



# ASSESSMENT OF PERFORMANCE CONTRACTING PRACTICES AND PUBLIC SECTOR SERVICES AT GASABO DISTRICT, KIGALI- RWANDA.

NDAYISABYE J.

MBA/HUMAN RESSORCE MANAGEMENT, SCHOOL OF GRADUATES STUDIES.

UNIVERSITY OF KIGALI

Email: [chujofert@yahoo.fr](mailto:chujofert@yahoo.fr)

Phone: (+250)788554956

## Supervised by:

Ogbe Austin. A

Full Professor, School of Graduate Studies

UNIVERSITY OF KIGALI

## Abstract:

*Performance contract is a freely negotiated performance agreement between a government, acting as the owner of a public agency and its management. It is used in the Rwanda public sector to measure performance of the assigned employees in a given agency. The public sector in Rwanda face pressure to improve service delivery, lower costs become more accountable, customer focused and responsive to stakeholder needs. The purpose of the study was to establish the influence of Performance contracting practices on performance of the public sector in Rwanda. A survey was conducted on 15 sectors of Gasabo District and the 10 different departments at headquarter of Gasabo District. A sample of 126 employees were drawn from a population of 182 starting with two-stage sampling. Questionnaires, document analysis were used for data collection. Data was analyzed using Statistical Package for Social Sciences Version 22. Any unit increase in Performance Planning would increase public sector services at Gasabo District, Kigali- Rwanda*

*by a factor of 0.192. Lastly any unit in Performance Monitoring and Reporting would increase in public sector services at Gasabo District, Kigali- Rwanda by a factor of 0.167. The study recommends continuous training, initiating policies for fast tracking performance targets; provision of resources to facilitate performance contracting, implementation of performance contracting in all public institution, introduction and implementation of strategies that reward performing employees, establishing an independent institution to negotiate Performance contracting practices and conduct evaluation objectively. Further scientific research is recommended to analyze the reasons why some districts are not performing well while some are doing extremely well.*

## **Introduction**

Globally, performance is the capacity to satisfy a commitment, to achieve the set targets, satisfy a necessity and achieve something as guaranteed or anticipated. Execution is the association's capacity to accomplish its objectives by involving assets in a successful and productive way (Daft, 2014). Strategic management and the need to measure the outcome of organizational strategy is growing. Today the best-known integrated performance measurement system in most countries is the Balanced Scorecard. There are additionally numerous other estimation frameworks, for example, Performance contracting which is utilized in Kenyan public area, the Performance Pyramid System and Performance Matrix (the outcome/determinants grid) and execution crystal (Metawie & Gilman, 2015). The point of execution estimation is to work with the best use of the nearby power's assets in offering types of assistance which are both proficient and viable. Performance measures can be classified as finance, output, impact, reaction and time (Armstrong, 2015). Execution Contracts were first presented in France after the distribution of the popular Nora Report on the change of state-possessed endeavors in France. Today, practically all Organization for Economic Co-activity and Development (OECD) Countries utilize some variation of Performance contracting practices in dealing with the public area (Obongo, 2019).

Performance contracting, balanced scorecard and performance pyramid do not consider interests of all stakeholders but performance prism does. Performance pyramid recognizes hierarchical levels and measures performance at those different levels. Performance contracting when cascaded, measures performance at all levels including individual employees. Performance contract has different effects on performance. Experience in Korea suggested that PC can improve performance. However, the study relied on employee and management opinion (Song, 2008). In For the instance of Rwanda, the exhibition contract prevalently known as —Imihigo in Kinyarwanda (the public language) was presented by the Government of Rwanda in 2006 (Bruno, 2012). The strategy of execution contract was presented in Rwanda as a vital device to build up the nearby government ability to further develop arranging, productivity and viability of fundamental public help conveyance and to engage individuals to take part in the political, social and financial change of the whole nation effectively. The utilization of execution contract is

likewise valuable in advancing great corporate administration and furthermore offers better and productive task the executives and execution. It additionally grandstands areas of shortcomings which require consideration before long monetary plans and courses of action.

