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ABSTRACT

Public institutions encounter challenges in the process of service delivery to the satisfaction of citizens. Consequently various governments have introduced performance contracting as one of the effective and promising means of improving the performance of public institutions as well as departments and state agencies since it defines responsibilities and expectations of the parties to achieve mutually agreed targets. However, it is still unclear whether the introduction of performance contracting strategies improved service delivery to customers. The objective of this study sought to find out the influences of organizational commitment, performance measurement, organizational efficiency and performance incentive system on service delivery in state corporations in Kenya with special reference to the Kenya National Examinations Council (KNEC). Relevant literature was reviewed based on the variables and related theories and were summarized diagrammatically using a conceptual framework to broaden the view of the study. The study adopted descriptive research design to collect information where the total population is four hundred and nine (409). Primary and secondary sources of data was used to obtain information for the study where a closed and open ended questionnaire was deployed in collecting primary data while interaction with relevant documents/publications on performance contracting aided in collecting secondary data. Quantitative data was summarized and analyzed using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 21. Multiple regression analysis was used to establish the degree of statistical relationships between the study variables.

Key Words: *Organizational Commitment, Performance Measurement, Organizational Efficiency, Performance Incentive System, Service Delivery*

INTRODUCTION

Over the years poor performance of the public sector especially in the management of public resources has hindered the realization of sustainable economic growth. This poor performance has been occasioned by excessive regulations and controls, multiplicity of principals, poor leadership/management, frequent political interferences, outright mismanagement, bloated staff establishments, and non-performing employees resulting to poor service delivery (Obong'o, 2009). However, in an attempt to address these challenges, the Government of Kenya through Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) introduced Performance Contracting (PC) as a promising means of improving performance of public enterprises and government departments to address economic, social or other tasks (Kobia & Mohammed, 2006; Ochieng, 2010).

Performance contracting is a freely negotiated performance agreement between government acting as the owner of the agency and the management of the agency that specifies clearly the mutual performance obligations, intentions, and responsibilities/powers of the two parties to meet over stated period of time (Gathai, Ngugi, Waithaka & Kamingi, 2012). According to Muriu (2014), performance contracting (PC) is a management tool for measuring performance against negotiated performance targets that establishes operational and management autonomy between government and public agencies while focusing on outcomes rather than processes. In essence, PC is seen as an essential tool for enhancing good governance and accountability for results as it sets targets for measuring performance and provides incentives for the achievement of such targets. Further, it is a useful tool for articulating clearer definitions of objectives and supports management monitoring and control methods, while leaving daily managerial and operational autonomy to public managers themselves (Nganyi, Shogogodi & Owano, 2014). Therefore, a large number of governments and international organizations have adopted this concept as part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of public affairs (Bomett, 2015).

Globally the concept of performance contracting has been adopted in Europe, Latin America, Asia and Africa. This concept originated in France in 1960's after the publication of a report on the reform of state owned enterprises by Simon Nora with primary objective of reducing the government budgetary support to public enterprises (Nganyi *et al.,* 2014). In France it's called 'contract plan' in which agreement regarding performance is established between government and state owned enterprises based on five year work plan. Later its use spread to Pakistan, Korea, India as well as various parts of the world as an effective system of addressing challenges of improving service delivery to the public (Obong'o, 2009). In mid 1980s, Korea applied contractual approach and developed the 'signal systems', incorporating collection of goals and incentives that would guide managers and administrators. This system was characterized by translating national goals into explicit and quantifiable targets in performance criteria. The inclusion of performance measurements and indicators made the signal system a useful instrument to scale the performance of state owned enterprises. Since then, PC has been adopted by a number of countries in different forms and names (Juma, 2015).

In the African region, the first country to adopt PC was Senegal, where the idea was regarded by public enterprise managers as a tool to compensate civil servants who are restricted by the government from being involved in commercial activities (Mohammed, 2009). This concept increased autonomy and decreased outside interference in the management of corporate activities. However, performance contracting has since been adopted in selected enterprises in Benin, Burundi, Cameroon, Cape Verde, Congo, Cote d'Ivoire, Gabon, the Gambia, Ghana, Guinea, Kenya, Madagascar, Mali, Mauritania, Morocco, Niger, Senegal, Togo, Tunisia, Uganda and Zaire.

