

PERFORMANCE CONTRACTING STRATEGY AND SERVICE DELIVERY IN THE MINISTRY OF INTERIOR AND NATIONAL ADMINISTRATION HEADQUARTERS, NAIROBI

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Abstract: The study explored the influence of performance contracting strategies on service delivery at Kenya's Ministry of Interior, Nairobi. It examined how target setting, monitoring and evaluation, reward systems, and contract durations affected service delivery. The research was guided by theories like goal-setting, control theory, new public management, resource-based theory, and public value theory. A descriptive survey using questionnaires was conducted among 200 staff members, with a sample of 133 derived using stratified random sampling. Key findings revealed that performance target setting ($b=-.405$) and monitoring and evaluation ($b=-.225$) negatively impacted service delivery, while rewards had a positive effect ($b=0.215$). Contract duration showed no significant impact. Data were analyzed using SPSS, with descriptive statistics presented in tables and charts. Pilot testing ensured reliability with a Cronbach's alpha of 0.863. The study concluded that balanced performance targets and inclusive monitoring are essential. The Ministry should review reward policies for fairness and recognition. The internal environment was also found to moderate the relationship between contracting strategies and service delivery, urging improvements in organizational structure and resource availability.

Key words: - Performance, Contracting Strategy, Service Delivery, Ministry of Interior, National Administration Headquarters

INTRODUCTION

Performance measurement systems are essential tools for assessing employee, agency, and organizational efficiency. They are integrated through models such as the balanced scorecard, performance matrix, and performance contracting. These systems facilitate data collection, analysis, and the reporting of performance metrics, enabling organizations to enhance resource allocation and make fact-based decisions (May, 2020). In the public sector, performance measurement is crucial for improving the use of resources and ensuring that public goods and services are delivered efficiently (Nyongesa et al., 2020). However, the public sector faces significant challenges, including low employee motivation, poor control mechanisms, and outdated human resource systems (Cloud, 2021). Traditional HR practices have focused primarily on personnel management and reactive problem-solving. Modern approaches, including performance contracting, align human resources with organizational objectives, promoting strategic planning, recruitment, and talent development (Kogei et al., 2013).

Performance contracting is a strategic management tool designed to improve employee performance by focusing on key skills, resources, and support systems. It ensures that employees work within specific timelines and standards to achieve organizational goals (Mbua et al., 2013). Globally, performance contracting has proven successful in enhancing public sector accountability and efficiency, with countries like France, the UK, and the US adopting it to improve service delivery (De Waele et al., 2021). In Kenya, performance contracting was introduced as part of public sector reforms to address inefficiencies and enhance accountability. This study focuses on assessing the impact of performance contracting strategies on service delivery at the Ministry of Interior in Kenya, examining key elements such as target setting, monitoring, evaluation, rewards, and contract duration.

Review of Literature

The Goal Setting Theory

The goal-setting theory refers to the linear relationship between the setting of goals and subsequent performance. Locke found out that employees who set themselves specific and challenging objectives performed better than those with abstract and simple goals. The theory indicates that goals that are specific and challenging in conjunction with corresponding feedback contribute to improved task performance (Locke et al., 2019).

The principle of goal setting is beneficial in different ways. One of these benefits is that goal-setting can raise employee engagement levels within a firm. The theory also provides a clear framework for defining and achieving goals effectively. Additionally, it enhances staff performance by raising their efforts and general drive (Indeed Editorial Team, 2020).

There are also some possible flaws in this theory. Firstly, performance can decline if management and the organization are pursuing challenging goals that result in conflicting behaviours. This misalignment can adversely affect the employee's performance and motivation to achieve the objective especially if the goal is too far above the employee's abilities and capabilities.

Considering the advantages of the goal setting theory, this study found the theory to be relevant especially in understanding the performance targeting variable and its influence on public service delivery. It explained how the performance contract process influences the overall public service delivery. The process includes setting of goals and ensuring that all the employees follow through the plans to achieve the goals setting by the administration.

Control Theory of Performance Management System

Control theory was developed by William Edwards Deming in early 1950s and 1960s. The theory allows managers to effectively control behavior, performance and acquisition of talent, while informing organizational structure and processes. The control theory uses various types of control systems which not only encompass behavioral control but also includes both output and input controls. This theory requires the management to evaluate and reward the behavior of employees based on set standards of the organization. In output control, the output of employees is evaluated and rewarded, based upon predetermined organizational standards (Barrows & Neely, 2012).

