is based on principal of management by contract and agreement rather than management by command. Managers should recognize that employees are major contributors to the efficient achievement of the organization success [11].

#### **Effect of managerial knowledge on implementation of Performance contract**

Basic knowledge in management is needed at initial stage of running an enterprise and also later during the development stage. Technical/professional knowledge alone is certainly needed to make the “technical side” of doing the business work. Manager also should have an overview of finance, marketing and market development, competitions and so on. If he/she does not pay enough attention to these issues, eventually he/she cannot delegate responsibility for particular areas and will fail under the burden of undiscovered and emerging problems [15]. There is need for awareness and training about customer care, public relation and communication skills among the department’s staff to enable them to handle the clients issues on satisfactory levels [13]. The measure of managerial competencies enables comparing the defined behaviour with the real one, i.e. the goal is to determine whether the required level of a competency is sufficient. Each competency is evaluated according to the set criteria using a pre-defined scale. Managerial competencies identification and development has a number of advantages for organizations; it broadens the labour potential of managers and thus also the possibilities for dynamic development of work teams and subsequently of the organization as a whole [16]. According to Gerber [17], there should be three types of positions needed for running an organization; the technician, manager and the entrepreneur. In tertiary institutions many managers do not have adequate knowledge on performance contracting hence setting appropriate targets that can be achieved within the right time frame is not possible.

#### **Effect of information on implementation of performance contract**

It is a common view that information is an organization resource that needs to be properly managed, management process is undertaken in order to ensure that information reaches the right person, at the right place, at the right time, in the right form, at right cost, and for the right decision to be taken [3]. Performance contracts and management form part of the integral force that is concerned with how procedures will generate desired results through human resource. A major tool that is identified as a success factor in performance contracting and forms basis of management procedures and practices is strategic plan. Management has to have a strategic plan which enables an organization to be better focused on its core operations. The purpose of management procedures and practices is to improve control of the use of resources, monitor performance and safeguard tangible assets [8]. There is also need for sound policy on which performance contract will be anchored. The sound policy will guide the implementations of recommendations made on performance contracting and respond to the evolving issues. There should be clear documented procedures in local authorities to help in continuous improvement of service delivery to customers [9]. Feedback on performance including performance appraisal, continuous monitoring, feedback, dissemination, training and learning from results needed to be enhanced to be supportive of the Performance management. Organizational culture should also be reengineered to be more supportive of performance management and a clear reward policy guideline [18]. Computers have made the industry and commerce generally more efficient, productive and reliable. Almost every industry or service provider uses computers in its day-to-day operations. It is now difficult, if not impossible to manage a large organization efficiently without the use of computers [19].

Organizational policies are general statements which are intended to guide the actions of firm’s personnel. They are broad guidelines to action and decision making within a given organization. Procedures are detailed plans of the way in which certain activities are to be accomplished; they show a step by step way of doing things [3]. Lack of enough information and guidelines based on procedures, processes and policies from the managers when formulating and committing performance targets on behalf of the employees is an indication that many employees cannot perform their duties efficiently which eventually affects the implementation of performance contract targets and subsequently results to poor outcomes in tertiary institutions especially in Meru County.

### **Goal Theory**

Goal setting theory was developed Locke in 1979, the theory explain the relationship between clearly identified goals and performance. According to Locke, Motivation will improve if people have demanding but agreed goals and receive feedback, theory provide rationale for performance management, goal setting and feedback. Participation in goal setting is important as a means of getting agreement to the setting higher goals. Difficult goals must be agreed and their achievement reinforced by guidance and advice [20]. Goal setting and commitment enhances performance of top managers in all organizations, therefore this theory relate to my study such that, managers in tertiary institutions must poses necessary managerial qualifications on performance contracts in order for them to achieve higher performance contract targets by encouraging and involving employees. Managerial knowledge on performance contract will help managers of tertiary institutions when setting specific, measurable, achievable, realistic and timely performance targets, for all employees that make aware and clear for them and effective work progress.