In Kenya PC was first introduced in the management of state corporations when Kenya Railways Corporation and National Cereals and Produce Board (NCPB) signed their first contract in April 1989 and in November 1990 respectively. However, the initiative was not successful as there was no political goodwill (it was considered donor driven) to drive the process as well as lack of performance incentive system (Kobia & Mohammed, 2006; Cheche & Muathe, 2014). In 2003, the government re-introduced PC and piloted it in sixteen (16) state corporations in a move to achieve the objectives of Economic Recovery Strategy for Wealth and Employment Creation (2003-2007). This strategy was aimed at improving public service delivery by ensuring accountability for results by top managers, eliminating over reliance on exchequer funding, improving efficiency and effectiveness and commitment in delivery of public service (Bomett, 2015). In addition, the introduction was aimed at changing the way things were being done, creating a new behaviour patterns and adopting positive attitude towards work ethics in the entire public service. The strategy was also expected to return citizens faith and other international stakeholders on government services (Kobia & Mohammed, 2006; Muthaura, 2007; Muriu, 2014).

Public services are those services which are mainly or completely funded by taxation since they are essential as they enhance quality of life of people and nation's development process. However, service delivery is the fulfillment of organizational goals and objectives in satisfying the needs of customers, employees as well as stakeholders. It is linked to organizational performance and may vary because of some common trends that have emerged in the management of organizations around the world Heskett (2006).

Public sector is collectively the world's largest service provider thus any improvement in the public service positively impacts millions of people (Kobia & Mohammed, 2006). Consequently, Governments have the responsibility of making sure that all citizens are provided with services that satisfy their basic needs. In addition, a more efficient service delivery may improve the value of public sector (Green, 2008). For example, some organizations build capacity of their employees based on particular needs rather than just specific programmes. They work collaboratively across departments and jurisdictions to provide services in an integrated fashion so that citizens can access services through one simple and convenient entry point. Hence, citizens demand government services that are easy to find, accessible and deal with (Duggan & Green, 2008).

Performance contracting provides a framework for generating desired behavior in the context of devolved management structures which emphasizes on outcomes rather than on processes (Nganyi *et al.,* 2014). As a result, public managers view PC as a useful vehicle for articulating clearer definitions of objectives and supporting new management style of monitoring and control methods while leaving daily management to the managers themselves (Kobia & Mohammed, 2006; Obongo, 2009; Sifuna, 2012; Muriu, 2014).

The Kenya National Examinations Council (KNEC) was established in 1980 through an Act of Parliament (CAP. 225A of the laws of Kenya) - repealed in 2012 and replaced with KNEC Act No.29 to conduct school and post school examinations except university examinations and award certificates to successful candidates (KNEC Act, 2012). Its vision is to be a world class organization in assessment for quality education while its mission is to objectively assess learners' achievements in order to safeguard and enhance globally acceptable educational certification standards. KNEC is governed by the Council whose membership is drawn from various stakeholders in the education sector. Administratively, it is organized into four (4) departments and several divisions, sections and units. KNEC's overall strategy as reflected in its strategic plan 2015-2020 is based on its commitment to provide a globally competitive quality education, training and research for sustainable development that contributes to the achievement of Kenya's developmental objectives as articulated in the social pillar of the Vision 2030.

Statement of the Problem

Management of state corporations in Kenya are confronted with many challenges such as human resource factors, corruption and mismanagement, shortage of necessary finances and material logistics among others (Muthaura, 2007). Consequently, this affects the quality of life of people and nation's development process. In response the Kenyan government has instituted a number of reforms aimed at addressing these challenges by freezing employment, approving voluntary early retirement, retrenchment/mergers, salary reviews and strategies for minimizing corrupt practices (Kobia & Mohammed, 2006; Gakure, Muriu & Orwa, 2013). However, these strategies have yielded minimal results in terms of delivering quality service to the public due to existing excessive regulations and controls, bureaucratic procedures and processes, frequent political interferences, multiplicity of principles, corruption and poor management of public resources, and bloated staff establishment (RBM Guide, 2005; Obongo, 2009; Muraguri & Wagoki, 2016). It is against this background that in 2005 the government of Kenya introduced performance contracting system to address the dwindling performance in the public sector with the aim of improving efficiency and effectiveness of service delivery and customer satisfaction in the public sector (Kobia & Mohammed, 2006; Bomett, 2015). However, with the implementation of PC in over a decade ago, there is need to establish how it has influenced service delivery in state corporations in Kenya. For example, in KNEC it is unclear whether service delivery has improved as a result of the introduction of performance contracting at a level that satisfy customers since customer complaints are still being filed (KNEC Public Complaints Register, 2015). In addition, KNEC Customer Satisfaction Survey Report (2015) revealed diminishing customer satisfaction indices. For example, in 2011 the index was at 66.4%; 2012 (69.9%); 2013 (60.6%); 2014 (56.33%) and 2015 (54.63%) respectively. These results are realized at a time when KNEC Service Delivery Charter and Performance Contracting have been embraced with the aim of improving service efficiency to the public. Previous studies conducted on performance contracting among state corporations in Kenya majorly concentrated on analyzing factors that affect PC implementation (Langat, 2006; Gathai et al, 2012; Muriu, 2014; Muraguri & Wagoki, 2016) while others did focus on its effects on organizational performance/productivity (Kiboi, 2006; Mohamed, 2009; Birech, 2011; Gakere et al, 2013; Nguthuri et al, 2013; Kago, 2014; Omondi, 2015). However, with the introduction of performance contracting in KNEC since 2005, only three studies have been conducted on performance contracting: Kaburia (2012) focused on the impact of performance contracting on employees' performance; Kiilu (2008) documented the effects of performance contracting on organizational productivity; while Juma (2015) focused on the relationship between performance contracting and organizational performance. As evident in the above studies, none of them concentrated on establishing the influences of performance contracting on service delivery in KNEC despite numerous challenges it faces which according to KNEC Public Complaints Report (2015) includes:

low customer satisfaction indices, increased incidents of examination related queries, and allegations of corruption. In view of this, the study therefore sought to fill this research gap by establishing the influences of organizational commitment, performance measurement, organizational efficiency, and performance incentive system on service delivery in state corporations in Kenya particularly in the Kenya National Examinations Council.

Objectives of the Study

The general objective of this study was to assess the influence of performance contracting on service delivery in state corporations in Kenya. The specific objectives were:-

- To determine the effects of organizational commitment on service delivery in state corporations in Kenya
- To find out the influence of performance measurement on service delivery in state corporations in Kenya.
- To establish the influence of organizational efficiency on service delivery in state corporations in Kenya
- To assess how performance incentive system influences service delivery in state corporations in Kenya

LITERATURE REVIEW

Theoretical Review

Principal - Agent Theory

This theory was proposed by Ross (1973). The Principal – Agent theory also referred to as Agency theory is based on the premise that a relationship or contract exists when one or more persons (the principal) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent (Agarwal, 2014). In this relationship, the agent advances both the principals interest as well as his own interest in the organization. According to Muraguri and Wagoki (2016) Agency theory is crucial since actions chosen by one party may affect the other party. However, rights and responsibilities of the principals and agents are specified in their mutually agreed-upon contractual relationship just like in performance contracting system. This theory therefore assumes that the principal and the agent are rational economic persons who are capable of forming unbiased expectations regarding the impact of agency problems (Argawal, 2014). For example, the principal and the agent want to maximize benefits. However, the principal is disadvantaged due to lack of information on the actual ability of the agent; at the same time the agent will try and set targets that minimize risk of not attaining the target. The principal therefore has to design a contract that is attractive to the agent while maximizing benefits to him (Ssengooba, 2010). It is on this basis that this theory may be applied in performance contracting to explain the influence of organizational commitment towards achievement of mutually agreed upon set targets that prompt service delivery. According to Agency theory, synergy between the institutions management and the shareholders is necessary for the achievement of a common goal since both operate in an environment of uncertainty and risk yet both the principal and the agent want to maximize benefits (Ayee, 2008). This theory therefore calls for commitment of both parties and explains the relationship between principals and agents since both are held accountable for results based on the signed contracts between the organization and managers leading to enhanced service delivery for the citizens. It is further believed that committed employees would work harder and go extra mile in achieving organizational objectives (Kumar, 2014).