Contrarily, control theory makes the assumption that employees pay attention to their input. The output's quality is regulated by this feedback. However, it can also have a negative effect by causing the individual to be less motivated and productive. According to control theory, an employee's performance is also influenced by the rewards and recognition they receive after exceeding organizational requirements. Control theory, however, lacks the understanding that people are not mechanical objects because it sounds too mechanistic (Locke, 1991).

This theory was considered to be significant in this study especially in explaining how performance contracting strategy could be used as a controlling tool to promote positive performance and service delivery. Consequently, the researcher was equipped with insight on how the ministry utilized the performance monitoring and evaluation variable in influencing the delivery of services the public.

New Public Management Model

The New Public Management (NPM) model was primarily popularized by Christopher Hood, a British academic and public administration scholar, in the early 1990s.

According to Hood (1991), New Public Management (NPM) is an administrative philosophy focused on the design and organization of government institutions. This philosophy is part of a broader framework aimed at elucidating governmental agendas and authoritative decisions within specific contexts. NPM is defined through two primary paradigms: public choice and managerialism. Public choice represents a contemporary discourse on government that extends beyond mere management, while managerialism originally applied to private sector organizations but has since influenced public sector practices. NPM explicitly sets the standards and measures for performances (Barzelay, 2020). Another key aspect is the emphasis on output control, along with a focus on the importance of disaggregation and decentralization in public services. Moreover, there is a shift to the promotion of competition in the effective delivery of public services (Kalimullah & Khan, 2011).

The Ministry of Interior has adopted performance contracting, and this study utilized the model to examine its impact on public service delivery within the institution. The model was crucial in analyzing variables such as performance contracting durations and reward systems, and assessing their influence on the effectiveness of service delivery by the Ministry of Interior.

Resource Based Theory

The resource based theory was proposed by Barney (1991). The theory suggests that resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for long-term success. Resources and capabilities are fundamental elements that organizations leverage to develop strategies. These components are closely interconnected—capabilities typically emerge from the utilization of resources over time. Resources are categorized into two main types:

The resource-based view has received plenty of criticism since it was first proposed in the 1980s (Barney, 2001). The resource-based view has three main critics: The first criticism is based on the managerial implications. While the resource-based view undoubtedly provides a framework for gaining a competitive advantage, it does not address executional or operational challenges. As a result, a company may still experience a loss of market share and financial setbacks despite having valuable resources. The theory has also been criticised as to have a limited perspective of implementation (Priem & Butler, 2001).

For the purpose of improving service delivery, it is believed that resource availability is important for an organization. It is believed that successful service delivery requires the provision of resources. Implementation of performance contracts is supposed to provide an avenue for the provision of the resources. Therefore, this theory was found to be relevant in the current study. It helped to understand how the availability of resources as well as organizational structure can influence the relationship between performance contracting strategies and service delivery in the public sector in Kenya.

Public Value Theory

Public value theory, developed by Mark Moore in his 1995 work *Creating Public Value*, is an approach to understanding how public managers can contribute to societal well-being. The theory assumes that public managers have the discretion to make decisions in the public interest and must engage in dialogue with stakeholders, including citizens, elected officials, and other government bodies, to determine what constitutes public value. It also assumes that public managers play a central role in mediating between competing interests and translating them into actionable policy (Moore, 1995).

In the Ministry of Interior, public value theory was found to be applicable in improving public service delivery by focusing on security, immigration, and administration services that are responsive to public needs. By engaging with citizens and other stakeholders, the ministry could identify areas of concern, such as public safety and governance, and ensure that services are designed to address these needs. This approach could allow the ministry to prioritize public safety, national security, and the

protection of civil rights, thus aligning its actions with what the public values. Furthermore, it fosters trust between the ministry and citizens by ensuring transparency, accountability, and responsiveness in service delivery.

Overall, public value theory offered a framework for improving public service delivery by encouraging collaboration, engagement, and responsiveness to public needs. However, the theory's success in practice depends on the capability of public managers to navigate competing interests and operationalize public value in specific contexts. Its application in the Ministry of Interior demonstrates how government institutions could enhance their legitimacy and effectiveness by focusing on performance contracting strategies that could help deliver services that align with the public's priorities.

Performance Targeting and Service Delivery

Using a panel data set of 400 firms for the years 2008–2012 leading to 1846 firm-year observations, Maas (2018) analyzed the relationships between Corporate Social Performance (CSP) targets and CSP results and CSP improvements. The findings revealed that the level of CSP (Customer Service Performance) has no impact on the utilization of CSP targets, and that the general use of CSP targets does not necessarily result in improved CSP outcomes. The results also indicated that employing quantitative, concrete CSP targets is an effective method for enhancing CSP results, particularly in addressing CSP weaknesses.

