RESEARCH ARTICLE:

The Effect of Performance Contracting on Public Service Delivery of Employees in Huduma Centres in Western Kenya

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Received: 16 June 2023 | Revised: 03 November 2023 | Published: 13 November 2023

Reviewing Editor: Dr. Joseph Adebayo, Cape Peninsula University of Technology

Abstract

Kenya's government has faced community pressure to enhance service performance. Service delivery has not improved due to privatization, voluntary early retirement, or reorganization. Performance contracting was an option for decreasing service decreases, but only in partnership with Huduma Centres. According to a 2020 Government report, the Centres serviced less than 30,000 customers daily and earned around Kshs 12 billion in revenue. Previous studies on performance contracting were mostly case studies rather than surveys. According to the literature, performance contracting affected service delivery, but Huduma Centres had a dwindling fortune requiring further study. The study's objective was to assess the effect of performance contracting on service delivery. A correlational survey design was used in the study. The target population consisted of 276 workers. The instrument for data collection was the questionnaire, and data was analysed descriptively and using regression analysis. The results revealed that performance contracting increased service delivery by 60.1% or R2=0.601. The study recommends that attention be paid to all the stages in performance contracting to enhance service delivery, and pieces of training and incentives are crucial to performance contracting. The policymakers now know from the study that incentives, goal setting, and performance monitoring are critical to service delivery.

Keywords: performance contracting; employee performance; Huduma Centres; service delivery

Introduction

Performance contracting and service delivery are critical for good public administration and governance. Performance contracting is a strategic management method in which a business establishes specific goals, objectives, and measurable targets for its employees or departments to attain (Nyongesa et al., 2020; Sirkoi et al., 2021; Wesonga, 2012). The goal is to increase organizational productivity, efficiency, and accountability. On the other hand, service delivery refers to the supply of goods, services, or help by a government, organization, or institution to meet the requirements and expectations of its constituents, clients, or stakeholders. The relationship between performance contracting and service delivery is critical in the public sector. Performance contracting improves service delivery by aligning individual or departmental goals with larger corporate objectives. Employees with well-defined goals and who are held accountable for their performance can provide more efficient and effective service delivery (Wesonga, 2021; Omboi, 2011, Nyongesa et al., 2020). In turn, service delivery shows the tangible result of good performance contracting, demonstrating how successfully a company performs its mandates and responsibilities to the public. This symbiotic relationship emphasizes the importance of creating successful performance contracts directly related to the desired results of improved service delivery. When performance contracts are appropriately constructed with clear performance indicators and alignment with the organization's service goals, they can directly and positively impact the quality, accessibility, and responsiveness of public services. Finally, a well-structured performance contracting system can considerably enhance public sector service delivery, ensuring citizen satisfaction and welfare (Wushe and Shenje, 2019; Wesonga, 2021; Nyongesa et al., 2020).

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Management and governments use performance contracting to improve service delivery. Setting targets and goals for employees and supervisors is part of performance contracting. It also entails connecting performance to incentives or consequences. Performance contracting has been shown in studies to improve service delivery, but additional study is needed to fully understand its impact and overcome the obstacles involved with its implementation. Performance contracting has gained popularity in several nations, including Pakistan, Sri Lanka, China, Korea, and India. African countries welcomed it as well. These countries include Burundi, Cameroon, Cape Verde, Congo, Benin, Gabon, Gambia, Ghana, Niger, Senegal, Togo, Tunisia, Guinea, Madagascar, Mali, Mauritania, Morocco, and Zaire. Latin American countries such as Uruguay, Argentina, Venezuela, Colombia, Mexico, Brazil, Bolivia, and Chile have implemented performance contracting (Kobia, and Mohammed, 2006). Shirley (2000) looked at performance contracting in Chinese state-owned enterprises and World Bank projects. Despite its use in China and other developing countries, there was no evidence that performance contracting increased public sector efficiency, according to a World Bank study, even though the report agrees that performance contracting has long led to improved performance in the private sector (Huang and Chen, 2021). The evolution of performance contracts in Africa was that most nations launched reforms aimed at the public sector, where delivery of improved services was critical to the public. In Swaziland, for example, the usage of performance contracts can be traced back to the early 1990s, following the introduction of the Public Enterprise Act of 1989, in response to public outrage over substandard services and the administrative and financial burden put on the government (Musa, 2001). The Act stated unequivocally that the public sector must be managed to improve service performance.