### **Expectancy theory of motivation**

The expectancy theory was formulated by Victor Vroom of School of Management in 1964 and later developed by Porter and Lawler in 1968 [20]. Vroom stresses and focuses on outcomes. Vroom views satisfaction in terms of the positively related to the degree to which one's needs are fulfilled [21]. The expectancy theory of motivation provides an explanation as to why an individual chooses to act out a specific behavior as opposed to another. According to Vroom [22], motivation will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile. The concept of expectancy is contained in the valency – instrumentality – expect (VIE), the valency stands for value, instrumentality is the belief that we do one thing it will lead to another and expectancy is the probability that action or effort will lead to outcome [20]. This theory is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction and also it emphasis on rewards or pay and focuses on final objective of individual where is to attain maximum pleasure and least pain [22]. This theory relates to my study in that employees will improve their level and achieve their targets based on how their needs are fulfilled through provision of office facilities and well placed in right jobs where they are willing to work by applying their acquired skills. Ensuring clear set guidelines and procedures that will enhance communication through speedy flow of information will give employees direction, future organizational expectations, ensure order and consistency by enhancing efficiency in the attainment of set targets. Employees in the tertiary institutions provided with appropriate guidelines on expected goals and focusing

on final objectives they are likely to influence their performance because they are satisfied with clear information on their jobs and therefore resulting to successful performance.

### **RESEARCH DESIGN AND METHODOLOGY**

The study was conducted in Meru County in Kenya and the target population was the managers of five tertiary institutions under the ministry of education science and technology in Meru County. Three were technical training institutes and two teachers training colleges. In choosing the accessible population, the researcher focused on the target population of 76 managers, which included Deputy Principals, Registrars, PC coordinators and Heads of departments from the five tertiary institutions because they are the major players involved in the implementation of performance process. Stratified Random sampling was used to obtain sample size of 63 respondents selected at random which was appropriate because according to Kothari [23] the population was not homogeneous. The researcher picked five Deputy Principals, four Registrars, four PC coordinators and fifty Heads of departments, this constituted 83% picked at random in each case. The advantage of stratified random sampling is that it focuses on important sub-groups and ignores irrelevant ones [24]. The questionnaire was used to collect primary data from the respondents, which were administered by the research assistants. Questionnaire is the link between the client and researcher. It represents the way in which the researcher has translated the client's needs into a method of data capture [25]. The study also used interview to gather information on implementation of performance contract.

The data analysis was done using SPSS software. Correlation coefficient was undertaken to determine the nature of the relationship between the dependent variable and each of the independent variable. Chi-square analysis was done to test the level of significance of variables. Qualitative respondents were transformed into themes and the results of the study were tabulated in frequencies and percentages, then graphical presentation for easy comprehension.

### **RESEARCH FINDINGS**

#### **Response rate**

The response rate is the proportion of the sample that participated in the survey and returned their questionnaires as intended by the researcher. For the purpose of data collection 63 questionnaires were issued to respondents and all the 63 questionnaires were returned, giving a response rate of 100%. This shows that the research assistants had good rapport with the respondents and that the respondents were taking the research seriously.

#### **Distribution of respondents by gender**

The respondents were asked to indicate their gender with the aim of establishing whether the study



was gender sensitive. The results were shown in Table 1.

**Table-1: Distribution of respondents by gender**

Categories	Responses	Percentage
Female	30	47.5
Male	33	52.8
<b>Total</b>	<b>63</b>	<b>100</b>

Table 1 shows that the male respondents were slightly higher (52.8%) than the female respondents who were (47.5%). This shows that the project was gender sensitive and that there was good representation of both genders. This was likely to give balanced responses.

**Age Distribution of respondents**

The researcher sought to establish the age distribution for the officers. The responses were presented in Table 2.