The reviewed empirical studies have demonstrated that performance targeting does influence service delivery in different organizations. However, limitation from the studies was that they were conducted in different sectors and it would be important to assess the relationship between performance targeting and service delivery in the Ministry of interior in Nairobi County.

RESEARCH METHODS

Research Design

The research adopted a descriptive correlational research design which entailed survey and inquiry. Kothari (2004) noted that describe descriptive analysis involves asking a large group of people questions about a particular issue. The design is appropriate because of its specific nature thus facilitating understanding and interpretation of the problem under investigation (Gliner *et al.*, 2016). Notably, the correlational design helped the researcher to investigate the relationship between performance contracting and service delivery at the ministry without control or manipulation. A correlation reflects the strength and/or direction of the relationship between two (or more) variables (Bhandari, 2021). Therefore, this research design was the most efficient for the current study.

Target population

The research population for this study comprised of 200 members of staff in the Ministry of Interior Headquarters, Nairobi (IPPD, 2024). The unit of analysis was the Ministry of Interior whereas the unit of observation were the employees within the ministry. The tabulation of the employees are presented in Table 3.1 and organized according to their different categories.

Table 3.1: Target Population

Category	Population
Top Management	7
Middle Managers	47
Operational Level	146
Total	200

Source: (IPPD, 2024)

Description of the Sample Size and Sampling Techniques

For the sample size, this study adopted Taro Yamane's sample size determination formulae to determine the sample size for this study. In this formula, the confidence level is 95% and the margin of error is 5%. Therefore, with a target population of 200, sample size was thus calculated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Whereby,

n = The sample size

N = Target population

e = Margin of error (in percentage)

The sample size therefore shall be calculated as;

$$n = \frac{200}{1 + 200(0.05)^2} = 133$$

$$n = 133$$

To determine the sample size, a stratified random sampling technique was employed. This approach involved categorizing respondents according to their respective departments within the ministry. These departments formed the strata. The list of employees in each department were obtained from the Human Resource Office and recorded down in small pieces of paper. The pieces of paper were then shuffled by the researcher and the names picked one by one

randomly until all the one hundred and thirty-three respondents were selected. The use of stratified random sampling is advantageous as it ensures that all participants have an equal opportunity to be included in the study, thereby minimizing bias. The formula for getting the sample for each category is as follows:

(Category population/total population) x Total sample size

Table 3.2: Distribution of the Sample Size

	Population	Sample Size
Top Management	7	5
Middle Managers	47	31
Operational Level	146	97
Total	200	133

Description of Research Instruments

Questionnaires served as the primary data collection tool for this study. Prior to the first section, an introductory statement was provided to respondents, outlining the purpose of the study and requesting their consent to participate. The questionnaire was divided into different sections. Section A covered the background information of the respondents, Section B addressed performance targeting, Section C was based on Performance Monitoring and Evaluation, Section D covered the Performance Rewarding System, Section E addressed the Influence of Performance Contracting Duration while Section F covered Quality Public Service Delivery. Each of the sections covering the objectives of the study comprised of both open and close-ended questions. Likert scale tables were used to rate the respondents' level of agreement with the various aspects of the variable metrics.

Validity and Reliability

The term validity can be defined as the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). The data collection instruments were validated using the content and face validity. For validity, the research supervisor reviewed the questionnaires to check whether the question items provided answered the research questions and objectives. The feedback given by research supervisor was used in improving the question items to best fit the research objectives.

To also check on the validity and reliability of the data collection instruments, a pilot study was conducted in a different ministry which was randomly selected. Thirteen respondents from the Ministry of Foreign Affairs were chosen at random to complete the questionnaires. The Cronbach's Alpha method was employed to assess reliability, using the Statistical Package for Social Sciences (SPSS) for analysis. The rule of thumb is that; if the reliability value found falls within the accepted levels of 0.6-0.9, then the questionnaires would be considered reliable (George & Mallery, 2003). If the value is below the recommended level of 0.6 and 0.9 (Konting, Norfaryanti, & Man, 2009), then the instruments would be re-developed until the desired results are obtained. From the reliability test, a Cronbach Alpha of 0.889 was obtained. Hence, the questionnaires were considered to be reliable.