In Kenya, performance contracting was introduced in 2004 with a few state agencies and parastatals under a performance contract steering committee. 2007, Kenya received an award from the United Nations for service delivery improvements. When Vision 2030 started, performance contracting took centre stage (GOK, 2010). The Kenyan government proposed and developed the Huduma Center concept, in which all services could be provided at the same location. The underlying assumption behind this project was to improve public service delivery by combining several public services into a single place known as a "one-stop shop" (GOK, 2018). Most of the services the government delivers to the public have been brought on board by the centres. In certain circumstances, individuals may access well over 60 public services at any Huduma site. Kenya was placed higher than 200th in terms of service supply, according to GOK (2018). This is why our research has concentrated on Huduma Centres. Davis (2014) perceives service delivery as a plan for providing public requirements regularly. According to Martin (2005), service delivery is an organized strategy to improve service delivery inside an organization. Wanyoike (2015), on the other hand, believes that service delivery to citizens is a conscious choice made by government officials to serve or give products and services to the people. The service provided by the government to its citizens is used to assess its performance. Improved service delivery is characterized by a robust complaints management procedure that improves overall efficacy in service delivery. Kenyans have pressured the government to improve service delivery, save costs, be more responsible, respond to individual needs, and be customer-centric. Due to the government's limited financing, performance effectiveness in Kenya's public sector has become a significant issue. To address the problem, the government implemented several programs, including voluntary early retirement, job freezes, privatization, a structural adjustment program, and downsizing. These initiatives to enhance service delivery have failed, and performance contracting is being examined as a solution to the Huduma Centres' deterioration. Huduma Centres, on the other hand, serves 30,000 consumers every day, versus a goal of 60,000. The centres earn Kshs 12 billion in revenue annually, per the Ministerial reports (GOK, 2019). There are also long queues witnessed. Kenya was placed higher than 200th in terms of service supply, according to GOK (2018). Studies around service delivery have not focused on these centres. This study hopes to unravel the effect of performance contracting on public service delivery in Kenyan Huduma Centres through the hypothesis that:

H01: Performance contracting does not substantially influence service delivery among Huduma Centres in Kenya.

Literature Review

Performance contracting is a strategic management method, businesses use, particularly government agencies, to improve service delivery efficiency, effectiveness, and accountability. It is a component of establishing exact and quantifiable objectives, targets, and goals for employees or teams inside a company. These objectives align with the organization's mission, vision, and strategic plans (Kiboi and Maalu, 2023; Yegon, 2023). Employees are given clear, specific, and attainable targets through performance contracting. This clarity aids in matching individual or

team objectives with the organization's goals. Every employee knows what is expected of them and how their performance will be assessed (Daristu, 2022; Muriuki, 2019; Wesonga *et al.*, 2012). Performance contracting promotes employee accountability by linking performance evaluations to predetermined goals. They are held accountable for achieving their goals, fostering a culture of ownership and accountability (Mekonnen, 2021; Wesonga, 2012; Nyongesa, 2020). Employees are encouraged to raise their productivity and efficiency to reach or exceed their targets through performance contracts. It fosters a results-oriented culture where employees strive to complete high-quality work on a schedule (Rajapathirana and Hui, 2018). Performance contracting emphasizes attaining desired objectives and outcomes instead of relying solely on activities or tasks. This shift in emphasis ensures that efforts are focused on achieving organizational goals and making a significant effect (Brunsson and Olsen, 2018). Regular performance evaluations in a performance contracting system provide opportunities for employee development. Constructive criticism allows employees to identify opportunities for improvement and advancement. Employees are often encouraged to do well by earning recognition and rewards for their efforts (Nyamori and Boyce, 2023; Mwaguni, 2020).

In some cases, performance contracts fail due to insufficient time allocated for implementation; for example, insufficient time is given for training workers on the importance of the contracts and the specific requirements and timelines that must be followed, including agencies that require detailed reports on a guarterly or monthly basis. This includes knowing where to contact for assistance with any technical issues that arise during installation. This has implications for service delivery. If service delivery is to be met, relevant targets based on organizational strengths must be established. This assists in shaping and demonstrating the appropriate direction and effort during the performance contract cycle. The right individuals must set targets in a participatory manner, and they must be more challenging and higher than those set in the previous time. Because of changes in the environment, what was agreed upon may no longer be implementable under the current circumstances, prompting a review of performance targets to ensure that services can be provided. This complements explicit contract guidelines, ensuring that the direction is apparent from the start. The significance of timely negotiation cannot be overemphasized since it enables personnel to implement the strategy. Negotiating the goals clarifies which issues or goals are optional and which are obligatory. This practice is crucial because it fosters trust and consensus among all involved, ultimately improving the delivery of outstanding services. Vetting is essential in performance contracting to enhance service delivery since employees will understand what is expected of them and the specific requirements that must be met for success. The assessment of whether the performance criteria align with particular goals in the cycle to improve the quality of services given during vetting is important. During the draft vetting process, it is also checked whether the targets and performance indicators are clear to help deliver on the promises in terms of the required quality of services.