**Table-2: Age distribution of respondents**

Age in years	Frequency	Percentage (%)
20-25	6	9.6
26-35	27	42.8
36- 45	19	30.2
46 - 55	8	12.6
Above 55	3	4.8
<b>Total</b>	<b>63</b>	<b>100</b>

Table 2 revealed that majority of the respondents (42.8%) were 26 - 35 years of age followed by those aged 36 – 45 years with 30.2% responses. The least were those aged above 55 years (4.8%). This age distribution was likely to give well distributed responses.

**Academic qualification of respondents**

The researcher required the responded to indicate their academic qualification as part of their demographic information. The responses were presented in Table 3.

**Table- 3: Academic qualification**

Qualification	Frequency	Percentage (%)
Diploma	18	28.6
First degree	29	46.1
Masters	14	22.2
Ph.D	0	0.0
Others	2	3.1
<b>Total</b>	<b>63</b>	<b>100</b>

Table 3 revealed that majority (46.1%) of the respondents had the first degree as their highest academic qualification. This shows that the respondents had acquired the academic qualification which could

enable implement performance contract policy. The second group was those with Diplomas (28.6%) and masters (22.2%) implying that all the respondents had the required qualification to teach in tertiary institutions and implement performance contract.

**Time institution started implementing performance contracting**

The respondents were required to indicate the time they had implemented performance contracting. The responses were presented in Table 4.

**Table- 4: Time performance contracting was implemented**

Duration in years	Frequency	Percentage (%)
Less than 1	10	15.9
1 - 2	8	12.7
3 - 4	25	39.7
Above 4	20	31.7
<b>Total</b>	<b>63</b>	<b>100</b>

Table 4 shows that majority of the respondents (39.7%) had implemented performance contracting for 3 – 4 years followed by 31.7 percent of the respondents who indicated that they had implemented for above 4 years. This means that most of the respondents had enough experience for implementing the performance contract hence had enough information about the resources for implementing performance contract in Tertiary institutions in Meru County

**Rating of the implementation of performance contract**

The respondents were required to indicate their rating of performance contracting in their institution. The responses were presented in Table 5.

**Table- 5: The rating of performance contracting**

Duration in years	Frequency	Percentage (%)
Very high	18	28.7
High	28	44.4
Moderate	14	22.2
Low	2	3.1
Very low	1	1.6
<b>Total</b>	<b>63</b>	<b>100</b>

Table 5 shows that majority (44.4%) of the respondents indicated high rating of performance contracting in their institution followed by 28.7 percent of the responses who indicated very high rating. This implies that the respondents were aware of the rating of performance contracting in tertiary institution.

**Managerial knowledge and implementation of performance contract**

The second objective for this study was to find out the effect of managerial knowledge on

implementation of performance contract in tertiary institutions in Meru County. To achieve this objective the respondents were first required to indicate their opinion on whether managerial knowledge affects implementation of performance contract. The responses were presented in Table 6.

**Table -6: Opinion on whether managerial knowledge affect implementation of performance contract**

Response	Frequency	Percentage (%)
Yes	54	85.7
No	9	14.3
<b>Total</b>	<b>63</b>	<b>100</b>

Table 6 shows that majority (85.7%) of the respondents agreed that of managerial knowledge affects implementation of performance contract in tertiary institutions. This is because lack of adequate managerial skills leads to poor planning with unattainable targets which leads to frustrations and lack of motivation to implement the performance contract. It was also stated that most of the officers without managerial skills are likely to misappropriate the allocated funds hence affecting the implementation process.

The responses were also required to indicate the extent to which the managerial knowledge of PC coordinators in their institution influences performance contracting. The responses were presented in Table 7.

**Table-7: Extent to which knowledge of PC coordinators affects implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	27	42.9
Great extent	24	38.1
Some extent	6	9.5
Little extent	4	6.3
Very little extent	2	3.2
<b>Total</b>	<b>63</b>	<b>100</b>

Table 7 shows that majority of the respondents (42.9%) indicated that managerial knowledge of PC coordinators affects the implementation to a very great extent followed by 38.1% who indicated that to a great extent managerial knowledge of PC coordination affects the implementation. This is because coordination is part of the roles of the managers and it requires knowledge of the project at hand.

