

# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

## Does Performance Contracting Drive Citizen-centric Service Delivery: The Case of Huduma Centers' in Kenya

**Wesonga Justus Nyongesa**

Lecturer, Department of Business Management, Maasai Mara University, Kenya

**Dr. Charles Ondoro**

Senior Lecturer, Department of Business Administration, Maseno University, Kenya

**Dr. Samwel Ntongai**

Senior Lecturer, Department of Business Administration, Maseno University, Kenya

### **Abstract:**

*Public service delivery is a concept that has attracted a lot of interest in the discourse on performance management. Citizen-centric service delivery which assures that services reach individuals is however a concept that has not receiving due consideration under the public service delivery reforms. While, it is acknowledged that performance contracting has the potential to unlock competitiveness among public entities, no evidence exists to show how performance contracting impacts on citizen-centric service delivery in the context of the Huduma programme in Kenya. This study analyzes the effect of performance contracting on citizen-centric service delivery in Huduma centre's in Kenya. The study adopts the explanatory research design in line with the post-positivist research philosophy. A sample of 276 employees' is drawn from Huduma centre's in the western region of Kenya. Data collected by way of self-administered questionnaire is analyzed using multiple regressions. The key finding of the study is that performance contracting does indeed drive citizen-centric service delivery in Huduma centre's in Kenya. Specific findings indicate that performance planning and monitoring and reporting are positive and significant determinants of citizen-centric service delivery, while target setting is not a significant determinant. The study concludes that, performance planning and monitoring and reporting, are important performance contracting phases in the pursuit of citizen-centric service delivery in Huduma centres in Kenya. Reforms in the Huduma programme should therefore seek to maximize mechanisms that provide for performance planning and monitoring and reporting. Future studies should however, examine target setting which in spite of being critical does not seem to have significant impacts on citizen-centric service delivery.*

**Keywords:** Performance contracting, target setting, performance planning, performance monitoring and reporting, and citizen-centric service delivery

### **1. Introduction**

Performance contracting has gained currency in performance management and has emerged as an avenue for improved public service delivery (Ang'ayo & Mbatha, 2019). According to Cheche and Muathe (2014), as a performance management facet, performance contracting aims at reforms in procedures and processes used in the public sector to make it competitive, effective and more importantly efficient in-service delivery. Hope (2013), points out that having been used widely, performance contracting has become critical in public sector management particularly in the quest to improve performance of public enterprises.

Performance contracting has for instance been used in Belgium to focus on provision of compulsory public utility services (Ang'ayo & Mbatha, 2019); In France, performance contracting has been used as an implementation of the Nora report, that targeted reform of state owned enterprises (Bouckaert, Verhoest & Corte, 1999); in the United States of America (USA) performance has been perceived as an avenue through which productivity of the federal departments could be enhanced; in the United Kingdom (UK) it has been used as a system of setting targets for government agencies (Metawie & Gilman, 2006); and in Canada, it has been employed as a measure for cost containment (Kernaghan & Siegel, 1999). Performance contracting as a tool to ensure accountability among public agencies has also been used in Latin America and Asia (AAPAM, 2005).

African countries have not been left behind with regards to reforming the public sector particularly, knowing that there has been a history of poor performance among public agencies in the continent (Ang'ayo & Mbatha, 2019). Egypt for instance, enters into performance contract agreements with the private sector to offer services, which were traditionally provided by the public sector (Hannoura, 2014). In the East African region, introduction of performance contracting occasioned development of strategic plans through which comprehensive performance targets would be outlined (Ang'ayo & Mbatha, 2019).

In Kenya, performance contracting was seen as an avenue through which changes on the way public services were being offered could be achieved (Kobia & Mohamed, 2006). This led to a lot of reforms in the public sector with most public entities seeking to improve service delivery. One of such reform which has been mooted to revolutionize service delivery to the public in Kenya in line with vision 2030 is the Huduma programme.

The Huduma Kenya programme was designed as a one-stop shop that sought to transform service delivery by concentrating a variety of public services and information in specific centres fitted with integrated technology platforms (Kobia & Oliech, 2016). It is reported that one can access well over 60 different services at any Huduma centre (GoK, 2018). According to Kobia and Oliech (2016), the Huduma centre aimed specifically at making public service to meet best practices and global standards by being accountable, transparent, and efficient. The riding factor was however that Huduma centres were supposed to divert attention from the organization to the individual customer in a citizen-centric approach.