Goal Setting Theory

Goal setting theory is based on the premise that much human action is purposeful as it is directed by conscious goals and intentions. The proponents of this theory Locke and Latham (1968) stated that employees are motivated by specific and challenging goals and appropriate feedback on their performance. Setting a goal involves establishing levels of performance that direct people's actions and behaviours which improves the unsatisfactory performance. That is, the source of motivation is the desire and intention to reach the set goals. This contributes to higher and better task performance by individuals and groups. In addition, feedback provides opportunities to clarify expectations and adjust goal difficulty and gain recognition (Locke & Latham, 2006). According to Latham (2004), goal setting inspires individuals. For instance in the workplace, set goals function as a contract between the employees and employer, create accountability, clarify expectations, provide measurement and feedback on performance, improve performance, and develop employees into stronger workers, which in turn makes the organization stronger (DuBrin, 2012; Oracle, 2012). However, for success of goal setting, there is need to involve employees in setting their goals, tie goals to work unit, hold regular performance meetings, undertake regular feedback and coaching, ensure focus on relevant areas and align reward systems with results. This theory is applicable in performance contracting where goals are established for the agency, performance is measured and incentives are provided after achievement of set targets (Nganyi *et al.,* 2014). Premised on this reasoning, goal setting theory may be used to justify the use of performance measurement in public institutions since it's a major source of motivation for the employees to accomplish set targets resulting to enhanced service delivery. However, success of performance measurement, calls for the targets to be clear and precise on what is being measured and how to calculate it without any ambiguity. Key performance indicators must be clearly understood and agreed upon by all parties since employees are more likely to embrace the idea if they participate in its creation (Gakure, Eliud & Karanja, 2013).

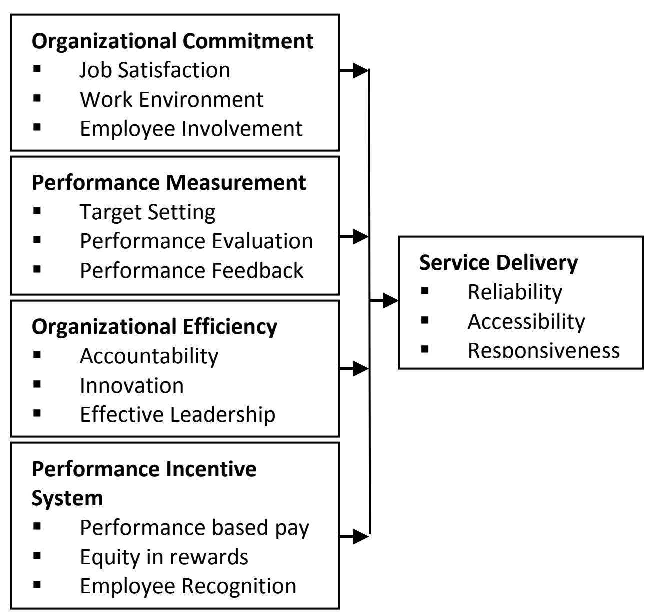
New Public Management (NPM) Theory

New Public Management (NPM) theory is based on the premise that there are series of deliberate ideas relating to reforming public institutions procedures in order to make them more competitive, adaptive and efficient in resource use and service delivery (Mackie, 2008; Rosta, 2011). Its first practitioners emerged in the United Kingdom under Prime Minister Margaret Thatcher and in the Municipal governments in the USA that had suffered most heavily from economic recession and tax revolts. It then spread to Australia, New Zealand, Scandinavian countries and Europe. Due to its successes in such countries, certain components of NPM have become the classical model for reforms worldwide thereby establishing itself as a paradigm for modernizing public administration (Haque, 2007). The concept of NPM was sparked by the use of business model prescriptions for governments. That is, using private sector innovations, resources, and organizational ideas to improve public sector since it emphasizes on partnership among government, private sector and civil society. It also emphasizes on increasing cost cutting measures; introduction of performance management systems; improvement in the management of human resources, promotion of competition within public sector; usage of contract arrangements; emphasis on results rather than procedures; formulation of definite standards and measurement of performance; increasing responsibility of public administrators; separation of politics and administration; a shift away from policy to management and introduction of quality management techniques (Maesschalck, 2004). Performance contracting can be viewed as one of the reforms that have been initiated under NPM whose main focus is to make governments more efficient by using less to produce more (Obong'o, 2009; Mutahaba, 2011; Larbi, 2014; Juma, 2015). In this study, NPM theory may be used to explain the concept of organizational efficiency since the theory is based on the premise of embracing reforms aimed at improving organizational efficiency and performance in public institutions after the failure of traditional state bureaucracies. This theory further emphasizes on the adoption of strategies meant to improve service delivery and the general assumption that the government should deliver more for less. This move makes public institutions become more business oriented, saves finances, increases efficiency and simultaneously compels public bureaucracies to act more responsively towards their clients by delivering high quality services and becoming well positioned to achieve government's objectives.