Table 3.3: Reliability Results

Variable	No. of Items	Cronbach Value	Decision
Performance Targeting	7	0.736	Reliable
Monitoring and Evaluation	8	0.914	Reliable
Performance Rewarding	7	0.837	Reliable
Performance Contract Duration	5	0.603	Reliable
Internal Environment	6	0.730	Reliable
Public Service Delivery	5	0.603	Reliable
Overall Reliability	41	0.889	Reliable

Description of the Data Collection Procedures

Prior to commencing the data collection process, the researcher first secured the requisite data collection permit from the university. Additionally, a research authorization letter was obtained from the National Commission for Science, Technology, and Innovation (NACOSTI). After obtaining the necessary permits, the researcher also requested consent and permission from the Ministry of Interior to proceed with data collection. Consent of the respondents was also sought to collect primary data through questionnaires. The questionnaires were distributed using a drop-and-collect-later method. Follow ups was made to ensure collection of the questionnaires in time.

Description of Data Analysis Procedures

The collected data was keyed into the computer with the help of the SPSS V. 27. This software helped the researcher to summarize the raw data into frequencies, percentages, means, and standard deviation (Walliman, 2010). Once this had been done, the researcher ran the outputs and used them for doing the analysis. Following this, the researcher performed quantitative analysis using descriptive statistics. According to Hayes (2022), descriptive statistics help describe and

summarize characteristics of the study sample. In this case, descriptive statistics involved frequencies, percentages, means and standard deviation which were then presented using the frequency tables, figures and pie-charts. Additionally, factor analysis was employed to reduce the number of variables into a smaller set of factors with greater influence. According to Alchemer (2018), using factor analysis in research is significant because it helps the researcher to examine concepts that cannot be directly measured with ease.

Diagnostic Tests

In this study, there are several diagnostic tests that were conducted in order to assess the assumptions of the regression analysis. The diagnostic tests conducted included normality test, multicollinearity, and heteroscedasticity tests respectively.

Normality Test

A normality test is a statistical procedure used to determine whether a dataset follows a normal distribution, which is a key assumption in many statistical analyses, such as parametric tests (t-tests and ANOVA) (Mishra, et al, 2019). In conducting the normality tests, both the Shapiro-Wilk test and Kolmogorov-Smirnov test were conducted. The rule of thumb is that if the *p-value* is greater than 0.05, the data is assumed to follow a normal distribution, therefore, the null hypothesis of normality is not rejected and vice versa. The results of the normality test are shown in Table 3.4.

Table 3.4: Normality Results

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance Targeting	.162	100	.085	.947	100	.201
Performance Monitoring and Evaluation	.144	100	.126	.935	100	.088
Performance Rewarding	.202	100	.118	.885	100	.079
Performance Contracting Duration	.198	100	.067	.848	100	.120
Internal Environment	.124	100	.101	.964	100	.068

a. Lilliefors Significance Correction

From the normality results, it is evident that the p value for all the variables in both the Shapiro Wilk Test and Kolmogorov-Smirnov were greater than the standard p value of 0.05. Therefore, this study concluded that the data came from a normal distribution.

Multicollinearity Test

Table 3.5: Multicollinearity Results

Model	Collinearity Statistics	
	Tolerance	VIF
Performance Targeting	.249	4.018
Performance Monitoring and Evaluation	.284	3.524
Performance Rewarding	.825	1.212
Performance Contracting Duration	.487	2.051

a. Dependent Variable: Service Delivery in the Public Sector

According to the VIF results, the study variables had a value that ranged from 1 to 4. The VIF for all the variables was between 1 and 4. This implied that the study variables (independent and dependent variable) had a moderate correlation. Moreover, tolerance value also confirmed the results since they also ranged from 0.2 to 0.8. It was concluded that multicollinearity did not pose an issue in the regression model.

Heteroscedasticity Tests

Table 3.6: Heteroscedasticity Results

Model	Unstandardized		Standardized	t	Sig.
	Coefficients				
	B	Std. Error	Beta		
(Constant)	11.355	4.331		2.622	.010
Performance Targeting	1.245	.387	.613	3.214	.002
Performance Monitoring and Evaluation	-.681	.254	-.478	-2.679	.009
Performance Rewarding	-.260	.175	-.156	-1.488	.140
Performance Contracting Duration	-.366	.334	-.149	-1.095	.276

a. Dependent Variable: sqres

As shown in Table 3.6, the p values for the study variables was greater than 0.05. This study therefore concluded that heteroscedasticity was not a problem in the linear regression.

IV. RESULTS AND DISCUSSION

Response Rate

A total of 100 respondents completed and returned their questionnaires accounting for a response rate of 75.2%. According to Schneider et al. (2016), in a survey research, a return rate of 70% and above is excellent. The response rate for this study was deemed sufficient to identify and analyze relevant trends effectively. Thus, it was considered adequate for drawing meaningful conclusions.