Despite the desired aim of transforming the public services into a professional and people-centred service through the Huduma programme, it has been noted that centres serve 30,000 customers against a target of 80,000; collect Kshs. 12 billion annually against a target of Kshs. 40 billion; and long queues and delays are still being experienced (GoK, 2018). The current study therefore seeks to examine whether performance contracting drives citizen-centric service delivery in Huduma centres in Kenya.

## 2. Literature Review and Hypothesis Development

The current study is underpinned on expectancy theory developed by Vroom (1964), and goal setting theory previously employed by other scholars (Armstrong, 2005; Locke & Latham, 2002). On the basis of the expectancy theory, the Huduma programme was perceived to meet the three factors namely; expectancy, instrumentality and valence (Robbins & Judge, 2007). It was hoped that by embracing performance contracting, staff at the centres would be motivated to put in more efforts, and that such efforts would translate in increased outcomes and rewards. Basing on goal setting theory, the expectation was that an introduction of performance contracts could lead to improved service delivery, efficiency and resource utilization. The argument postulated being that Huduma centres would set goals to be achieved to be achieved by all centres, and negotiated targets that individual employees could aim to achieve.

### 2.1. The Concept and Indicators of Citizen-Centric Service Delivery

In view of the fact that the Huduma programme was designed to be people-centred, it becomes necessary to explore the concept of citizen-centric service delivery and how it can be measured. According to the World Bank Group (2018), citizen-centric service delivery is realized when public agencies prioritize citizens' needs in their service delivery mechanisms. It is postulated that an understanding of citizen's drivers of satisfaction, experiences and expectations is critical in assuring high quality service delivery (World Bank, 2018). Evidence in the extant literature shows that pursuing a citizen-centric system requires mechanisms for immediate feedback to be in place, which leads to efficiency in public administrations (World Bank, 2015). Carson (2011) contends that, governments which are citizen-centric aim at the provision of integrated service delivery and public facing information; aim at enhancing citizens' experience while interacting with public agencies; and seek to provide service delivery channels which are effective and user-friendly. Evidence further shows that citizen-centric service delivery is enhanced when employees are engaged in public sector organizations. Matheson (2009) posits that such engagement of employees, often translates into satisfied customers, trust and confidence in public institutions.

It is argued that indicators for measuring citizen-centric service delivery need to take cognizance of governance outcomes enjoyed by citizens as opposed to quality of institutions and processes (Iranya & Shah, 2010). According to the World Bank (2018), indicators that are used to measure citizen-focused governance should examine the extent to which the needs of citizens are factored into the service delivery. Consequently, four measurement scales namely; access, user-centrism and responsiveness; reliability and quality of service delivery and, public sector integrity suggested by the World Bank (2018) were used to measure citizen-centric service delivery at Huduma centres.

### 2.2. The Concept of Performance Contracting

Performance contracting is a facet of strategic management which is defined as a binding agreement between parties pegged on performance, and aimed at giving directions to organizations in the development and maintenance of viable behaviour patterns (CAPAM, 2005). Performance contract was introduced in Kenya as a management tool used in measuring negotiated performance targets (GoK, 2006).

Consequently, the performance contracting process was designed in the realm of the Results Based Management (RBM) which advocates for achievement of results through a participatory and team-oriented management approach (Obong'o, 2009). On the basis of the RBM lineage, performance contracting process involves three critical phases, namely; target setting, performance planning, and performance monitoring and reporting. The basic tenet was therefore to examine existing empirical evidence that could link these phases to citizen-centric service delivery expected within Huduma centres in Kenya.

#### 2.2.1. Performance Target Setting and Citizen-centric Service Delivery

Obong'o (2009) identifies performance target setting as a process of coming up with performance targets for agencies, groups and individuals. The extant literature documents the importance of target/goal setting in service delivery and organizational performance. Mauya (2015) examined the effect of performance target setting on service delivery at the Ministry of Tourism in Kenya, and concluded that performance targets enhance service delivery in the Ministry. Van

der Hoek, Groeneveld and Kuipers (2018) analyzed goal setting in teams in the public sector, from a goal clarity and team performance perspective. They established that goal clarity positively and significantly affected team performance. In another study, Franco-Santos and Bourne (2008) assessed the impact of performance targets on employee behaviour. They concluded that whereas most organizations use performance targets to influence employee behaviour, results are not always what they expected, and often question the viability of performance targets as techniques to motivate employees.