The researchers also sought to establish the extent to which the training on PC influences the implementation of performance contract. The responses were presented in Table 8.

**Table- 8: Extent to which training on PC affects implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	25	39.6
Great extent	19	30.1
Some extent	11	17.6
Little extent	5	7.9
Very little extent	3	4.8
<b>Total</b>	<b>63</b>	<b>100</b>

Table 8 shows that majority of the respondents (39.6%) indicated that training on PC affects the implementation to a very great extent followed by 30.1% who indicated that to a great extent training on PC affects the implementation. This is because training improves the performance of officers in implementation of performance contracts.

The responses were also required to indicate the extent to which academic qualifications affect the implementation of performance contract. The responses were presented in Table 9.

**Table- 9: Extent to which academic qualifications affects' implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	11	17.6
Great extent	35	55.5
Some extent	10	15.9
Little extent	5	7.9
Very little extent	2	3.2
<b>Total</b>	<b>63</b>	<b>100</b>

Table 9 shows that majority of the respondents (55.5%) indicated that academic qualifications affects the implementation to a great extent followed by 17.6% who indicated that to a very great extent academic qualifications affects the implementation of performance contracts.

The responses were also required to indicate the extent to which the managerial competences influence the implementation of performance contract. The responses were presented in Table 10.

**Table- 10: Extent to which managerial competence affects' implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	24	38.0
Great extent	34	54.0
Some extent	2	3.2
Little extent	2	3.1
Very little extent	1	1.6
<b>Total</b>	<b>63</b>	<b>100</b>

Table 10 shows that majority of the respondents (54 %) indicated that managerial competences affects

the implementation to a great extent followed by 38% who indicated that to a very great extent managerial competences affects the implementation of performance contracts.

Further the researcher tested whether there was an association between managerial knowledge and the implementation of performance contracts. This was done using the Chi-square test as shown in 11,

**Table- 11: Chi-square tests for association between managerial knowledge and the implementation of performance contracts**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	56.448 <sup>a</sup>	4	.000
Likelihood Ratio	9.000	4	.000
Linear-by-Linear Association	18.12	1	.000
N of Valid Cases	239		

a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is .05.

Table 11 shows that ( $\chi^2 (1,4) = 56.448, p < 0.05$ ) between managerial knowledge and the implementation of performance contracts. The linear association is very high (18.12). This shows that there is a significant association between managerial knowledge and the implementation of performance contracts. This managerial knowledge includes; knowledge of PC coordinators, training on PC, academic qualification and managerial competences. These results agrees with Zezana & Matej [15] who argued that basic knowledge in management is needed at initial stage of running an enterprise and also later during the development stage. Technical/professional knowledge alone is certainly needed to make the “technical side” of doing the business work. Zezana & Matej [15] further argued that Managers also should have an overview of finance, marketing and market development and competitions. If he/she does not pay enough attention to these issues, eventually he/she cannot delegate responsibility for particular areas and will fail under the burden of undiscovered and emerging problems. There is need for awareness and training about customer care, public relation and communication skills among the department’s staff to enable them to handle the client’s issues on satisfactory levels [13]. The measure of managerial competencies enables comparing the defined behaviour with the real one, i.e. the goal is to determine whether the required level of a competency is sufficient. Each competency is evaluated according to the set criteria using a pre-defined scale. Managerial competencies identification and development has a number of advantages for organizations; it broadens the labour potential of managers and thus also the possibilities for dynamic development of work teams and subsequently of the organization as a whole [16].

**Information and implementation of performance contract in tertiary institutions**

The last objective for this study was to evaluate the effect of information on implementation of performance contract in tertiary institutions in Meru County. To achieve this objective the respondents were first required to indicate the extent to which performance contracting structures influences

implementation of performance contracting. The responses were presented in Table 12.