Expectancy Theory

Expectancy Theory was proposed by Victor Vroom in 1960s who argued that employees in an organization would be motivated to work hard when they believe that putting in more effort would yield better job performance which then leads to organizational rewards that are valued by the employees. According to Vroom, what motivates a person to make a decision is a product of three variables: valence (how much a person desires a reward); expectancy (the probability that effort will result in successful performance); and instrumentality (belief that performance will be a means to get the reward). These three factors create a force which motivates an individual to put in effort in order to achieve a level of performance and then obtain end rewards (Nsofor, 2007). This theory therefore emphasizes the need for organizations to relate rewards directly to performance and to ensure that rewards provided are deserved and desired by the recipients. It assumes that behavior results from conscious choices among alternatives whose purpose is to maximize pleasure and minimize pain. Thus, a person will reduce his effort if he believes that he will not achieve the required performance level; if he believes that it is impossible to achieve the rewards or if he believes that the reward is undesirable. According to Vroom, achieving rewards to which a large value is assigned leads a person to making more intensive efforts (Parijat & Bagga, 2014). The theory may therefore be used to explain the influence of performance incentive system on service delivery because it is based on the idea that a relationship exists between effort people put forth at work; performance they achieve from that effort; and the rewards they receive from their effort and performance (Lunenburg, 2011). In other words, employees will be motivated if they believe that strong effort will lead to good performance which then translates to desired rewards. Based on this argument, performance incentive systems may be used to influence service delivery in public institutions if it motivates employees to put in more favourable performance with the expectation of getting desired rewards.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Organizational Commitment

Organizational commitment is a force that binds an individual to a course of action that is relevant to the goals and objectives of the organization since it is the extent to which an employee develops an emotional attachment and feels a sense of allegiance to his employer (Cohen, 2003; Arnold, 2005; Dey, 2014). Therefore, highly committed employees are not only likely to remain with the organization but are likely to be actively engaged in developing organization specific skills and knowledge necessary in advancing organizational goals. Such people aim to contribute creatively to improve work methods and other forms of innovative changes that help the organization achieve higher levels of success in service delivery (Samad, 2007; Ismail, 2012). According to Iqbal *et al.,* (2015) organizational commitment manifest itself in affective (remain in the organization because they feel they want to), continuance (remain because they need to), and normative (remain because they ought to). However, affective commitment has been linked to high levels of performance, positive work ethics and desire to remain with the organization (Ismail, 2012).

Performance Measurement

Performance measurement is the process of establishing achievements and gaps in order to provide feedback (Armstrong, 2006). It evaluates how well organizations are managed and the value they deliver to customers and other stakeholders. Thus, effective performance measurement ensures that the relative level of organizational performance can be evaluated, compared and improvements made (Parhizgari & Gilbert, 2004). Performance measurement is considered fundamental in improving public service delivery as it focuses on attention of public managers and oversight agents as well as the general public on what, where and how much value programs provide to the public (Obongo, 2009). Letsoalo (2007) further argued that performance measurement enhances performance and service delivery both for the individual and the organization as it enables principals to hold organizations accountable and introduce consequences for performance.

Organizational Efficiency

Efficiency measures the relationship between inputs and outputs or how successful the inputs are being transformed into outputs (Boyle, 2006; Dunleavy & Carrera, 2013). It is a question of correctly prioritizing services to correspond with the needs of the citizens. In the public sector, efficiency refers to the entire process of turning public resources into positive outcomes for individuals and society. Improving organizational efficiency does not just mean reducing spending but also means delivering better outcomes and more effective government while using public resources in the smartest way possible. The performance of public sector today is assessed by the efficiency of its service delivery because it defines and informs the efficiency of all other sectors of an economy. Therefore organizational efficiency reflects improvement of internal processes of organizations such as organizational structure, culture, management, productivity, quality and profitability (Chandrashekhar, 2007; Bartiuseviciene & Sakalyte, 2013).

Performance Incentive System

Incentives are rewards for achieving certain targets or making a certain effort such as bonuses and increased pay or fear of reprisals. According to Schreiner and Colombet (2001) incentives motivate employees to change their behaviour or attitudes so as to achieve high performance levels. According to Ledgerwood (2000) there is a direct relationship between employees' performance and their remuneration. Organization's success depends on its ability to create conditions and systems that entice the best people to work there (UNDP Report, 2006). In addition, a good incentive system encourages employees to be productive, creative, fosters loyalty, stimulates innovation, improve interpersonal relationships, lower absenteeism and turnover rates and raise job satisfaction, which produces lasting effect on organization performance (Bryson, Freeman, Lucifora, Pellizzari & Perotin, 2011). However, the effectiveness of an incentive system depends on its transparency, equity, fairness and consistency.