In view of these contradictory findings that tend to question the capacity of performance targets to influence employee behaviour, and given that none of the reviewed studies focuses on Huduma centres, the study questions whether target setting as a performance contracting phase drives citizen-centric service delivery in Huduma centres in Kenya. The researcher postulates that: -

- H<sub>01</sub>: Target setting has no significant effect on citizen-centric service delivery in Huduma centres in Kenya.

### 2.2.2. Performance Planning and Citizen-centric Service Delivery

The second RBM element used in the performance contracting process is performance planning. According to Obong'o (2009), this element involves establishment of a shared understanding of the expected output, how it has to be achieved, and optimizing resources for its successful implementation. Empirical evidence has shown although, not discretely, that performance planning, which includes target negotiation, vetting and implementation is critical in-service delivery.

Serebwa (2017) analyzed the impact of performance contracting on service delivery among employees in the context of Kirinyaga University in Kenya. Among the findings made was that target implementation had a positive and significant effect on service delivery. Jerop and Kiptum (2017) examined performance contracting and service delivery in the context of corporations drawn from Uasin Gishu County, Kenya. They concluded that management of the work plan was a significant determinant of service delivery in corporations.

Despite the availability of empirical studies linking performance contracting with service delivery, none of the studies looks explicitly at the potential impact of performance planning on service delivery and more so in the citizen-centric context. The current study therefore questions whether performance planning as a performance contracting phase drives citizen-centric service delivery in Huduma centres in Kenya. The researcher hypothesizes that: -

- H<sub>02</sub>: Performance planning has no significant effect on citizen-centric service delivery in Huduma centres in Kenya.

### 2.2.3. Performance Monitoring and Reporting and Citizen-Centric Service Delivery

Performance monitoring and reporting which involves appraising organizational, group or individual performance against set targets is, identified as the third critical phase of performance contracting. Contradictory findings are however documented with regards to the effect of monitoring and reporting on service delivery in the Kenyan context. Sifuna (2012) for instance, reported that the continuous monitoring and evaluation of performance at the Jomo Kenyatta University of Agriculture and Technology enhanced service delivery at the University. On the contrary, Serebwa (2017) reported that monitoring and evaluation did not significantly influence service delivery in Kirinyaga University.

In view of such contradictions, and taking note of the fact that not many studies have explored the effect of the monitoring and reporting phase of performance contracting on service delivery in the public sector, the study questions whether monitoring and reporting drives citizen-centric service delivery in Huduma centres in Kenya. The researcher presupposes therefore that: -

- H<sub>03</sub>: Monitoring and reporting has no significant effect on citizen-centric service delivery in Huduma centres in Kenya.

On the basis of the posited relationships described in the previous sections, the following conceptualizations were made:

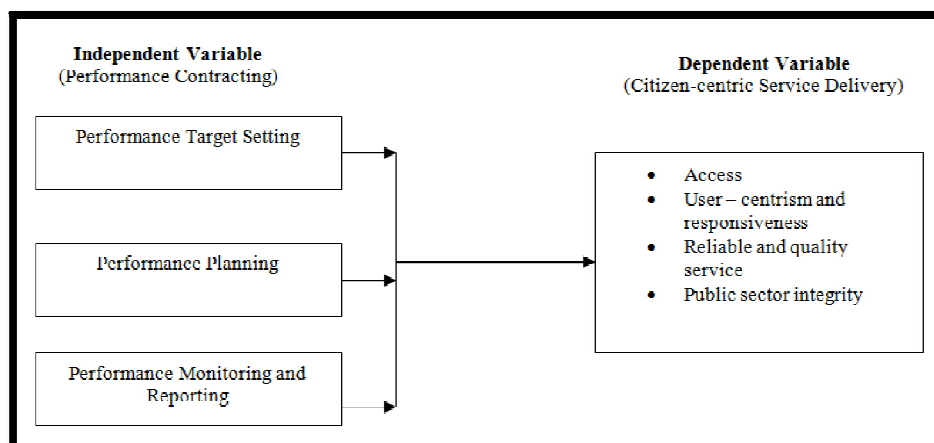


Figure 1: Conceptual Framework

### 3. Methodology

The study was conducted in Huduma centres drawn from the western region of Kenya under the criterion that they had been in existence for at least six years. Consequently, the centres were drawn from Kisumu, Eldoret, Kisii, Nakuru and Kakamega. The study adopted the explanatory research design suitable for cause-effect relationships under the post-positivist philosophy (Sileyew, 2019). A sample of 276 centres was drawn consistent with the number of Huduma centres in the region. The study units were employees working at the respective centres. Data for the study were collected using a self-administered employee questionnaire consisting of five sections in line with the four constructs and respondent's general information. Data were screened and cleaned for missing data and, univariate and multivariate outliers.

Cases with missing values in the excess of 5% were deleted using list-wise deletion as suggested by Meyer et al (2006). Regression Analysis was used to model direct effects of the performance contracting phases on citizen-centric service delivery. The proposed regression model was thus: -

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where

Y – Represented citizen-centric service delivery.

X<sub>1</sub> – represented performance target setting

X<sub>2</sub> – represented performance planning,

X<sub>3</sub> – represented performance monitoring and reporting

β<sub>i</sub> – represented standardized regression coefficients

ε – Represented regression residuals

### 4. Results

#### 4.1. Data Screening and Cleaning

Out of the expected sample of 276 employees, 247 returned their questionnaires well completed representing an acceptable response rate of 89.5% (Draugalis, Coons & Plaza, 2008). Eleven cases had missing values in the excess of 5% and were subsequently deleted. Eight cases were univariate outliers while two cases were multivariate outliers. The ten cases were deleted leaving 226 cases for subsequent analyses.

#### 4.2. Respondents General Information

Respondents' general information focused on gender, level of education and working experience. The gender distribution revealed that a majority of the staff at Huduma centres in Kenya were females (63.3%). Education-wise, most of the staff were first degree holders (46.5%), an indication that they were able to handle the citizen-centric service requirements. From the work experience distribution, it was apparent that the staff had varying experiences as demonstrated by 24.8% who had an experience of 1 to 3 years; 31% with an experience of 4 to 7 years; 30.1% with an experience of 8 to 11 years; and 14.2% with an experience of above 12 years. (See table 1).

Characteristic	Category	n	%
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%
	Postgraduate 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: Respondents' Background Information  
Source: Field Data (2019)

#### 4.3. Direct Effects of Performance Contracting on Citizen-Centric Service Delivery

Analysis of direct effects revealed that R<sup>2</sup> for the overall model was 77.6% with an adjusted R<sup>2</sup> of 59.7% being indicative of a large effect size as noted by Cohen's classification (1988). The three performance contracting phases therefore explained 59.7% of the variance in citizen-centric service delivery (Table 2).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.776 <sup>a</sup>	.603	.597	.34432	1.980

Table 2: Model Summary<sup>b</sup>

a. Predictors: (Constant), Monitoring and Reporting, Target setting, Performance Planning

b. Dependent Variable: Citizen-centric Service Delivery

The ANOVA output (Table 3) reveals that target setting, performance planning and monitoring and reporting statistically significantly predicted citizen-centric service delivery,  $F(3, 222) = 112.260, p < 0.0005$ .

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.928	3	13.309	112.260	.000 <sup>b</sup>
	Residual	26.320	222	.119		
	Total	66.248	225			

Table 3: ANOVA<sup>a</sup>

a. Dependent Variable: Citizen-centric Service Delivery

b. Predictors: (Constant), Monitoring and Reporting, Target setting, Performance Planning

Results of the regression coefficients (Table 4) confirmed that performance planning ( $\beta = 0.372, p < 0.0005$ ) and, monitoring and reporting ( $\beta = 0.408, p < 0.0005$ ) were positive and significant predictors of citizen-centric service delivery. On the contrary, target setting although having some positive effects was not a significant predictor of citizen-centric service delivery ( $\beta = 0.021, p > 0.05$ ).