Performance evaluation is required to determine if performance is on track when producing performance contracting reports. If service delivery falls short of expectations, corrective action can be taken to ensure service delivery in the next cycle. Following implementation, it is only reasonable to analyse the performance outcomes of various workers and rate them for rewards or punishment to dissuade lazy workers, promote hardworking ones, and ensure improved service delivery to people in the following cycle. Citizens in any country want their governments to provide better services. As a result, a department's service delivery will improve. If there is a reduction in the number of complaints regarding the services offered, a rise in the number of customers served suggests satisfaction and trust in the provided services. If revenue collections have risen corresponding with increased services provided, there is a drop-in bureaucracy in operations, citizens recognize consistency of service, and workers are accountable for their actions. Waruri (2016) investigated the influence of performance contracting on service delivery at the Teachers Service Commission. The analysis confirmed that performance contracting delivered services at the Commission. In their study, Rael and Kiptum (2017) attempted to determine the impact of performance contracting on organizational service delivery. The research suggested that state businesses and other organizations should evaluate their employees' performance based on their accomplishments and discover the gaps and factors influencing performance. They should also establish and ensure the implementation of cultural transformation initiatives (Ng'ang'a and Ndung'u, 2021).

Mauya (2015) investigated how aim setting affects service delivery using the Tourism Ministry. According to the survey, 58% of respondents believed the workforce could provide superior services by following performance contracting and releasing a customer service handbook. This demonstrated that performance contracting was a viable option for enhancing public companies' delivery of services to citizens (Namagembe, 2021). In similar research to assess how performance contracting influences service delivery in the Municipal Council of Mombasa,

Omar (2012) reported that 90% of workers saw positive improvements in their service delivery and reached their performance objectives established at the start of the period. This shows that performance contracting enhances service delivery to public institution consumers (Mbwika, 2021; Suleiman and Mahmood, 2021; Ibrahim and Umaru, 2021). Karimi *et al.*, 2021; Mahdi, 2021; Obenge *et al.*, 2021; Oketch *et al.* 2020: Kwarciak and Gruszecka, 2021), all discovered in their studies that performance contracting helped improve service delivery in the health sector by increasing patient enrolment, decreasing waiting times, and overall improving service quality.

Omar (2012), a researcher at the Mombasa Municipal Council, sought to explore how performance contracting affects service delivery in his research. The case study research design was employed for this project. As part of the research, in-depth interviews were conducted with 12 senior management team members of the Council who supported performance contracting, and their opinions on performance contracting were recorded. The Council's performance records and reports did, in fact, provide crucial information that was integrated into the final research report. According to the research, the primary reasons for obstructions to service delivery to Mombasa Municipality residents include budgetary limits, a shortage of human resources, political involvement, a lousy attitude among stakeholders, and a lack of suitable facilities and technical employees. According to a more significant number of responders, including the Council's clerk, performance contracting improved employee responsibility, service delivery, and team spirit due to its ability to inspire people to work. The findings were shared by studies (Olupitan and Adeniran, 2021). In their research, Okech (2020), Abukari (2021), Olupitan, 2021, Othman (2021), Kasangaki (2021), Mwenda and Ogari (2021) discovered a favourable relationship between performance contracting and efficiency in service delivery via lower operating costs, improved revenue, and better resource utilization. However, there were obstacles, such as insufficient resources, a lack of training, and a lack of official awards. Ndubai et al. (2016) investigated factors influencing public service delivery in Kenya. The study found that performance contracting improved service delivery to the public by 73.6 percent (Veronesi, 2021; Seok et al., 2021; Al Harthy, 2021; Al-Mudhafar, 2021: Obenge, et al., 2014; Opata, 2016 and Lynch, 2021).