Table 4.1: Response Rate

Category	Frequency	Percentage (%)
Completed questionnaires	100	75.2%
Not filed questionnaires	25	18.8%
Poorly filled questionnaires	8	6.0%
Total	133	100

Demographic Information

The demographic information of the respondents was looked into. This included gender, level of education, and working experience. Their responses are as captured in this section.

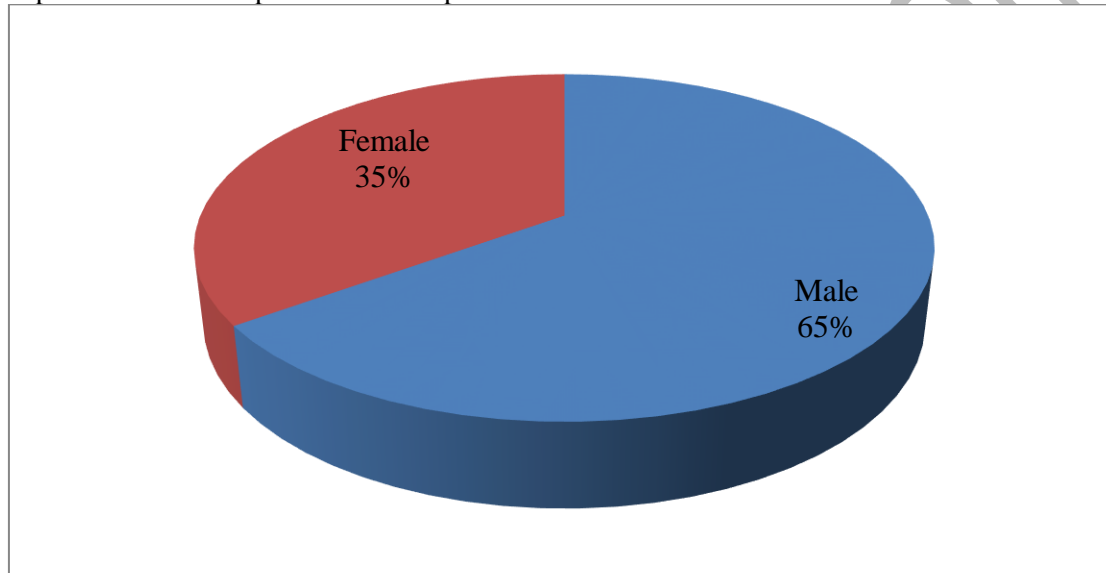
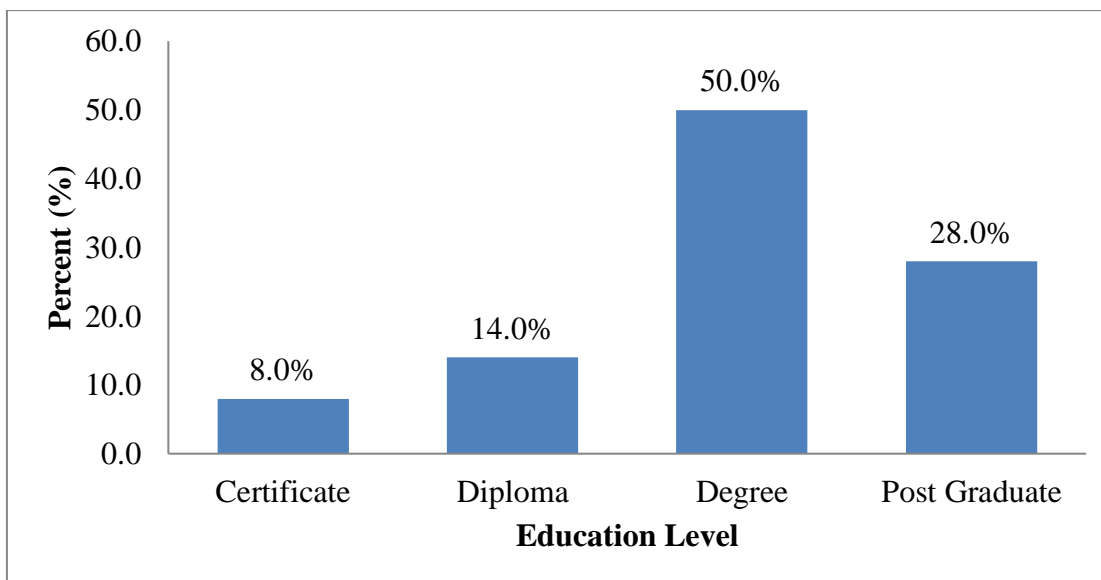


Figure 4.1: Gender of Respondents

Regarding gender, majority (65%) of the respondents were male. The female respondents accounted for 35% were female. This shows that within the ministry and within the study both genders were represented. Moreover, the government policy (Kenya Constitution 2010) on 30% representation of women in government offices appears to have been adhered to in the ministry.