This study focuses on the agreements (Imihigo) signed between local authorities the higher authorities (districts and ministry). Performance contract has started in 2006 and now cover most central and decentralized government agencies. Local authorities at district to cell levels are these working closely with the local population hands in hands for all policies and programme implementation of the government. In Rwanda, Imihigo, also known as Performance contracting practices, are signed between the president, local governments, and line ministries to achieve community targets. They play an integral role in the ability of the Rwandan government to deliver a better life for all. Imihigo reflect pre-colonial governance where each chief explains to the king what is planned to perform to his people (Daniel et al, 2014). The main purpose is to strive authorities and measuring the socio-economic achievements in a specific period, poor performers are advised in public. Based on this effort the country expects to become a middle-income country by 2024 (MINECOFIN, 2018). Hence the need for the study sought to assess the influence of Performance contracting practices on performance of public sector services at Gasabo District, Kigali- Rwanda.

### **Statement of the problem**

Performance contracting practices(IMIHIGO), is one of the traditional home-grown solutions used in social and economic development of Rwanda that is designed as performance management contracts signed between the President of the republic and the ministers, heads of Government institutions and the District Mayors on behalf of their constituencies.

In the wake of the 1994 genocide, the Rwandan Patriotic Front inherited the remnants of a highly centralized state administration. For a number of years, the government engaged in crisis management, attempting to meet the basic needs of a traumatized population. In 2000, in an effort to improve local service delivery, the RPF-led government began a program of decentralization. Under the new arrangement, mayors were responsible for implementing development programs. A chief concern for the central government was how to make mayors accountable. In response to this challenge, the government in 2006 launched an innovative system known as the Imihigo process. Imihigo had its roots in a pre-colonial Rwandan cultural practice whereby leaders or warriors would publicly vow to achieve certain goals—and face public humiliation if they failed. The modern Imihigo process linked this traditional Rwandan practice with planning, monitoring and oversight. By 2010, government officials believed that the Imihigo process had resulted in improved service delivery in the districts.

It is in this regard that the Performance contracting practices in decentralized levels of administration seeks to ensure effective and sustainable use of public resources, to guarantee transparent, accountable and participatory decision making and to enhance delivery of basic services.

The Imihigo performance-based approach aims at speeding up implementation of local and national development agenda; ensuring stakeholder ownership of the development agenda. It is

expected that promoting accountability and transparency as well as result-oriented performance; instilling innovation and encouraging competitiveness; engaging stakeholders such as citizens, civil society, donors, and private sector in policy formulation and evaluation (Report on Districts Imihigo Evaluation 2009/2010).

The major problems observed before the introduction of the performance contract policy were related to delay and poor quality in terms of Government programs execution, low effectiveness of local Governments with regards to taking the right actions at the right time. It is very useful to manage organization performance especially in public institutions. The performance of employees was considered as insufficient and sometimes even very poor in many public institutions and no transparency in performance employee evaluation. These problems have led to many of the state corporations facing cash flow problems, staff retention challenges, loss of revenue, and stagnation due to poor strategy implementation.

Moreover, governments have generally tended to focus on project implementation and not on the quality of performance. They have as a consequence not laid significant emphasis on improvement in service delivery. This study on performance contracting, measurement and public service delivery, is therefore, motivated by the need to establish and understand the factors that affect and influence improvement in organizational performance in the public sector and ultimately improvement in the quality of public service delivery. Therefore, this study sought to fill the gap by establishing the influence of Performance contracting practices on public sector services at Gasabo District, Kigali- Rwanda.

### **Objectives of the study**

The study focused on both general and specific objectives.

#### **General objective**

To establish the influence of Performance contracting practices on public sector services at Gasabo District, Kigali- Rwanda.

#### **Specific objective**

This study was guided by the following research objectives:

To evaluate the influence of performance planning on public sector services at Gasabo District, Kigali- Rwanda.