**Table- 12: Extent to which information influences implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	17	27.0
Great extent	43	68.3
Some extent	3	9.5
Little extent	0	0.0
Very little extent	0	0.0
<b>Total</b>	<b>63</b>	<b>100</b>

Table 12 shows that majority of the respondents (68.3%) indicated that performance information affects the implementation to a very great extent followed by 27% who indicated that to a great extent performance contracting structures affects the implementation.

The researchers also sought to establish the extent to which availability of computers affects the implementation of performance contract. The responses were presented in Table 13.

**Table- 13: Extent to which availability of computers implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	26	41.3
Great extent	27	42.9
Some extent	8	12.7
Little extent	2	3.2
Very little extent	0	0.0
<b>Total</b>	<b>63</b>	<b>100</b>

Table 13 shows that majority of the respondents (42.9%) indicated that availability of computers affects the implementation to a very great extent followed by 41.3% who indicated that to a great extent availability of computers affects the implementation. This is because availability of computers improves the performance of officers in

implementation of performance contracts by providing conducive environment.

The researchers also sought to establish the extent to which policies and procedures affect the implementation of performance contract. The responses were presented in Table 14.

**Table- 14: Extent to which policies and procedures implementation of performance contract**

Extent	Frequency	Percentage (%)
Very great extent	16	25.4
Great extent	35	55.5
Some extent	8	12.7
Little extent	2	3.2
Very little extent	1	1.6
<b>Total</b>	<b>63</b>	<b>100</b>

Table 14 shows that majority of the respondents (55.5%) indicated that availability of computers affects the implementation to a very great extent followed by 25.4% who indicated that to a great extent policies and procedures affects the implementation. This is because policies and procedures improve the performance of officers in implementation of performance contracts by providing conducive environment.

Further the researcher tested whether there was an association between policies and procedures and the implementation of performance contracts. This was done using the Chi-square test as shown in table 15.

**Table-15: Chi-square tests for association between policies and procedures and the implementation of performance contracts**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.23 <sup>a</sup>	4	.000
Likelihood Ratio	10.000	4	.000
Linear-by-Linear Association	21.12	1	.000
N of Valid Cases	63		
a. 8 cells (80.0%) have expected count less than 5. The minimum expected count is .05.			

Table 15 shows that ( $\chi^2(1,4) = 61.23, p < 0.05$ ) between policies and procedures and the implementation of performance contracts. The linear association is 21.12. This shows that there is a significant association between policies and procedures and the implementation of performance contracts. This result agrees with Sagimo [3], who argued that performance contracts and management form part of the integral force that is concerned with how procedures will generate desired results through human resource. A major tool that is identified as a success factor in performance contracting and forms basis of management procedures and practices is strategic plan. Management has to have a strategic plan which enables an organization to be better focused on its core operations. The purpose of management procedures and practices is to improve control of the use of resources, monitor performance and safeguard tangible assets [8]. There is also need for sound policy on which performance contract will be anchored. The sound policy will guide the implementations of recommendations made on performance contracting and respond to the evolving issues. There should be clear documented procedures in local authorities to help in continuous improvement of service delivery to customers [9]. Feedback on performance including performance appraisal, continuous monitoring, feedback, dissemination, training and learning from results needed to be enhanced to be supportive of the Performance management. Organizational culture

should also be reengineered to be more supportive of performance management and a clear reward policy guideline [18]. Computers have made the industry and commerce generally more efficient, productive and reliable. Almost every industry or service provider uses computers in its day-to-day operations. It is now difficult, if not impossible to manage a large organization efficiently without the use of computers [19].

**Interview schedule results**

The benefits of implementing performance contract in our institutions includes; effective tool for managing evaluating employees’ performance through work planning, responsibilities and expectations between parties to enable them achieve mutually agreed results, performance contract specifies what needs to be achieved, expected levels of achievement, timelines, evaluation and reporting methodologies and accountability to the public for targeted results. It is also a tool for improving public budgeting, promoting a better reporting system and modernizing public management while enhancing efficiency in resource use and effectiveness in service delivery. It was reported that the PC coordinators and managers were consulted and therefore were well informed about PC. In some institutions it was reported that there were well equipped PC offices with qualified people appointed to be in charge of these offices. Most of these officers were graduates. It was however stated that there were



no enough computers for the employees. One respondent said, “the computers are only found in the offices in charge of institutions administrations and examinations”. The computers were therefore reported to be very few and therefore the ratio very big. It was also reported that there well formulated policies on PC in all the institutions which had already been communicated to all the employees through their departmental heads.