Descriptive Analysis

Performance Targeting and Service Delivery

This study sought to determine the effects of performance target setting on public service delivery at the Ministry of Interior and Coordination of National Government Headquarters, Nairobi. In order to answer this objective, the participants were presented with a series of statements and asked to indicate the degree to which they agreed or disagreed. The responses are as summarized in Table 4.2.

Table 4.2: Influence of Performance Targeting on Service Delivery

Statement	SA	A	UD	D	SD	M	Std.
a. Use of performance targeting is very effective in achieving quality service delivery at the Ministry.	37%	63%	0	0	0	1.63	0.485
b. Daily and monthly targets are issued to accomplish by the management.	7%	86%	0	7%		2.07	0.590
c. Employees are involved in setting up personal and organizational targets.	14%	37%	14%	14%	21%	2.91	1.386
d. The targets set are easy and understandable.	14%	57%	15%	14%	0	2.29	0.879
e. Complex targets are usually broken down for ease in accomplishment.	7%	64%	7%	22%	0	2.44	0.913
f. Teamwork is encouraged to boost setting of performance targets.	44%	42%	0	14%	0	1.84	0.992
g. Performance targeting has improved public service delivery to a greater extent.	36%	36%	7%	14%	7%	2.20	1.263
Average						2.20	0.929

Key: SA- Strongly Agree, A- Agree, UD-Undecided, D-Disagree, SD-Strongly Disagree, M- Mean, Std.- Standard Deviation

Performance Monitoring and Evaluation and Service Delivery

Table 4.3: Influence of Monitoring and Evaluation on Service Delivery

Statement	SA	A	UD	D	SD	M	Std.
a. Employees are directly involved in the performance monitoring and evaluation process.	7%	51%	14%	28%	0	2.63	0.970
b. The performance monitoring and evaluation process in the ministry is effective.	7%	43%	22%	28%	0	2.71	0.956
c. The management regularly monitors the performance of employees.	7%	79%	7%	7%	0	2.14	0.636
d. Performance evaluation is conducted on a monthly basis.	7%	7%	15%	50%	21%	3.71	1.094

e. During the monitoring process, the supervisors are able to guide on challenges.	7%	51%	21%	21%	0	2.56	0.903
f. Evaluation feedback is always provided on time.	7%	22%	22%	49%	0	3.13	0.991
g. The supervisors are friendly and provide timely communication.	7%	44%	14%	28%	7%	2.84	1.126
h. Performance monitoring and evaluation has improved service delivery in the ministry to a greater extent.	23%	56%	7%	7%	7%	2.19	1.089
Average						2.74	0.970

Key: SA- Strongly Agree, A- Agree, UD-Undecided, D-Disagree, SD-Strongly Disagree, M- Mean, Std.- Standard Deviation

Multiple Regression Analysis before Moderation

Multiple regression analysis was conducted to determine the combined influence of performance contracting strategies on public service delivery at the Ministry of Interior and Coordination of National Government Headquarters. The results are presented using the Model summary, ANOVA and coefficient results.

Table 4.13: Model Summary for Relationship between Performance Contracting Strategies and Public Service Delivery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.807a	.651	.636	2.27755

a. Predictors: (Constant), Performance Contracting Duration, Performance Rewarding, Performance Monitoring and Evaluation , Performance Targeting

Table 4.13 shows R square value for extent of variation. The R-square value of 0.651 explains that 65.1% of variations in public service delivery in the Ministry of interior are contributed by performance contracting strategies combined. The findings imply that jointly, performance contracting strategies are strong determinants of public service delivery at the Ministry of Interior and Coordination of National Government Headquarters. The remaining 34.9% of variation in public service delivery at the Ministry of Interior and Coordination of National Government Headquarters can be attributed to other factors not included in this model.