#### **Research question**

The researcher seeks to answer the following research questions:

What is influence of performance planning on public sector services at Gasabo District, Kigali- Rwanda?

### **Hypothesis of the study**

The study was guided by the following hypothesis:

Ho1: There is no significant influence between performance planning and public sector services at Gasabo District, Kigali- Rwanda.

HA1: There is a significant influence between performance planning and public sector services at Gasabo District, Kigali- Rwanda

### **Conceptual review**

#### **Performance**

Campbell's (1999) defined performance as behavior or action relevant to the attainment of an organization's goals that can be scaled, and measured. Ramanjam (1986), indicated that a narrow definition of performance focuses on the use of simple outcome-based financial indicators that are assumed to reflect the fulfillment of the economic goals of the firm. As per Draft (1991), execution is the hierarchical capacity to achieve its objectives by involving variable assets in productivity and compelling way. Execution is likewise a theoretical of idea and should be addressed by concrete, quantifiable peculiarities or occasions to be estimated. It covers various sorts of exercises (Bateman et al., 1990).

#### **Performance contracting**

Execution Contract is characterized as an openly arranged execution understanding between the Government, going about as the proprietor of an administration organization, and the actual office. It plainly determines the shared exhibition commitments, expectations, and obligations between the two gatherings (Performance contracting rules, 2009). A presentation contract comprises a scope of the board instruments used to characterize liabilities and assumptions between gatherings to accomplish commonly concurred results. It is a helpful device for articulating more clear meanings of targets and supporting inventive administration, checking and control techniques and simultaneously conferring administrative and functional independence to public assistance supervisors (Performance contracting rules, 2009).

Performance contracting allows public agencies to contract for results rather than contract for services. While there is no universally accepted definition of performance contracting, Martin (2004) puts forth a general definition: "A performance contract is one that focuses on the outputs, quality, and outcomes of service provision and may tie at least a portion of a contractor's payment as well as any contract extension or renewal to their achievement."

#### **Concept of Performance contracting practices in Rwanda**

Imihigo is essentially as old as pre-pioneer Rwanda. Imihigo is a social practice in the old custom of Rwanda where an individual would set himself/herself focuses to be accomplished inside a particular timeframe and to do as such by following a standards and having assurance to defeat the potential difficulties. In the cutting edge Rwanda, the Imihigo practice was embraced for the purpose of wanting to speed up the advancement towards monetary turn of events and neediness

decrease. Imihigo has major areas of strength for an on results which makes it an important device in the preparation, responsibility and observing and assessment processes. As indicated by IPAR, 2016 Rwanda's unprecedented recuperation from complete political, financial, and social breakdown following the 1994 decimation against the Tutsi is one of Africa's most reassuring improvement examples of overcoming adversity. The Government of Rwanda has since resolved to embrace a major, wide based monetary and social change expected to move the country from low-to center pay status, and this responsibility has proactively yielded profoundly noteworthy outcomes. Rwanda is one of a handful of the African nations that accomplished the vast majority of the Millennium Development Goals (MDGs).

While explaining its Imihigo or execution gets, every neighborhood government managerial unit decides its own targets (with quantifiable pointers) considering public needs as featured in the International and National key reports, for example, the MDGs, Vision 2020, EDPRS, District Development Plans (DDPs) and Sector Development Plans. The Imihigo, at both preparation and announcing stages, are introduced to the general population for motivations behind responsibility and straightforwardness. The Mayors and Province Governors likewise sign the Imihigo or execution contracts with H.E the President committing them to accomplishing the set goals. The IMIHIGO interaction guarantees the full investment and responsibility for since needs are created from grassroots level.

### **Theoretical review**

Execution contract was conveyed from contract hypothesis which concentrates on how financial entertainers can and do build authoritative plans, by and large within the sight of unbalanced data. Due to its associations with both office and motivations, contract hypothesis is many times sorted inside a field known as Law and financial matters. One conspicuous utilization of it is the plan of ideal plans of administrative pay (Letangule, 2012). A presentation contract is applied in administration science for the board control frameworks. It is a legally binding plan for defining objectives and guaranteeing organized and simple administration of objectives practitioners (Simiyu, 2012).