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.798	.174		4.574	.000		
	Target setting	.021	.064	.020	.321	.748	.448	2.233
	Performance Planning	.372	.068	.372	5.483	.000	.388	2.575
	Monitoring and Reporting	.408	.052	.460	7.848	.000	.521	1.920

Table 4: Coefficients<sup>a</sup>

a. Dependent Variable: Citizen-centric Service Delivery

## 5. Discussions

The current study validated the hypothesized relationships between performance planning and citizen-centric service delivery, and between monitoring and reporting, and citizen-centric service delivery. The study however failed to validate the hypothesized relationship between performance target setting and citizen-centric service delivery. The implication of these findings is that performance contracting in Huduma centres in Kenya can actually be exploited to achieve the desired people-centred service delivery. This is particularly so, if the centres can look towards exploiting the performance planning and, the monitoring and reporting phases.

Although several studies have documented the positive impacts of performance contracting on service delivery in the Kenyan context, the current study is considered novel since it breaks down the phases of performance contracting and then examines the effect of each on the citizen specific benefits, as opposed to service delivery from the organization perspective. On this strength, we argue that performance contracting does indeed drive citizen-centric service delivery in Huduma centres.

This finding reflects similar findings that have been documented in existing literature albeit, focusing on performance contracting 'perse'. Serebwa (2017) for instance, concludes that satisfactory delivery of service is a function of monitoring and implementation, proper target setting, and target implementation. Jerop and Kiptum (2017) contend that work plan management was a critical element of performance contracts when assuring quality service delivery. Oketch (2017) on the other hand concludes that performance contracting positively and significantly determines efficient delivery of public services.

The current study therefore adds to existing discourse on performance contracting and service delivery but delineates performance contracting into key phases, with each phase focusing on service delivery from a citizen-centric perspective. The argument here is that through well planned and monitored performance contracting, Huduma centres in Kenya have the capacity to surmount emerging challenges experienced with service delivery. The long queues would be a thing of the past and large volumes of customers could be served annually.

## 6. Conclusion

Performance contracting played a critical role in delivering people-centred services in Huduma centres. Although target setting did not impact significantly on citizen-centric service delivery, performance planning and monitoring and reporting were positive and significant predictors of citizen-centric service delivery in the centres. The implication of such findings was that improvement in performance planning and monitoring and reporting was bound to lead to improved people-centred service delivery. It would be prudent for Huduma centres in Kenya to provide mechanisms through which performance planning on one hand, and monitoring and reporting, on the other can be streamlined so that observed laxity in service delivery in the centres is stemmed. Future studies should also examine target setting further to see if such findings could be replicated.