In their investigations, Ang'anyo and Mbatha (2019), Amollo and K'Obonyo (2021), Lui et al., 2021 and Aninanya (2021) investigated the influence of performance contracting on public service delivery. The findings revealed that financial stewardship, human resource management, and public complaint resolution all impacted service delivery (Ondieki et al., 2014; Phoebe, 2015). Ang'anyo and Mbatha's (2019) study found a modest relationship between performance contracting and service delivery in government administration. The study demonstrated that several factors influence service delivery. These techniques were also shown to have a favourable influence on improving service delivery. Bradshaw et al. (2021) evaluated whether the installation of performance contracting affects service delivery at the Kicukiro water project (Maina, 2021; Bajracharya et al., 2021). The study discovered a substantial positive association between performance contract implementation and service delivery (Bradshaw et al., 2021; Alghamadi, 2021; Kimathi and Ombuki, 2021; Aluko and Adesanya, 2021; Gaitho, 2017: Mary, 2021) reported similar findings. Performance contracting, however, did not result in enhanced service delivery, according to research. According to studies (GOK, 2010; Manwa et al., 2014), it never resulted in enhanced service delivery since it had a beneficial influence in specific ministries while having a negative impact on others. Furthermore, (Chepkemoi and Chebet, 2021; Kwedho, 2015) show that it did not result in any substantial change in the guality of services supplied, nor did it improve learning in schools, nor did it cut recurrent spending. Surprisingly, (Teresa, 2007) said it did not affect income. Furthermore, Muthui (2021) shows that it did not increase the number of clients serviced or a decrease in customer complaints. Likewise, (Waruri, 2016) discovered in his research that it caused a decline. Further, Seok (2021) in South Korea revealed that performance contracting did not significantly improve the quality of services to the public.

Methodology

The study used an ex post facto design. According to Sharma (2017) and Cohen *et al.* (2007), this is a nonexperimental strategy for investigating causal relationships. It is the stage of the study in which the cause-andeffect hypothesis is examined. It starts with observing and investigating spontaneous events and then examines the reasons for the evidence chosen for examination (Salkin, 2010; Kapur 2017; Goodman 2022; Creswell, 2014). The research was carried out at Huduma Centres in the Western region, which have been operational for more than eight years and are in Kisii, Kisumu, Kakamega, Eldoret, and Nakuru. The population of the Western Region is 35,515,560 people. The high population density impacted the site of this research). All public sector employees in Huduma Centres in Western Kenya were polled. This examination focused on five facilities in Western Kenya that had been in operation for around eight years. These places have the most customer complaints and extended service lines (GOK, 2018). The target demographic consisted of 276 full-time employees. In order to reduce selection bias, census sampling was utilized. Equally, a census was preferred because the population was small and easily accessible to the researcher. The questionnaire was used to collect primary data from respondents and was designed to collect information on all variables (Orodho, 2009). The questionnaire was divided into three sections. Section A aided in obtaining information on personnel profiles, such as their degree of education and experience. Section B assisted in collecting data on performance contracting factors at Huduma Centres. Section C asked for information on issues influencing service delivery at Huduma Centres.

Neuman (2017) defines reliability as a measure of how dependable or consistent an instrument is in measuring the variable under study. The Cronbach's alpha reliability test was then used to assess the internal consistency of each of the four scales. A reliability assessment was performed on all items measuring the various constructions. The Cronbach's reliability index was used, with an alpha cut-off of 0.70. Nunnally (1978) recommends Cronbach's coefficient as a good predictor of reliability. The alpha value for the reliability test for performance contracting was =0.835. An alpha value of = 0.814 was found for service delivery. The dependability index was above 0.70 based on the results and was thus accepted. Data were examined under proper quantitative data analysis techniques. A descriptive analysis was performed to investigate the current state of the variable under inquiry. The third phase involved utilizing the statistical software for social sciences (SPSS) to determine the direct effect. Using Hayes' macro process output, the direct influence was investigated with respect to performance contracting and service delivery. PCA identified four components for performance contracting: target establishing, target negotiation, draft vetting, and performance evaluation.

The direct effects model was formulated as shown in equation.1.

 $Y_i = \alpha + \beta_1 TS + \beta_2 TN + \beta_3 DV + \beta_4 PE + \epsilon.... Equation 1$

Where Y_i = service delivery

TS = target setting TN=target negotiation DV= draft vetting PE= performance evaluation $\beta_1, \beta_2, \beta_3, \beta_4$ =unstandardized regression coefficients ϵ = regression residual

Results and Discussions

First, the response rate was analysed to ensure that the proportion of replies received was representative of the population and could be used to guide choices about the link between performance contracting and service delivery. A total of 250 of the 276 Huduma Centre employees returned their questionnaires. Overall, 90.5% of people responded. Based on the recommendations of Draugalis *et al.* (2008), who believe that 60% or more response rates are preferable, this response rate was appropriate for the study.

Characteristic	<u>Category</u>	<u>n</u>	<u>%</u>	
Gender	Male	83	36.7%	
	Female	143	63.3%	
Level of education	Primary	0	0.0%	
	Secondary	23	10.2%	
	Diploma	74	32.7%	
	Degree	105	46.5%	
	Post-graduate degree	24	10.6%	
Working experience	1-3 years	56	24.8%	
	4-7 years	70	31.0%	
	8-11years	68	30.1%	
	above 12 years	32	14.2%	

Table 1: Demographics

Source: Field data (2019)

An examination of the general profile of Huduma Centre staff showed the following information. The majority of Huduma Centre employees (63.3%) were female; the majority (46.5%) had first degrees, while 10.2% had post-graduate

degrees. The distribution of work experience looked to be balanced across the given ranges, with 24.8% having 1 to 3 years of experience, 31% having 4 to 7 years of experience, 30.1% having 8 to 11 years of experience, and 14.2% having more than 12 years of experience.