### **Contract theory**

The theory of contract is concerned with the choice between a sales contract and an employment contract. The hypothesis of motivators is worried about a decision that is pertinent to one or the other kind of agreement, is looking of interest is on strategy for by implication directing the activities of the specialist, a laborer or a project worker (Kihara, 2013). Yawell formulates a general decision theoretic incentive model and investigates its properties under sets of assumptions, including certainty and uncertainty. The incentives relationship he studies includes only two parties. This relationship is further simplifying for purposes of analysis so that the payoff to the principal results exclusively from the action of the agent, while the agent's reward is determined solely by the principal according to the perceived results of the agent's actions. Yawell assumes that the basic relationship between the two parties is formed for the benefits of both and investigates the extent to which the principal can guide the agent's actions by establishing rewards

conditional on the results the agent achieves. This is similar to the way Imihigo or Performance contracting practices in Rwanda are underutilized toward socio-economic development. It is mandatory to the employee to achieve contracts and the best are getting a reward (not mandatory) but the poor performers decide themselves to resign (Kogei et al, 2013).

### **Goal setting theory**

From the performance contracting literature, agency theory has been the underlying theory adopted by many authors to explain the application of Performance Contract and the evaluation Performance Contract in general (Simpson, 2013). The objective setting hypothesis was progressed by Locke and Latham during the 1990s (Latham, Brcic, and Steinhauer, 2017). As per Latham et al. (2017), the hypothesis underlines the significance of the objective to an individual so that to guarantee objective responsibility. Additionally, many examinations feature the significance of further developing execution by the normalization and standardization of objective plan and execution target setting and assessment.

The goal setting theory is important in this study since successful strategy implementation requires operationalization of the strategy by setting short term and medium-term goals. Implementation of Performance contracting practices is supposed to assist the organizations in setting annual goals for strategy implementation. This theory supports the performance planning aspect variable in this study.

### **Resource-based theory**

The core of the resource-based theory of the firm lies in a fundamental heterogeneity in the production processes of firms. The theory was advanced by Penrose (1959), in the field of economics (Hitt, Xu, and Carnes, 2016). Given specific data sources, each firm applies these contributions to an alternate way, bringing about various results or items. As an outcome, supported upper hand came about for those organizations whose creation interaction ends up being most effective and whose results best satisfy need. Inputs are typically isolated into three classes: actual assets, authoritative assets and HR (Koch and Kok, 1999).

The resource-based theory stems from the principle that the source of organizational competitive advantage depends on the unique resources and capabilities that a firm possesses (Steinthorson & Soderholm, 2002) and not mainly their positioning in the external environment or simply evaluating environmental opportunities and threats in conducting business. Before the emergence of Resource-Based View (RBV), the importance of resources to a firm's competitive growth was firstly recognized by Penrose (1959). The resource-based theory is important in this study since successful strategy implementation requires the provision of resources. Implementation of Performance contracting practices is supposed to provide an avenue for the provision of the resources required for strategy implementation. This theory supports the performance monitoring and reporting aspect variable in this study.

### **Empirical review**

Elzinga et al., (2009) found through research in 150 organizations, that two-thirds agreed that implementing performance management systems increased employees' awareness of company strategy and business plan goals, and helped to align operational improvements with the overall strategy. Wikina (2008) tracked down that the need to adjust execution and objectives to authoritative technique is making associations look at the presentation the executives' structures they have set up and devise ways of making them more viable and result based.

Alongside the importance of aligning employee's efforts with company objectives is the need to clearly communicate the organization's expectation of its employees (Chubb *et al.*, 2011). The Corporate Leadership Council (2002) concluded that employee understanding of performance standards and objectives is more influential than specific features of the performance management system itself in driving performance. The Acas Model Workplace also indicates that employees require clarity around expectations of them in terms of standards of performance and behavior and they need consistency in the application of processes. The Acas Model Workplace state that at an individual performance planning is the 'ideal way of clarifying objectives and that appraisals provide the opportunity for managers to check that employees understand what is expected of them (Acas, 2005). Wikina (2008) also states that in performance planning, expectations for employees need to be stated with clear, measurable performance goals.