## 7. References

- i. Armstrong, M. (2005). *A handbook of human resource management practice*. (9<sup>th</sup> Ed.). London: Kogan Page.
- ii. AAPAM. (2005). *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.
- iii. Ang'anyo, M. & Mbatha, J. (2019). Impact of Performance Contracting on Public Service Delivery in the National Government Administration in Kenya: Case of Eldoret West Sub-County. *Journal of Public Administration and Governance*, 9(2)
- iv. Bouckaert, G., Verhoest, K., & De Corte, J. (1999). Public sector performance contracting in Belgium and Flanders. *Performance contracting: Lessons from performance contracting case-studies & a framework for Public Sector performance contracting*, [PUMA/PAC (99) 2]. Retrieved from <http://www.oecd.org/puma/>
- v. Carson, R. (2011). *Citizen Centric Service: Changing the Way Government Does Business*. Toronto: Deloitte
- vi. Cheche, G. S., & Muathe, S. M. A. (2014). A critical review of literature on performance contracting. *Journal of Commerce & Management Perspective*, 3(6), 65-70. Retrieved from <http://gifre.org>
- vii. Draugalis, J., Coons, S. & Plaza, C. (2008). Best Practices for Survey Research Reports: A Synopsis for Authors and Reviewers. *American journal of pharmaceutical education*. 72. 11. 10.5688/aj720111.
- viii. Franco-Santos, M. & Bourne, M. (2008). The impact of performance targets on Managerial behaviour: A close look at sales force contexts. A Survey conducted in Cranfield University.
- ix. GOK, (2006). *Results for Kenyans: Capacity building programme for transforming the public service reform and development secretariat*. Government Printer.
- x. Hannoura, A. E. (2014). Public Private Partnership (PPP) and the Egyptian experience: PPP central unit, Ministry of finance, Egypt. Retrieved from <Http://www.pppcentralunit.mof.gov.eg>
- xi. Hope, K. R. S. (2013). Performance contracting as a performance management tool in the public sector in Kenya: Lessons of learning. *Journal of Teaching Public Administration*, 31(2), 204-217. <http://dx.doi.org/10.1177/0144739413488905>
- xii. Ivanya, M. & Shah, A. (2010). 'Citizen-Centric Governance Indicators: Measuring and Monitoring Governance by Listening to the People and Not the Interest Groups.' Policy Research Working Paper 5181. World Bank, Washington DC.
- xiii. Jerop R. & Kiptum, G.K. (2017). Effect of Performance Contracting on Service Delivery of Selected State Corporations in Uasin Gishu County. *Journal of Business and Management*, 19 (11): 29-37
- xiv. Kernaghan, K., & Siegel, D. (1999). *Public administration in Canada* (4th ed). Toronto: ITP Nelson.
- xv. Kobia, M., & Mohammed, N. (2006, December). *Kenyan experience with performance contracting*. Discussion paper presented at the 28th African Association for Public Administration and Management annual round table conference, Arusha, Tanzania.
- xvi. Kobia, M., and D. Oliech (2016). —The Case of Huduma Kenya Program in Kenya, || Case Study, Commonwealth Association for Public Administration and Management.
- xvii. Locke, E. A., & Latham, G. P. (2002). Building a practically useful of goal-setting and task motivation: a 35-year Odyssey. *American Psychological Association*, 57, 705-717.
- xviii. Matheson, A. (2009). *The Public Sector Service Value Chain—Revisiting the First Link with BC Public Sector Works Units*. Canada: British Columbia
- xix. Mauya, E. N. (2015). The Importance of setting performance targets on service delivery in performance contracting at the Ministry of Tourism. *A Global journal of Human Resource Management*
- xx. Metawie, M., & Gilman, M.W. (2005, September). *Problems with the implementation of performance measurement systems in the Public Sector where performance is linked to pay: A literature review drawn from the UK*. A paper presented at the 3rd Conference on performance measurements, Nice UK. Retrieved from <http://www.studymode.com>
- xxi. Meyer, A.J., Mundy, P., Van Hecke, A. & Durocher, J. (2006). Social attribution processes and comorbid psychiatric symptoms in children with Asperger syndrome. *Autism: the international journal of research and practice*. 10. 383-402. 10.1177/1362361306064435
- xxii. Obong'o, S.O. (2009). Implementation of Performance Contracting in Kenya. *International Public Management Review*, 10(2).
- xxiii. Okech, T.C. (2017). Impact of Performance Contracting on Efficiency in Service Delivery in the Public Sector. *International Journal of Economics, Commerce and Management United Kingdom*, 5(5).
- xxiv. Robbins, S. P., & Judge, T. A. (2007). *Organizational behaviour*. (12th ed.). Upper Saddle River, NJ: Prentice Hall.
- xxv. Serebwa, P.S. (2017). Performance Contracting and Employee Service Delivery at Kirinyaga University, Kenya. A Master's Thesis Submitted to the University of Embu
- xxvi. Sifuna, O.N. (2012). Perceived Effect of Performance Contracting on Service Delivery at Jomo Kenyatta University of Agriculture and Technology. Master's Thesis Submitted to the University of Nairobi.
- xxvii. Sileyew, K.J. (2019). Research Design and Methodology DOI: 10.5772/intechopen.85731. Retrieved from <https://www.intechopen.com/online-first/research-design-and-methodology>
- xxviii. The World Bank (2018). Indicators of Citizen-Centric Public Service Delivery. International Bank for Reconstruction and Development/The World Bank van der Hoek, M., Groeneveld, S., Kuipers, B. (2018). Goal

Setting in Teams: Goal Clarity and Team Performance in the Public Sector. *Review of Public Personnel Administration*, 38(4).

xxix. Vroom, V. H. (1964). *Work and motivation*. San Francisco, CA: Jossey-Bass

xxx. World Bank. 2015. *Enabling Citizen-Driven Improvement of Public Services: Leveraging Technology to Strengthen Accountability in Nigerian Healthcare*. ICT4SA project. World Bank: Washington DC.