Performance contracting among Huduma Centres

Prior to demonstrating this impact, it was essential to investigate the Huduma Centres' factor structure of performance contracting. The principal components analysis (PCA) approach was employed to determine the factor structure. According to Laerd statistics (2015), PCA has similar characteristics to exploratory factor analysis and determines factor structure by reducing large sets of variables. Sixteen items were initially proposed to measure performance contracting. PCA was therefore used to assess item redundancy. Sampling adequacy and Bartlett's test of Sphericity, which are the two assumptions for conducting PCA (Laerd Statistics, 2015), were tested using the Kaiser–Meyer–Olkin (KMO) criterion. Under this criterion, a KMO measure above 0.5 was acceptable, and Bartlett's test of sphericity was expected to be significant. Results presented in Table 2 confirmed that data measuring performance contracting returned a KMO statistic Score of 0.855 and a considerable value for Bartlett's test of sphericity, χ^2 (120) = 2239.324, p< 0.005.

Table 2: KMO and Bartlett's test results for the performance contracting construct

Kaiser-Meyer-Olkin Measure of Sampling Ad	lequacy.	.855
Bartlett's Test of Sphericity	Approx. Chi-Square	2239.324
	Df	120
	Sig.	.000

Source: Field data (2019)

Variance maximization (Varimax) and rotated extraction based on eigenvalues greater than 1 yielded four components, consistent with the four key performance contracting phases of target setting, target negotiation, draft vetting, and performance evaluation. The components explained 71.55% of the variance in performance contracting (Table 3).

Table 3: Factor extraction

		Initial Eiger	nvalues		Extractio	on Sums of Squared Loadings
Compon	ent Total %	of Variance	Cumulative %	5 Total	% of Variance	Cumulative %
1	6.715	41.969	41.969	6.715	41.969	41.969
2	2.650	16.564	58.534	2.650	16.564	58.534
3	1.128	7.047	65.580	1.128	7.047	65.580
4	.955	5.969	71.550	.955	5.969	71.550

Source: Field data (2019)

From Table 3 above, the cumulative eigenvalues for the four components were 71.550. This is an indication they contributed 71.550 units of service delivery, leaving out 28.450 as contributions from other factors. The varimax orthogonal Rotation revealed a simple uni-dimensional structure in which each item had only one component loading onto it, and each part loaded on at least four items (Table 4). All sixteen items were retained to measure the four components.

 Table 4: Rotated component matrix for performance contracting construct

		Comp	onent	
	1	2	3	4
We often prepare well for negotiation sessions	.841			
Target negotiation is done in a participatory manner	.807			
Negotiations enable us to communicate our strengths and weaknesses	.565			
Negotiation enables us to strike a consensus on what we are able to achieve	.771			
Targets have clear and well-defined time frames.		.813		
Targets set are often within our means to achieve them.		.708		
The targets set are clear on the intended achievement.		.799		
Targets are easily measured.		.785		
Vetting sessions are used to ensure that targets match performance criteria.			.710	
Vetting is done to confirm that performance targets comply with services offered in this Centre.			.694	
Vetting confirms that targets and performance indicators are clear.			.632	

Vetting is used to minimize errors in the contract draft.	.589
PC evaluation seeks to establish whether performance matches the scheduled plan.	.808
The evaluation aims at checking where quarterly performance is achieved.	.687
The evaluation seeks to identify evidence of mechanisms for delay management and mitigation of their impacts.	.818
The evaluation seeks to confirm our capability to adhere to contract specifications.	.807
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Extraction method: Principal component analysis Rotation Method: Varimax with Kaiser normalization a. Rotation converged in 8 iterations.

Source: Field data (2019)

Performance contracting practice in Huduma Centres in Kenya was therefore explored along the four components: target setting, target negotiation, draft vetting, and performance evaluation.

Performance target setting

Four items reflecting typical performance target-setting practices were used to measure target setting in Huduma Centres in Kenya. Descriptive Statistics (Table 5) indicated mean response scores were 3.42 to 4.19, while associated standard deviations ranged between 1.040 and 1.302. This showed the respondent's consistent agreement with applying the various target-setting strategies in the centres.