Service Delivery

Service delivery is the fulfillment of organizational goals and objectives so as to satisfy the needs of customers, employees and investors. This can be achieved through clear mutual understanding of purpose between management and employees (Heskett, 2006). Public services are considered essential since they enhance quality of life of people and nation's development process. According to Bienstock *et al.,* (2003) service delivery involves personal interaction between government, society and citizens for the accomplishment of their needs. Therefore, customers have a right to demand services that meet their needs fast enough, accessible, reliable, good quality and at modest cost and all wrapped in friendly treatment (Eigeman, 2007).

Empirical Review

Organizational Commitment and Service Delivery

Cheche and Muathe (2014) in their study on critical review of literature on performance contracting found that employees' commitment to organizational goals depended on the strength of their belief and expectation that doing so would be followed by favourable outcome and the value they attach to the rewards (Robbins, 2005). This implies that employees' commitment is dependent on the perceived beliefs, vested interests and expectations from implementing performance contracting system which motivates them to improve service delivery.

Gathai *et al.,* (2012) on factors that influence implementation of performance contracts in state corporations in Kenya Civil Aviation Authority revealed that commitment by top management is mandatory for successful implementation of performance contracting as was indicated by a mean of 2.6. At the same time, top managers needed to demonstrate their willingness to give energy and loyalty to the implementation process; and managers and staff do have good relationship as indicated by a mean of 2.2 and 1.9 respectively. This suggests that both management and staff should be committed to their work to enhance service delivery. Somers (2010) further studied commitment in 288 hospitals. Their commitment profiles were compared to turn over intentions, job search behavior, work withdrawal and job stress. Four (4) commitment profiles emerged: highly committed, affective normative dominant, continuance normative dominant, continuance dominant and uncommitted. Results indicated that most positive work outcomes were associated with the affective normative dominant profile which included lower turnover intentions and levels of psychological stress. This implies that commitment influences outcome variables especially those associated with employee retention and behavior (Ghosh & Swamy, 2014).

Performance Measurement and Service Delivery

Several studies have highlighted the need for performance measurement in public institutions. For example: Gathai *et al.,* (2012) on their study on factors that influence implementation of performance contracts in State Corporations in Kenya Civil Aviation Authority found that performance measurements may be used to evaluate, control and improve operations in order to ensure that the organization achieves its goals as indicated by a mean of 2.8. Moreover, employees were able to get sufficient feedback about their performance levels and that performance measurement provided information about how well a process would be conducted and results achieved as indicated by a mean of 2.5. This implies that organizations should have performance measures that monitor the implementation and effectiveness of an organization's strategies.

Organizational Efficiency and Service Delivery

According to a case study by Nyaigo, Omari, Onyango and Yobes (2013) on the effects of performance contracting on organizational performance at the Ministry of Housing Headquarters in Nairobi Kenya, investigated efficiency of operations after the introduction of performance contracting and found that operational efficiency had been impacted positively with a weighted mean of 3.57. This implies that performance contracting is an effective and efficient tool in the execution of operations at the Ministry of Housing by improving service delivery. These findings agree with those of Kobia and Mohammed (2006) who found that performance contracting improves growth and service delivery in commercial state corporations as well as government ministries, state corporations and statutory boards.

Birech (2011) investigated the effects of performance contracting strategy on the performance of State Corporations in Kenya Energy Sector and found that 39% of the respondents strongly agreed that doing the job efficiently was the central theme of the public sector reforms. 43% of the respondents agreed that inter administrative comparison circles at the administrative level increases efficiency. This implies that efficiency in operations is a significant factor in the success of operations in an institution hence its adoption may influence service delivery to a greater extent. These results were consistent with that of Letangule and Letting (2012) on effects of performance contract on organization performance at the Ministry of Education in Kenya where they found that 5% of the respondents strongly agreed that doing the job efficiently was the central theme of the public sector reforms while 20% mildly agreed. However 4% neither agreed nor disagreed.

Performance Incentive System and Service Delivery

Gesare, Elegwa and Kwasira (2016) in their study on reward and recognition programmes and their influence on service delivery in state corporations in Kenya found that reward and recognition programmes have positive effect on service delivery in state corporations in Kenya with coefficient of correlation of 0.411. The coefficient of determination (R^2) of 0.169 indicating 16.9% of service delivery could be explained by reward recognition programmes. This relationship was significant with ANOVA results indicating a p value of 0.000 and F statistic of 19.058. This implies that when employees' performance is recognized and adequate attention is paid to performance based rewards then employees are most likely to exert their efforts towards the realization of organizational objectives since rewards demonstrate to employees that their behaviour is appropriate and should be reinforced (Armstrong, 2006). Hence, management of state corporations need to design reward programmes for both employees and managers to enhance service delivery.