Table 4.14: ANOVA for Relationship between Performance Contracting Strategies and Public Service Delivery

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	917.802	4	229.451	44.234	.000b
	Residual	492.788	95	5.187		
	Total	1410.590	99			

a. Dependent Variable: Service Delivery in the Public Sector

b. Predictors: (Constant), Performance Contracting Duration, Performance Rewarding, Performance Monitoring and Evaluation , Performance Targeting

Table 4.14 demonstrates analysis of variance (ANOVA) test and shows a positive significant relationship between performance contracting strategies and public service delivery at the ministry of Interior ($F = 44.234$; $p=0.000 < 0.05$). This confirms that performance contracting strategies combined significantly predict the public service delivery at the Ministry of Interior and Coordination of National Government Headquarters. The findings further suggest that the application of well-structured performance contracting strategies can significantly enhance the quality and efficiency of services offered by public institutions. This confirms that performance contracting, which involves setting clear objectives, measurable targets, and accountability mechanisms, plays a crucial role in optimizing public sector operations. Current studies echo these findings, emphasizing that when performance contracting is properly implemented and aligned with organizational goals, it fosters transparency, accountability, and better resource utilization, ultimately leading to improved service delivery (Ochieng & Mungai, 2022; Muturi et al., 2021).

Table 4.15: Coefficients for Relationship between Performance Contracting Strategies and Public Service Delivery

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Beta	Std. Error	

	(Constant)	12.726	1.210		10.516	.000
	Performance Targeting	-.800	.108	-.898	-7.390	.000
1	Performance Monitoring and Evaluation	-.099	.071	-.158	-1.390	.168
	Performance Rewarding	.216	.049	.296	4.433	.000
	Performance Contracting Duration	.789	.093	.733	8.443	.000

a. Dependent Variable: Service Delivery in the Public Sector

From the coefficient Table 4.15, it is notable that performance targeting and public service delivery had a negative and significant relationship ($b=-0.800$, $p=.000$). This implies holding all other factors constant in the combined model, a unit increase in performance targeting led to a unit decrease in public service delivery by -0.800 units. In the combined model, performance monitoring and evaluation and public service delivery had an inverse and insignificant relationship ($b=-0.099$, $p=0.168>0.05$). This means that combined together and holding all other variables constant, a unit increase or decrease in performance monitoring and evaluation had no significant effect on public service delivery.

Finally, performance rewarding ($b=.216$, $p=.000<0.05$) and performance contracting duration ($b=.789$, $p=.000<0.05$) had positive and significant coefficients respectively. This means that a unit increase in performance reward and performance contracting duration lead to a unit increase in public service delivery by 0.216 and 0.789 units respectively.

The multiple regression model equation is presented as follows;

$$Y = -12.726 - .800X_1 - .099X_2 + .216X_3 + .789X_4$$

Where;

Y= Public service delivery at the Ministry of Interior and Coordination of National Government Headquarters,

X₁ – Performance Targeting,

X₂– Performance Monitoring and Evaluation,

X₃– Performance Rewards,

X₄ – Performance Contracting Duration

Regression Analysis after Moderation

The fifth hypothesis of this study was on the moderating variable. The hypothesis stated as follows: There is no significant moderating effect of internal environment on the relationship between performance contracting strategies and service delivery at the Ministry of Interior and Coordination of National Government Headquarters.

Table 4.16: Model Summary for the Moderating Variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.808 ^a	.654	.623	2.31724

a. Predictors: (Constant), M_ Performance Contracting Duration, Performance Rewarding, Performance Targeting, M_ Performance Rewarding, M_ Performance Targeting, Performance Contracting Duration, Performance Monitoring and Evaluation, M_ Performance Monitoring and Evaluation

As noted from the model summary for the moderation effect, the R-square value is 0.654. This increased from 0.651 before moderation. This shows that with the internal environment as an interaction term, performance contracting strategies combined explained 65.4% variation in the public service delivery at the Ministry of Interior and Coordination of National Government Headquarters. From the observations, it can be deduced that the internal environment increases the explanatory power of performance contracting strategies in predicting public service delivery.

Table 4.17: ANOVA and Coefficient Results for the Moderating Variable

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	921.958	8	115.245	21.462	.000 ^b
	Residual	488.632	91	5.370		
	Total	1410.590	99			

a. Dependent Variable: Service Delivery in the Public Sector

b. Predictors: (Constant), M_ Performance Contracting Duration, Performance Rewarding, Performance Targeting, M_ Performance Rewarding, M_ Performance Target, Performance Contracting Duration, Performance Monitoring and Evaluation , M_ Performance Monitoring & Evaluation