Table 5: Target Setting Practices

			StronglyMean	SD
Si	rongly disagre	eeDisagree	Not sure agree Agree	
 Targets set are clear on intended achievement 	4.9%	4.0%	10.6% 28.3% 52.2% 4.19	1.093
Targets are easily measured	4.4%	3.1%	15.0% 36.7% 40.7% 4.06	1.040
3. Targets set are often within our means of achievement	10.2%	10.2%	19.5% 28.3% 31.9% 3.62	1.302
4. Targets have clear and well-defined time frames	11.5%	7.5%	26.1% 37.6% 17.3% 3.42	1.198

Source: Field data (2019)

Target negotiation

Target negotiation was the second component of performance contracting extracted under PCA. Descriptive statistics (Table 6) yielded mean response scores in the range of 3.25 to 4.00 and standard deviations in the range of 1.048 to 1.373. These results suggest that there was no consistency in agreement among respondents. Indeed, from the large proportion of respondents agreeing and strongly agreeing, it appears that preparation for target negotiation is getting proper attention.

Table 6: Target negotiation practices

	Strongly disagree	disagree	Not sure	agree	Strongly agree	Mean	SD
Target negotiation is done in a participatory manner	14.2%	11.5%	24.3%	30.1%	19.9%	3.30	1.302
We often prepare well for negotiation sessions	17.7%	11.5%	19.0%	31.9%	19.9%	3.25	1.373
Negotiations enable us to communicate our strengths and weaknesses	3.1%	8.0%	12.4%	39.4%	37.2%	4.00	1.048
Negotiation enables us to strike a consensus on what we are able to achieve	8.0%	0.0%	20.8%	34.5%	36.7%	3.92	1.136

Source: Field data (2019)

Draft vetting

Another critical component of performance contracting that was extracted using PCA is draft vetting. The descriptive statistics presented in Table 7 confirm that the mean response scores ranged from 3.46 to 4.00 with standard deviations of 0.930 to 1.424. The implication of these results, as corroborated by the proportions of respondents agreeing and strongly agreeing, is that vetting performance contract drafts is an exercise conducted in the centres to ensure that a good document is produced. Among the Key Vetting practices employed are ensuring that performance targets match respective performance criteria, ensuring that performance targets

comply with the mandate of the centres, minimizing errors, and ensuring that performance indications are clear and measurable.

Table 7: Draft vetting practices

	Strongly disagree	Disagree	Not sure	agree	Strongly agree	Mean	SD
 Vetting sessions are used to ensure that targets match performance criteria Vetting is done to confirm that 	16.4%	9.3%	15.9%	28.3%	30.1%	3.46	1.424
performance targets comply with services offered in this center	10.2%	9.7%	25.2%	27.0%	27.9%	3.53	1.273
3. Vetting is used to minimize errors in the contract draft	2.7%	5.8%	19.0%	34.1%	38.5%	4.00	1.024
 Vetting confirms that targets and performance indicators are clear and measurable 	2.2%	3.5%	27.0%	40.3%	27.0%	3.86	.930

Source: Field data (2019)

Performance evaluation

The fourth performance contracting component that PCA extracted was performance evaluation. Exploration of the evaluation process was therefore conducted using the four items that loaded heavily on the performance evaluation component. Descriptive statistics displayed in Table 8 do confirm that mean response scores ranged from 4.16 to 4.33, with corresponding standard deviations ranging from 0.754 to 0.870. This implies that respondents elicited consistent agreement in all the items. Large proportions of respondents showing agreements and strong agreements confirmed that performance evaluation in Huduma Centres focuses on, among other functions, establishing whether performance matches expectation; seeking evidence of performance delay management mechanisms and mitigation of delay impacts; capability to adhere to contract specifications; and achievement of quarterly performance targets.

Table 8: Performance evaluation practices

	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Mean SD
1. PC evaluation seeks to establish whether performance matches the scheduled plan	2.7%	0.9%	6.2%	58.0%	32.3%	4.16 .797
2. Evaluation seeks to identify evidence of mechanisms for delay management and mitigation of their impacts	0.4%	3.1%	6.6%	49.1%	40.7%	4.27 .754
3. Evaluation seeks to confirm our capability to adhere to contract specifications	0.4%	3.1%	5.3%	45.1%	46.0%	4.33 .755
4. Evaluation aims at checking where quarterly performance is achieved	2.7%	2.2%	8.4%	50.0%	36.7%	4.16 .870

Source: Field data (2019)

From the descriptive analysis, the four components significantly affected service delivery. The four components are used to measure performance contracting, which means that performance contracting is a significant predictor of service delivery. These findings imply that Huduma Centres in Kenya are eager to pursue needed practices in performance contracting by following the essential phases of PC to improve service delivery. Evidence suggests that using performance contracts while adhering to proper protocols enhances operational autonomy and promotes the establishment of internal agency structures (Moy, 2005). Furthermore, Trivedi (2007) maintains that, when correctly pursued, performance contracts promote public business accountability and performance. The fact that Huduma Centres in Kenya uses performance contracts to control performance demonstrates a commitment to providing services that meet public expectations. This is congruent with Nguthuri *et al.* (2013) findings, who discovered that performance contracts increase service delivery while saving money and boosting efficiency and effectiveness in satisfying the stipulated standards.

