EFFECT OF PERFORMANCE CONTRACTING STRATEGY ON SERVICE QUALITY IN PUBLIC UNITS IN NAKURU COUNTY

BY

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EGERTON UNIVERSITY

NOVEMBER, 2015
DECLARATION AND RECOMMENDATION

Declaration

This research project is my original work and has not been submitted for an award of a degree or diploma in this or other University

Signed…………………………………………... Date………………………

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CM11/0553/09

Recommendation

This research project has been submitted for examination with my approval as University Supervisor.

Signed…………………………………………... Date………………………

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DEDICATION

I dedicate this project to my late dad Zablon Anunda, my children Tina, Brenda and Jude, and also my sister Martha for their support, encouragement and prayers throughout my studies. Thank you all for your love. God richly bless you.
ACKNOWLEDGEMENT

I thank the almighty God for granting me good health and strength to pursue my studies as I take the opportunity to acknowledge the contribution of certain people who in one way or another contributed greatly to my education at Egerton University. I am greatly indebted to my supervisor Mr. Henry Kombo for his steady guidance and technical support throughout the study period. I am also grateful to the staff of the Department of Business Management and Faculty of Commerce at the university for the resources and moral support they extended to me during my studies. I also thank my colleagues and classmates for their invaluable support. Special thanks also to my entire family and especially my brother Dr. Mosomi and my sister Martha for their ungrudging assistance whenever I was in need. My sincere appreciation to my friend Eric who has consistently urged me forward even when the road ahead was very tough. For all the members public units in Nakuru County who opened their doors when I was collecting data, thank you. Finally, for those who have supported me throughout my entire education in one way or the other but I have not mentioned you by name, know that your efforts and encouragement was felt well appreciated. Asanteni sana and God bless you all.
Performance contracting is a management strategy which involves management control systems geared towards improving service quality. It is also a contractual agreement to execute a service according to agreed terms, within an established time period and with stipulated use of resource and performance standards. In the past seven years organizations in Kenya have been adopting performance contracting to enhance service quality. The purpose of this study was to examine the effect of performance contracting strategy on quality of services in Public Units in Nakuru County. The target population for the study was 43 Public Units in Nakuru County including; the devolved functions, the non-devolved functions, Sub-Counties and Parastatals. A census study of the 43 Public Units was conducted. The study used structured questionnaire as the main instrument of data collection. Descriptive statistics specially mean, standard and deviation were used to analyze the data. The relationship between elements of performance contracting strategy and quality of service were tested using Pearson’s correlation while the effect of performance contracting on service quality was tested using multiple regression analysis. The study established a strong significant relationship between performance contracting strategy and service quality. The study recommended that the management of the public units should conduct regular reviews of employee performance under the performance contracting paradigm to ensure that quality services were being delivered. Annual reviews could be less effective when trying to ensure better performance and improved standards of service delivery. In addition, it was recommended that a study on the effect of employees’ job satisfaction and service quality delivery to the Public Units County Governments in Kenya should be conducted.
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