Coefficient

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Beta		
	Std. Error			

(Constant)	12.784	1.242		10.290	.000
Performance Targeting	-.798	.112	-.896	-7.117	.000
Performance Monitoring and Evaluation	-.106	.076	-.169	-1.387	.169
Performance Rewarding	.215	.051	.294	4.184	.000
Performance Contracting	.799	.099	.742	8.069	.000
1 Duration					
M_ Performance Target	.370	.424	.104	.874	.384
M_ Performance Monitoring & Evaluation	-.224	.455	-.061	-.492	.624
M_ Performance Rewarding	.063	.304	.015	.207	.837
M_ Performance Contracting	-.128	.356	-.036	-.360	.720
Duration					

a. Dependent Variable: Service Delivery in the Public Sector

As shown further shown in Table 4.17, it is evident that the model for the moderating variable was statistically significant. The results imply that the internal environment had a moderating effect between the independent variable (performance contracting strategies) and dependent variable (service delivery at the Ministry of Interior and Coordination of National Government Headquarters) as supported by established p value of $0.000 < 0.05$ significance level. Moreover, the calculated F statistics was 21.462 and the critical F value tabulated was 2.02 at a 5% significance level. Since the calculated F statistics was greater than the tabulated F value, this study rejected the null hypothesis and concluded that there is a statistically significant moderating effect of internal environment on the relationship between performance contracting strategies and service delivery at the Ministry of Interior and Coordination of National Government Headquarters. From the moderated multiple linear regression analysis in Table 4.17, the following regression models are presented;

$$\text{Public Service Delivery} = 12.784 - .798X_1 - .106X_2 + .215X_3 + .799X_4 + .370MX_1 - .244MX_2 + .063MX_3 - .128MX_4$$

Where:

X_1 is Performance Targeting

X_2 is Performance Monitoring and Evaluation

X_3 is Performance Rewarding

X_4 is Performance Contracting Duration

M is Moderating Variable (Internal Environment)

M ($X_1 - MX_4$) is the interaction term between Internal Environment and the independent variables (Performance Targeting, monitoring and evaluation, performance rewarding, performance contracting duration).

Summary

The data which was used in presenting the findings of this study came from a response rate of 75.2% of the expected study sample size. From this response rate, majority were male with females representing thirty-five percent of the total sample size. Academically, half of the participants were degree holders followed by post graduates. The remaining were either diploma or certificate holders. In terms of working experience, more than half of the employees that took part in the study had worked in the ministry for over 11 years. Only a small portion of the employees had worked in the ministry for 6-10 years. Besides the demographics, this section further presents the summary of the findings based on the research objectives as shared by the respondents to the study.

Conclusions

Based on the analysis of the study's objectives, several key conclusions can be drawn. Firstly, the study aimed to assess the impact of performance target setting on public service delivery at the Ministry of Interior and Coordination of National Government Headquarters in Nairobi. The findings indicate that performance target setting has an inverse effect on public service delivery within the Ministry. Specifically, an increase in performance target setting appears to negatively impact or diminish the quality of public service delivery. Conversely, a reduction in performance target setting does not necessarily lead to an improvement in service quality within the Ministry. This is also evident in restructuring of internal environment to suit the performance target setting process.

The second objective of this study was to establish the effects of performance monitoring and evaluation in public service delivery at the Ministry of Interior and Coordination of National Government Headquarters, Nairobi. From the observations, performance evaluation has positive and significant effect on the quality of public service delivery. However, despite its significance in the public service delivery, there are several issues that were raised which could be hampering the effectiveness of the performance monitoring and evaluation in the ministry. The several concerns raised

by the employees include unbalanced involvement of employees in the process of monitoring and evaluation, inadequacy of the supervisors in guiding the employees on the challenges highlighted from the monitoring and evaluation.

The study also aimed to evaluate the impact of performance rewarding on service delivery at the Ministry of Interior and Coordination of National Government Headquarters in Nairobi. The findings reveal that performance rewarding significantly affects service delivery within the Ministry. Specifically, each unit increase in performance rewarding corresponds to an increase in public service delivery by 0.215 units. However, despite its significance in the ministry, there are several areas of concern that were raised by the employees. These include unfairness in the performance reward systems adopted by the ministry, employees not being rewarded based on their performances, best employees not being recognized, lack of differentiation difference between high performance and low performance periods due lack of bonuses being provided for high performing periods among others.

This study also aimed to assess the impact of performance contracting duration on service delivery at the Ministry of Interior and Coordination of National Government Headquarters in Nairobi. The analysis indicates that, in isolation, performance contracting duration does not significantly affect public service delivery. However, when integrated with other factors such as target setting, monitoring and evaluation, and performance rewarding, it significantly influences service delivery, contributing to an increase of 0.789 units in public service delivery. Additionally, the study finds that the internal environment plays a significant moderating role in the relationship between performance contracting strategies and service delivery at the Ministry.

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