Service delivery in Huduma Centres

Service delivery was conceived of as the dependent variable in this study. The majority of employees (80.1%) considered that services at Huduma Centres had improved, according to the result (Table 9) (M=3.93, SD= 0.861).

Respondents strongly supported accountability in service delivery (M=4.13, SD=1.063), service stability (M=4.12, SD=1.011), a reduction in public complaints (M=4.04, SD=1.138), and consistency in service delivery (M=4.00, SD= 0.987).

Table 9: Service delivery experienced at Huduma Centres

	Stro	ongly										
	disagree		disagree		No	Not sure A		Agree		Strongly agree		
	Ν	%	Ν	%	Ν	%	n	%	n	%	М	SD
Customer numbers served	16	7.1%	17	7.5%	10	4.4%	114	50.4%	69	30.5%	3.90	1.133
Complaints reduction in public	10	4.4%	22	9.7%	15	6.6%	80	35.4%	99	43.8%	4.04	1.138
Revenue collection Increased	12	5.3%	12	5.3%	29	12.8%	88	38.9%	85	37.6%	3.98	1.095
Complaint channels are available.	8	3.5%	19	8.4%	42	18.6%	89	39.4%	68	30.1%	3.84	1.059
The service's relevance to customers	11	4.9%	13	5.8%	36	15.9%	104	46.0%	62	27.4%	3.85	1.042
Reduction in bureaucracy	17	7.5%	22	9.7%	55	24.3%	77	34.1%	55	24.3%	3.58	1.176
Consistency	9	4.0%	8	3.5%	32	14.2%	103	45.6%	74	32.7%	4.00	.987
Stability of service	9	4.0%	8	3.5%	25	11.1%	89	39.4%	95	42.0%	4.12	1.011
Accountability	11	4.9%	11	4.9%	15	6.6%	89	39.4%	100	44.2%	4.13	1.063
Overall Perceptions	7	3.1%	6	2.7%	32	14.2%	132	58.4%	49	21.7%	3.93	.861

Source: Field data (2019)

Statistics show that Huduma Centres in Kenya have enhanced service delivery to citizens regarding the number of people served, reduced bureaucracy, accountability, consistency, and stability of services offered. Huduma Centres have undoubtedly lifted the bar on hitherto inadequate service delivery. If these Centres strive to be accountable, consistent, and stable, they will attract more visitors. Furthermore, these services can go much farther if performance contracting principles are followed, subject to resource restrictions and human concerns. Indeed, performance contracting has been proven to be beneficial in improving service delivery by increasing responsiveness to customer inquiries and problems; however, its efficacy may be limited by the reward structure (Olive, 2012). Furthermore, performance contracting substantially affects target attainment and service efficacy, according to Wanjau and Muiruri (2014). Several additional studies have found that performance contracts improve service delivery in a variety of settings (Kitsao, 2018; Jasin, 2021: Luke, 2021; Alghamdi, 2021: Kimathi and Ombuki, 2011).

Inferential Analysis

The study sought to determine the direct effect of performance contracting on service delivery in Huduma Centres in Kenya. The PCA extraction of the components of performance contracting was then tested to establish the direct impact of each of the four elements on service delivery in the centres.

	Unstand	dardized Coefficients	Standardized Coefficients	C	ollinearity S	Statistics
Model	В	Std. Error	Beta	t Sig.	Tolerance	VIF
1(Constant)	.779	.208		3.747.000		
Target setting	.538	.063	.572	8.613.000	.409	2.445
Target negotiation	.335	.068	.297	4.957.000	.504	1.985
Draft vetting	.118	.048	.137	2.437.000	.572	1.750
Performance evaluati	ion .096	.071	.090	1.365.174	.419	2.386

 Table 10: Regression coefficients for variables in performance contracting-service delivery model

a. Dependent Variable: SD

Source: Field data (2019)

The regression coefficient in Table 10 showed that the coefficient of performance target setting (b=0.538, t= (225) = 8.613, p0.001) was substantially different from zero with 95% confidence. This demonstrates adequate data to prove that target setting positively and significantly influences service delivery; for example, a unit increase in efforts focused on target setting results in a 0.538 addition in service delivery. The t-value of 8.613 implies that target setting is integral to performance contracting and is guaranteed to improve service delivery. Table 10 showed regressed target negotiation on service delivery, and the coefficient of performance goal negotiation was (b=0.335, t= (225) = 4.957, p0.001), which was substantially different from zero. This demonstrates enough evidence to conclude that target negotiation positively and significantly affected service delivery at Huduma Centres. According

to these findings, a unit increase in target negotiation leads to a 0.335 unit increase in service delivery in Huduma Centres. Furthermore, the t-value of 4.957 confirms that goal negotiation and target setting are crucial in the centres' performance contracting process.