In their studies, Jacobzone *et al.*, (2010) and Loayza et al. (2004) found a negative causal relationship between economic growth and overall regulation and separate product market and labor regulation. The relationship between regulation and GDP volatility is less consistent. However, the index of fiscal burden is found to have no significant link with economic growth. Also, the results for the labor market and product market regulation become small as the overall quality of a country 's institutional framework improves, suggesting that better institutions help mitigate, and may even eliminate, the adverse impact of regulation on macroeconomic performance (Parker & Kirkpatrick, 2012). Djankov *et al.*, (2006) used the World Bank's Doing Business database to establish the relationship between the burden of business regulations and economic growth.

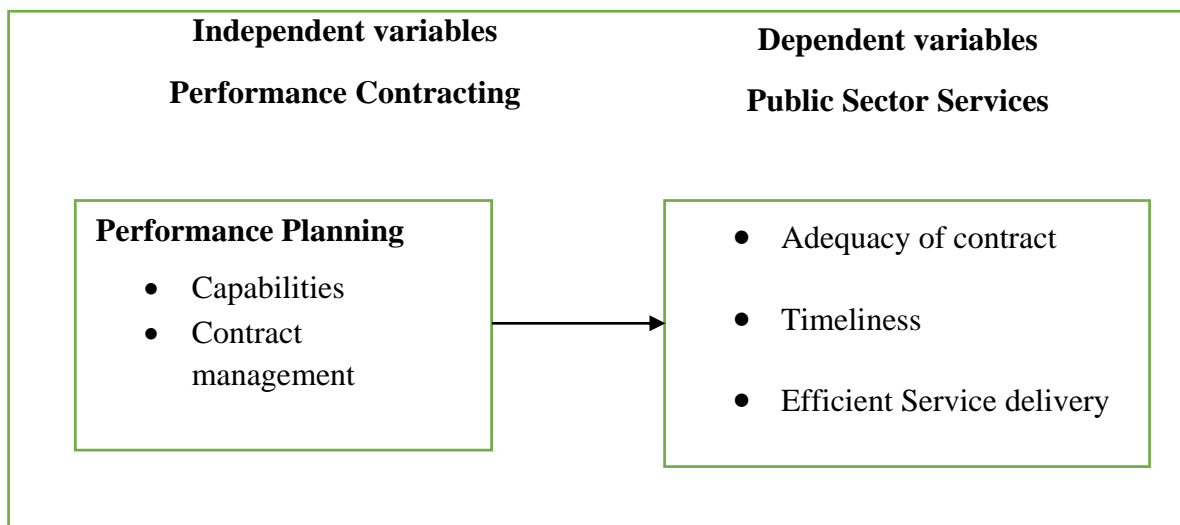
A study carried out by Jillian, Kirkpatrick and Parker (2007) used the World Bank Governance Indicators data to derive a measure of the quality of regulatory policy and governance. The administration markers are; voice and responsibility, political precariousness, government viability, administrative quality, law and order, control of defilement. The outcomes show that the administrative factors have the normal signs with regards to causation and are genuinely critical in all cases. As per Parker and Kirkpatrick (2012), the outcomes are predictable with the speculation that administrative quality causally affects financial development.

### **Conceptual framework**

A calculated system is a conjectured model recognizing the ideas under study and their connections (Mugenda and Mugenda, 2008). A reasonable structure gives a framework of the favored



methodology in the exploration and layouts the connections and the ideal impacts, shaping free and subordinate factors separately. The independent variable includes: Performance Target Setting, Performance planning, and Performance Monitoring and Reporting while the dependent variable is the performance of the public sector in Rwanda.