### SUMMARY OF THE FINDINGS

The data for this study was collected using the questionnaires as the main research instruments. The researcher sampled 63 managers who were selected randomly from different strata to represent the whole population. These were composed of Deputy Principals, Registrars, PC coordinators and Heads of departments from the five tertiary institutions because they are the major players involved in the implementation of performance process. The collected data was coded and analyzed in the SPSS software platform using both descriptive and inferential statistics. Under descriptive statistics data was presented using frequency distribution Tables while under inferential statistics data was presented using correlation coefficients and Chi-square tests.

The study established that majority (44.4%) of the respondents indicated high rating of performance contracting in their institution followed by 28.7 percent of the responses who indicated very high rating. The study established that majority (85.7%) of the respondents agreed that of managerial knowledge affects implementation of performance contract in tertiary institutions with a majority of (39.6%) indicating that training on PC affects the implementation to a very great extent followed by 30.1% who indicated that to a great extent training on PC affects the implementation. It was also revealed that majority of the respondents (55.5%) indicated that academic qualifications affects the implementation to a great extent followed by 17.6% who indicated that to a very great extent academic qualifications affects the implementation of performance contracts. Concerning managerial competences, majority of the respondents (54 %) indicated that managerial competences affects the implementation to a great extent followed by 38% who indicated that to a very great extent managerial competences affects the implementation of performance contracts. The Chi-square results indicated that ( $\chi^2(1.4) = 56.448, p < 0.05$ ) between managerial knowledge and the implementation of performance contracts with a linear association of (18.12). This shows that there is a significant association between managerial knowledge and the implementation of performance contracts.

Finally the study revealed that majority of the respondents (68.3%) indicated that performance information affects the implementation to a very great

extent followed by 27% who indicated that to a great extent performance contracting structures affects the implementation. Majority of the respondents (42.9%) indicated that availability of computers affects the implementation to a very great extent followed by 41.3% who indicated that to a great extent availability of computers affects the implementation. Majority of the respondents (55.5%) indicated that availability of computers affects the implementation to a very great extent followed by 25.4% who indicated that to a great extent policies and procedures affects the implementation. that ( $\chi^2(1.4) = 61.23, p < 0.05$ ) between policies and procedures and the implementation of performance contracts. The linear association is 21.12. This shows that there is a significant association between policies and procedures and the implementation of performance contracts.

### CONCLUSIONS FROM THE STUDY

Based on the findings of this study the researcher made the following conclusions;

- Managerial knowledge of PC coordinators affects the implementation to a very great extent and there is an association between managerial knowledge and the implementation of performance contracts. This means that the Managers also should have an overview of finance, marketing and market development and competitions.
- Performance information affects the implementation to a very great extent and that there is a significant association between policies and procedures and the implementation of performance contracts. This information is influenced by the presence of computers, training and education level.

### Recommendations from the study

Based on the findings of this study the researcher wishes to make the following recommendations;

- The principals of tertiary institutions should organize continuous in-servicing of officers on performance contracting so as to improve their knowledge on the same.
- The institutions should continually monitor and evaluate the managers so as to ensure that they follow the correct performance contracting procedures.
- The managers should always induct the junior mangers on implementation of performance contracts.

### Suggestions for further research

This study investigated the resources for implementing performance contract in Tertiary institutions in Meru County. Further research can be done on the following;

- The factors influencing the success of implementing performance contract.
- The workers attitude towards the implementing performance contract.
- The influence of implementing performance contract on efficiency of tertiary institutions.

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