Regressing draft vetting on service delivery yielded a regression coefficient (Table 10) that was substantially different from zero (b=0.118, t= (225) = 2.437, p0.05). This demonstrates that there is adequate data to conclude that draft vetting had a significant beneficial influence on service delivery at Huduma Centres. Based on these findings, it was discovered that every unit increase in draft vetting leads to a 0.118 unit increase in services given. Draft vetting was the third most significant indicator of service delivery among the four phases of performance contracting, with a t-value of 2.437. The bigger the size of the t-value, the more evidence there is that it is essential. On service delivery, performance evaluation was regressed. The regression coefficient (Table 10) showed that performance evaluation was not a significant predictor of service delivery in Kenyan Huduma Centres, b=0.096, t (225) =1.365, p>0. Although this conclusion was unexpected, it makes sense given that performance evaluation is a step that occurs after services have been delivered and may not have a direct influence on service delivery but instead on future objectives. The t-value of 1.365 is lower than two and indicates no impact.

The direct effects analysis confirmed that service delivery was a function of the four components of performance contracting and could be modeled by equation 1. Thus:

Y_i = 0.778 + 0.538TS + 0.335TN + 0.118DV + 0.096PEEquation 1

Where Yi = service delivery

TS = target setting TN=target negotiation DV= draft vetting PE= performance evaluations ϵ = regression residual

At 95% confidence, the regression results indicated that model parameters differed significantly from zero (p>0.001). This illustrates that target formulation, goal negotiation, draft vetting, and performance evaluation all affect Huduma Centre's service delivery levels. The null hypothesis is therefore rejected. According to the model summary in Table 11, the four components accounted for up to 60.1% of the variance in performance contracting (R-Square = 0.601).

Table 11: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.775ª	.601	.594	.45379	2.135

a. Predictors: (Constant), performance evaluation, draft vetting, target negotiation, target setting

Source: Field data (2019)

Statistics support the conclusions of Mauya (2015) and Omar (2012), which show that performance contracting has a favourable and significant impact on service delivery. Performance contracting and the supply of customer service guides, according to Mauya (2015), increase service delivery in the tourism ministry by allowing personnel to provide better services. According to Omar (2012), adopting performance contracting in the Mombasa municipal council enhanced service delivery among workers. The findings of this study are likewise congruent with those of Waruri (2016), who discovered that performance contracting resulted in drastically improved service delivery at a Teachers Service Commission through a performance contracting and service delivery review. However, Waruri pointed out that managers did not successfully delegate the Commission's performance contracting plan.

Conclusion

The study found that performance contracting significantly and substantially affects the provision of services in Kenyan Huduma Centres. If the components of performance contracts, namely, goal setting, goal negotiation, and draft vetting, are given more attention, it can enhance service delivery. However, one last stage, the performance evaluation component, did not have any significant effect, for it comes at the end of the cycle and can only affect subsequent future cycles regarding lessons learned. The study notes that workers will understand performance contracting activities if training programs are carried out before and during implementation to steer the process. The study concludes that performance contracting enhances the quality of services delivered to the citizens, and

b. Dependent Variable: Service delivery

the major players should ensure that target setting, target negotiations, and draft vetting components are keenly looked at, for they are critical in-service delivery in Kenya. The study adds new knowledge to existing frameworks to enhance service delivery.

It was recommended that implementers of performance contracts should provide for target setting, target negotiations, and draft vetting as a priority to improve service levels in Kenyan Huduma facilities. The government should promote performance contracting in public service delivery across Kenya's several regions. The favourable results in Western Kenya should persuade authorities to use similar measures in other parts of the country. The government should invest in performance measurement and review processes to maximize service delivery. Policymakers can take advantage of the excellent impact of performance contracting to create and implement policies that include performance-based incentives. It provides practical evidence for developing public-sector performance contracting initiatives. Also, organisations in the public sector can improve their human resource management strategies by incorporating performance contracting as a tool for employee motivation and productivity. Training programs should help employees understand the organization's goals and performance expectations. Lastly, the study underlines the significance of effective performance measurement and evaluation systems in public sector organizations. Governments might invest in developing effective performance indicators and review processes to maximize the effects of performance contracting.

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