**Figure 2.1: Conceptual framework**

**Source: (Researcher Conceptualization, 2022)**

### **Research gap**

Local authorities sign Performance contracting practices with target to be achieved by the end of a financial year this requires employees that are committed and have the organization at heart to work towards their achievement. Employees should have a strong taste for them to perform well (Jensen, 1998). It is important for employees to derive their satisfaction from focused objectives, mission and vision and motivation for achievement. Rainey and Steinbauer (1999) argue that an organization's mission should be an important source of work motivation. At the same time local authorities should know that employees are key to an organization and when satisfied they improves performance. They should therefore, work toward satisfying them. There should be reward and sanction provision in the performance contracting for employees. Kim (2005) argued that people are the important cause of good organizational performance. The government agencies

can be more successful when they value their employees and they view people not as a cost but as an asset. Local authorities should put proper human resource procedures such as appraisal, promotion and career development that increase employee satisfaction. Pfeffer (1998) argued that people-oriented practices increase employee satisfaction, commitment and hence people work harder to improve business performance results.

In his review Habamenshi et al., (2019) on the commitment of Imihigo on the financial improvement in Rwanda (2013-2018) a contextual investigation of Gakenke District, by utilizing a blend of quantitative and subjective methodologies by which essential information were gathered utilizing poll, interview, center gathering conversations, staff perceptions and calls; and optional information were gathered utilizing chronicled survey. The discoveries make sense of that marking Imihigo for area specialists has further developed rural strategies that expanded the creation which thusly worked on the existences of the residents and decreased hunger (certified by 100 percent of respondents); New Forest and trees planted and soil security against disintegration and expanded agrarian efficiency (confirmed at 100 percent).

This study, therefore, based on the research gaps identified, studied the influence of performance contracting on performance of public sector in Rwanda. The study focused on the performance target setting, performance planning, performance monitoring, and reporting, and policies in public sector in Rwanda.

### **Research design**

This study adopted a descriptive research design in establishing the influence of Performance contracting practices on performance of public sector at Gasabo District, Kigali- Rwanda. This design was ideal for the study because the methods involved in descriptive research as described by Kombo and Tromp, (2011) include survey, which describes the status quo, and correlation study which investigates the relationship between variables. Engaging plan likewise decides and reports the status quo and endeavors to portray such things as conceivable way of behaving, perspectives, values and qualities (Mugenda and Mugenda, 2013). The plan additionally has sufficient arrangement for security of predisposition and amplified unwavering quality (Kothari, 2011).

The study explored a quantitative and qualitative in establishing the influence of Performance contracting practices on performance of public sector at Gasabo District, Kigali- Rwanda. The mixed approach provided different types of information by using the strength of each approach to overcome the weaknesses of the other (Creswell, 2014). This brought about a mutual understanding of the research problem. Qualitative data enabled the researcher to include measures that could not be measured with discrete data and also helped to describe respondents' attitudes and feelings on establishing the influence of Performance contracting practices on performance of public sector at Gasabo District, Kigali- Rwanda. Quantitative data was captured through the use of a questionnaire. The factors estimated with numbers and broke down with measurable methodology to decide if the prescient speculations turn out as expected. As such the analyst had the option to gather interpretive and inductive information (Brisllers, 2013).

### Study population

Population refers to all people or items with the similar characteristics that one wishes to study (Zikmund et al., 2011). Population is a set of people or items with similar characteristics that a researcher intends to study and to draw statistical inferences or conclusions (Gall et al., 2006).

The study targeted 182 respondents basing on their position in Gasabo District, Kigali- Rwanda. These included a survey that was conducted from 15 sectors of Gasabo District and the 10 different department at headquarter of Gasabo District.

### Sample size

A sample is a subset of the population (Nachmias & Nachmias, 2008). It is a part of a bigger populace that is illustrative of the whole populace. The testing outline depicts the rundown of all population units from which the specimen is chosen (Sekaran, 2010). It is a physical representation of the objective population and includes every one of the units that are potential individuals from a specimen (Kothari, 2014). The choice of a sample size is mainly cash on the need for accuracy required by the researcher and the degree of variation (Saunders *et al.*, 2009). A sample size of 126 respondents was determined using Slovin's formula (1967).