Service Delivery and Performance Contracting

A study by Mauya (2015) on the importance of setting performance targets on service delivery in performance contracting at the Ministry of Tourism, Kenya revealed that 58% of the respondents agreed that after performance contracting and issuance of customer service manual, staff were able to offer better services. This implies that performance contracting may improve service delivery in public institutions. In a related study by Omar (2012) on the effects of performance contracting on service delivery in the Municipal Council of Mombasa discovered that 90% of the employees realized positive changes in their service delivery and were able to deliver as per their performance targets. This implies that PC initiatives may enhance better service delivery in public institutions.

METHODOLOGY

This study adopted descriptive research design to collect information through administration of a questionnaire to a sample of respondents to assess the influences of performance contracting on service delivery. According to Mugenda and Mugenda (2008), descriptive research design is a process of collecting data from the members of a population in order to determine the current status of the subject under study with respect to one or more variables. According to KNEC website, there are 409 employees on permanent and pensionable terms ranging from senior, middle, first line managers and support staff. However, the study targets only management staff who are 205 in total since they are the ones who sign performance contracts with their respective supervisors. The study used stratified random sampling technique to select a sample from the target population of 205 management employees of KNEC who participate in the signing of performance contracts. Stratification is the process of dividing members of a population into homogenous sub-groups (strata) before sampling to obtain a representative sample (Saunders, 2009). Both qualitative and quantitative approaches were used for data analysis. Data obtained through returned questionnaires was processed through checking and editing for completeness of information and consistency. Then data was coded to enable the responses be grouped into various categories. Quantitative data was then entered into the computer for analysis using Statistical Package for Social Sciences (SPSS) version 21 because of its versatility; speed and accuracy to communicate research findings to enable the researcher analyze the data (Bell, 2007). The formula for multiple regressions was expressed as follows:

$\mathbf{Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon}$, Where;

Y= Service Delivery (dependent variable);

β_0= a constant (coefficient of intercept);

X_1= Organizational Commitment;

X_2= Performance Measurement;

X_3= Organizational Efficiency;

X_4= Performance Incentive System;

ε = error term;

$\beta_1 \ldots \beta_4$= regression coefficient of four variables.

RESULTS

Organizational Commitment

The study sought to identify the effect of Organizational Commitment on Service delivery in State Corporations in Kenya. According to Blair (2001) Organizational Commitment relates to processes and decisions that seek to define actions, grant power and verify performance.

From the findings in table 1 majority (43%) indicated that affected Service delivery to a large extent, 30% to a very large extent, 15% to a moderate extent, 8% to a small extent and 4% not at all. These echoed findings by O'Donnell (2007) that good Organizational Commitment in many led to increase in Service delivery in State Corporations in Kenya (Rosi, 2010). The study therefore inferred that Organizational Commitment helped improve Service delivery in State Corporations in Kenya.

Table 1: Extent to which Organizational Commitment affected Service delivery in State Corporations in Kenya

Organizational Commitment	Frequency	Percent

To a very large extent	18	30
To a large extent	26	43
To a moderate extent	9	15
To a small extent	4	8
Not at all	2	4
Total	59	100

Performance Measurement

The study sought to find out the effect of Performance Measurement on Service delivery in State Corporations in Kenya. Performance Measurement is providing one-to-one support to employees (De Fabrizio, 2001). In this study, it means support offered to employees by experts boost their motivation.

From the findings in table 2, majority (41%) indicated that Performance Measurement influenced Service delivery in State Corporations in Kenya to a very large extent, 31% to a large extent, 19% to a moderate extent, 7% to a small extent and 2% not at all. These findings corroborated with findings by Hui (2011) who found out that Performance Measurement plays a key role in improving Service delivery in State Corporations in Kenya.

Table 2: Extent to Which Performance Measurement affects Service delivery in State Corporations in Kenya.

Performance Measurement	Frequency	Percent
To a very large extent	25	41
To a large extent	18	31
To a moderate extent	11	19
To a small extent	4	7
Not at all	1	2
Total	59	100

Organizational Efficiency

The study sought to examine the influence of Organizational Efficiency on Service delivery in State Corporations in Kenya. According to Collier (2006) Organizational Efficiency is the involvement of the employees in work related responsibilities (Foster, 2000). From the findings in table 3, majority (49%) indicated that Organizational Efficiency affected Service delivery in State Corporations in Kenya to a large extent, 32% to very a large extent, 11% to a moderate extent, 4% to a small extent and 4% not at all.