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

Where;

**n** is the sample size,

**N** is the population size (182)

**e** is the desired level of precision (0.05)

$$n = \frac{182}{1 + 182 (0.05)^2} = 126$$

### Sampling

Sampling is the process of selecting a few individuals for a study to represent the larger group from which they are selected (Mugenda & Mugenda, 2013). The study employed stratified and simple random sampling technique. Stratified sampling helped in grouping employees according their levels/positions to ensure representativeness and simple random sampling was used to select employees from each category, hence giving equal chances for selection in each as suggested by Amin (2005). Based on this contention, a sample size of 126 respondents was adequate for this study.

Simple random sampling technique was used in each of the following subgroups: where rotary selection was used on the leaders of the 15 different sectors of Gasabo District. This sampling technique made it possible for the samples to yield data that could be generalized to the Kigali population.

### **Source of data collection**

Both primary and secondary data was used in this study.

### **Primary data source**

Primary data was collected using questionnaire and interview guide.

### **Questionnaire method**

Both open and closed ended questionnaires was used to let the respondents give their own opinion about the study. A meeting aide was likewise used to gather sees on the subject from the top administration. The survey contained both organized and unstructured questions. The open-ended inquiries were utilized to confine the respondents to given factors in which the analyst is intrigued, while unstructured questions were utilized as a part of request to give the respondents space to express their perspectives in a more sober minded way (Zikmund et al., 2010). Optional information was accumulated from existing solid and perceived source. The information contained materials that are alluring, present, exact, adequate and important and was gathered from library course books, web and magazines and work force details in the district

### **Analyzing reports**

Secondary data was collected by use of document analysis that was obtained from literature sources or data collected by other sources.

The study reviewed documents from the internet on information regarding the sectors. Further primary data was obtained from semi structured interviews with policy makers in addition to observations made during inspections.

### **Validity and reliability of the research instruments**

The study evaluated both the validity and reliability of the instrument.

### **Validity of research instruments**

Validity refers to the degree to which a test measures what it purports to measure (Cooper & Schindler, 2013). According to Babbie (2016) content validity of an instrument is improved through expert judgment. Construct validity deals in how questions in the questionnaires are prepared in terms of being clear and not vague (Bryman, 2016). As such, the researcher sought assistance of the assigned supervisor, who, as an expert in research, helped in improving content validity of the instrument. The content validity of the research instrument for this study was determined through piloting, where the responses of the subjects were checked against the research objectives. For a research instrument to be considered valid, the content was selected and included in the questionnaire was relevant to the variable being investigated. Content validity of the instrument was tested using a research expert's opinion, who involved the research supervisor. The research expert independently judged the validity of the items in the questionnaire in relation to research objectives.

The coefficient of variation was used to determine the extent of variability of the research instrument in relation to the mean of the population. This was done using CV determination

formula by Reed et al., (2002). Low CVs % was taken to indicate validity of the instrument.

$$CV = (SD / \bar{X}) * 100.$$

CV= Coefficient of Variation =

SD= Standard Deviation

$\bar{X}$  = Mean

### **3.4.3.2 Reliability of the research instruments**

Reliability is concerned with the question of whether the results of a study are repeatable (Creswell, 2018). The researcher enhanced the reliability of the data collected by ensuring that the questionnaires were pre-tested before being administered to the sample group.

A construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above, for all the constructs, were considered to be adequate for this study. The acceptable reliability coefficient is 0.7 and above (Miles et al., 2014). Cronbach Alpha was used to test the reliability of the research instrument.

### **Data processing**

The data collection techniques that were employed for the research included the use of open and closed-ended questionnaires for selected respondents. A questionnaire is defined as a formalized schedule or form which contains an assembly of carefully formulated questions for information gathering as noted by (Wong, 1999). The questionnaire was designed in three broad areas that included general information, a rating on the influence of performance Target Setting, Performance Planning and Performance Monitoring and Reporting on performance of public sector in Rwanda. The variables on the key objectives of the study were measured in interval scales on a five-point Likert scale (1-representing strongly agree to 5– strongly disagree) to determine respondents' agreement with the concepts under investigation. Data was processed using the SPSS version 21.