These findings were in agreement with findings by Collier (2006) who found out that Organizational Efficiency affected Service delivery in State Corporations in Kenya.

Table 3: Extent to which Organizational Efficiency affected Service delivery in State Corporations in Kenya

Organizational Efficiency	Frequency	Percent
To a very large extent	19	32
To a large extent	29	49

To a moderate extent	7	11
To a small extent	2	4
Not at all	2	4
Total	59	100

Performance incentive system

The study sought to determine the effect of Performance incentive system on Service delivery in State Corporations in Kenya. This is a summary of policies and procedures governing collaboration of the employees in relation to Service delivery in State Corporations in Kenya (Gelderman et al., 2006). O'Donnell (2007) articulates that a Performance incentive system is simply the rules and regulations that are set in place to govern the process of long functionality and efficiency of employees. From the findings in table 4, majority (42%) indicated that Performance incentive system affected Service delivery in State Corporations in Kenya to a large extent, 26% to a very large extent, 18% to a moderate extent, 7% to a small extent and 7% not at all.

These findings correspond with those by Eyaa and Oluka (2011) who found out that Performance incentive system disruptions interfere with Service delivery in State Corporations in Kenya.

Table 4: Extent to Which Performance incentive system affected Service delivery in State Corporations in Kenya

Performance incentive system	Frequency	Percent
To a very large extent	15	26
To a large extent	25	42
To a moderate extent	11	18
To a small extent	4	7
Not at all	4	7
Total	59	100

Service delivery

From the findings in table 5, Organizational Commitment had a mean score of 4.311, Performance Measurement had a mean score of 3.909 and Organizational Efficiency had a mean score of 3.942

These findings were in line with those of Braxton (2008) who found out that Service delivery in KNEC in Kenya is determined by these factors.

Table 5: Service delivery Factors Mean, Std. Deviation and Variance Results

Service delivery	N	Mean	Std. Deviation	Variance
Organizational Commitment	107	4.311	.8404	.648
Performance Measurement	107	3.909	.7152	.612
Organizational Efficiency	107	3.942	.7176	.582
Average	**107**	**4.054**	**0.7577**	**0.614**

CONCLUSION

The findings indicated that currently Organizational Commitment emphasis was low. With regard to the integration of Organizational Commitment, the respondents expressed overwhelming excitement and eagerness; however, these attitudes are dampened by various challenges that they face. Performance Measurement have the potential to provide a framework for professional development; one consistent with experiential learning and the development of a learning organization‟; "Prior research has shown that one-shot workshops without oKNECing individual technology support often fail to meet the specific needs of most educators; instead one-on-one technology mentoring models show promising results"

It is clear that collaboration is keen to encourage further study through the provision of opportunities. The aims of this initiative were to i) enhance teachers‟ personal skills; ii) enrich their understanding; and (most importantly) iii) support them to develop into capable (as opposed to simply competent) computer users – those who could go on learning beyond the period of the course On the other hand, the study also revealed that lack of operational Performance incentive system policies is another challenge hindering Service delivery.

RECOMMENDATIONS

The `study justified that with proper strategies, these can help eliminate assumptions ,misconceptions ,misjudgments and the gross negative perception about Service delivery in the KNEC industry in Kenya. The government of Kenya, policy makers, the International community and other stakeholders with interest in Kenya matters should pay attention on measures that ensure proper retention within the organ in Kenya.

Expansion of Organizational Commitments pace to facilitate access by staff and other stakeholders through allocation of more resources towards development.

Performance Measurement play a key role in motivating employees, hence retention in the KNEC sector in Kenya. The study recommended more policies developed around rewarding of employees.

Employee involvement and participation in decisions, coupled by partnerships with other successful partners in a bid to acquire best practices to accelerate Organizational Efficiency is recommended.

Using blended approach and enhancing work flexibility was recommended. This recommendation was supported by Awidi (2008) who advises that developing a flexible environment that is trusted and sustainable requires pursuing a blended approach.

Recommended Areas for Further Research

Due to constraints highlighted, this study could not exhaust all the challenges. Research should be conducted to establish other factors that affect Service delivery in Kenya since those covered in this study account for 58.9% only. Such a research should be conducted in other regions to establish their unique challenges so that some harmonization can be realized.

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