### **Data analysis**

Administered questionnaires were checked for completeness, accuracy and consistency then presented for editing, classification, cleaning, transformation, tabulation and coding. Data was analyzed using qualitative and quantitative techniques.

To ensure easy analysis, the questionnaires were coded according to each variable of the study. This study used descriptive and inferential statistics. According to Fellows and Liu (2015), descriptive analysis involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data. In this study, the descriptive statistics such as percentages and frequency distribution was used to analyze the demographic profile of the participants.

Quantitative data was then entered into the computer system for quantitative analysis done using Statistical Package for Social sciences (SPSS) computer software version 21. SPSS is a complete

statistical package for data analysis. Descriptive statistics were generated and multiple regression analysis was used to establish the relationship between performance Target Setting, Performance Planning and Performance Monitoring and Reporting and performance of public sector in Rwanda. Pearson's moment correlation analysis was used to establish the relationship and strength between these variables.

The multiple regression model was used to express the final relationship between the factors influencing Performance contracting practices on public sector services at Gasabo District, Kigali-Rwanda. This model is best suited for it attempts to model the relationship between two or more explanatory variables and a response variable by fitting a linear equation to observed data. Every value of the independent variable is associated with a value of the dependent variable (Cooper & Schindler, 2013).

In addition, inferential statistics was done to show the nature and magnitude of relationships established between independent, intervening and the dependent variable using regression analysis to make inferences from the data collected to a more generalized condition. Each inferential analysis was linked to specific research questions that included in the study.

The regression analysis looked at the following model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Y= Public sector performance (dependent variable)

$\beta_0$ =constant (co-efficient of intercept)

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ , are regression coefficients to be estimated

$X_1$ =Performance Target setting,

$X_2$ =Performance planning,

$X_3$ = Performance monitoring and reporting,

$\varepsilon$ = Error term.

### **Summary on research objective**

The majority of the respondents who were 81.1% (27.5%+53.6%) agreed that capability of employees to plan for implementation of performance contract and strategic plan. The statement response had a mean score of 4.05 and a standard deviation of 1.03. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation.

### **Conclusion**

Performance contracting has brought about efficiency in the utilization of resources in public organization. In the study, a strong positive relationship between performance contracting and resource utilization among the public organizations was identified. The results demonstrated that

performance contracting led to cost reduction in the organization, improved governance as well as productivity, resource use and allocation in the public organizations. Performance contracting in public organizations also resulted to transparency and accountability in the organizations. Further, it contributed towards increase in the organization's revenue as well as customer satisfaction. In a nutshell, efficiency in resource utilization was found to be enhanced by performance contracting. Thus performance contracting in organizations facilitates efficient utilization of the scarce resources in the organizations.

### **Recommendations**

In order to ensure the effectiveness in service delivery in the public sector, it is recommended that performance contracting mainly in target settings should be involved the all staff concerning to its implementation. The study also recommends to the institution to deal with the unrealistic targets in performance contracts, inadequate resources and funding necessary to perform assigned tasks.

Further, this study recommends that performance contracting in public organization should have the consistent follow up to provide on time the feedbacks on performance evaluation results as well as empowering the rewards systems. These strategies will help address the challenges faced in the implementation of performance contracting. The strategies for implementing performance contracting should include employee motivations, training and capacity building as well as putting in place an autonomous institution that will ensure objectivity of performance contracting process. Having an independent institution to negotiate Performance contracting practices and carry out evaluation can ensure objectivity of performance contracting. The organization should also provide the necessary resources to facilitate the implementation of performance contracting. In cases where there exist different categories of employee such as unionized staff, performance contract should also include them. It is also necessary that the process of performance contracting is all inclusive to minimize on cases of resistance by a few stakeholders.

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