

# Effect of Human Resource Planning and Leadership Styles on Performance Contracting in Public Organizations in Kenya

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## ABSTRACT

Performance contracting is a term which is gaining a lot of popularity among government departments as it helps its employees to account for their input in the organization. This study investigated the effect of human resource planning and leadership styles on performance contracting in public organizations in Kenya with a focus on Tharaka Nithi executive county government. It was guided by the following specific objectives; to investigate the degree to which human resource planning affect performance contracting in Kenyan public organizations and to evaluate how leadership styles relate to performance contracting in Kenyan public organizations. The study was anchored on expectancy theory and the agency theory. The target population was 300 Tharaka Nithi county employees. Using stratified random sampling method, the study employed a descriptive research design with a sample size of 172 respondents, according to the administrative county government of Tharaka Nithi. The study used a self-administered drop-and-pick questionnaire as its main instrument to gather primary data from the sampled respondents. Data was analyzed using SPSS software where both descriptive and inferential statistics were produced. Tables and figures were used to display the quantitative results, while thematic presentations were used to display the qualitative data. The results of the study showed that both human resource planning and leadership style had major effect on performance contracting in the county government. Specifically, the effectiveness of performance contracting was found to have a positive and substantial association with these characteristics. This suggests that better performance contracting in county government results from an increase in the efficacy of these variables, and vice versa. The study recommends that best practices be outsourced from excelling county governments in Kenya as reported by council of governors' report of 2022 on both human resource planning and leadership styles and implement the results consistently while cascading them down to the lowest levels of staff. If properly followed, these suggestions would result to the county governments' ability to function successfully.

**Key Words:** Human Resource Planning, Council of Governors, Leadership Styles, Performance Contracting

## INTRODUCTION

Performance contracting is a term which is gaining a lot of popularity among government departments as it helps its employees to account for their input in the organization. However, there is no assurance that the operation of performance contracts would lead to improved performance in every given case. Yang et al. (2019) came to the realization that the performance contracting did not boost labor productivity when there was information asymmetry, a lack of incentives, and the parties' lack of commitment to the aims of the contract. Over the course of its history, performance contracting has been conceptualized and described by a

variety of academics. To improve performance management, Kobia and Mohammed (2006) refer to it as a Memorandum of Understanding (MOU), which is incorporated in an assessment system. Kinyulusi et al. (2012) said that performance contracting was considered to be a subfield of management science and more precisely a component of the management control system. It was essentially a contractual commitment to offer a package in agreement with the terms that had been set, within the period that had been stated, making use of the resources that had been assigned, and fulfilling the performance criteria that had been established. Performance contracts are defined as a management instrument for reviewing performance that fostered operational and managerial independence between the government and public agencies (Mbua & Sarisar, 2013). This strategy cut down on the number of controls, increased service quality, privatized the style of management in the public sector by placing an emphasis on results rather than procedures, measured performance, and made it easier to recognize and reward exceptional performance while punishing subpar performance.

### **Tharaka Nithi County**

Tharaka-Nithi County is one of the 47 counties of Kenya. It was created from Kenya's Eastern Province. The county has an area of 2609 km<sup>2</sup> and as of the 2019 census a population of 393,177. Tharaka-Nithi County is the home to the Chuka, Muthambi, Mwimbi and Tharaka subgroups of the Ameru community. The people of Tharaka-Nithi County are predominantly Christian, with Catholics, Presbyterians, and Methodists being the predominant religious communities.

### **Human Resource planning**

Human resources are defined as potentials, talents, capabilities, and skills that might be developed via continual engagement in a work environment. Human resources can be found in a company's employees. People are helped to realize their full potential in some manner by the connections they cultivate, the contacts they make, and the activities they conduct. The productive utilization of human potential has a significant impact on organizational productivity, the growth of companies, and economic success. Human resource planning largely addressed more general problems with the employment of people, in contrast to manpower planning, which primarily concentrated on more traditional quantitative approaches that were prominent in previous times. Manpower planning was more prevalent. According to Liff and Wikström (2021), such strategies emerged as a consequence of a rational top-down planning viewpoint. Within this framework, long-term evaluations of supply and demand were carried out using tried-and-true quantitative processes.

### **Leadership style**

Leadership styles include transactional, transformational, democratic, and laissez-faire. Hersey-Blanchard Situational Leadership Theory demonstrates best practices using various strategies. Effective leadership relies on a broad range of skills and methods. Jones and Hills (2019) emphasize leadership's role in strategy implementation, with commitment from managers influenced by CEO actions and perceived seriousness. Goleman (2020) highlights the importance of emotional intelligence, competencies, self-awareness, motivation, empathy, and social skills in successful leadership. Transactional leadership involves rewards and penalties for employee performance, while the scientific management method uses task-oriented, transactional leadership. Both approaches require little supervision and involve goal-setting and performance assessment. Some scientists prefer the scientific approach.

Kobia and Mohammed (2006) emphasize the importance of management expertise and support in implementing performance contracting in public organizations. Research supports this, but lacks empirical evidence on leadership styles' impact. The New Public Management approach favors participatory management and devolution of public service functions. Participatory management, originating from

Frederick Taylor, aims to improve organizational efficiency by identifying the best way to perform tasks. It focuses on optimizing job design, reducing loafing, fostering a positive work attitude, and promoting cooperation. This approach has inspired a shift from authoritarian to participatory management since the late 1980s to address governance flaws and promote team development. Performance contracting helps clarify outcomes in decentralized management settings. Performance contracting is a systematic process aimed at enhancing individual and group performance within an association, aiming to improve managerial performance and cultivate a culture of high performance, where individuals and teams take ownership.

The interactive governance approach delegates power and accountability for policy development to public organization administrators and managers, fostering teamwork and decentralized decision-making. This approach aligns efforts with broader goals and promotes a shared understanding of government objectives. Performance contracting, a governance mechanism, is influenced by the broader governance framework. The division of responsibilities between government and public organizations is symbolized as “blue” and “red,” respectively. This integration and separation of power are crucial for institutionalizing new public reforms like performance contracting.

## **STATEMENT OF THE PROBLEM**

There is a lack of accurate portrayal of the priorities of service delivery in regard to the ratings and rankings of performance according to (Puluhulawa, 2019). A performance measuring system requires the identification of metrics depending on the various industries. This assist in linking the inputs and outputs of the process. The connection between the goals of the strategic plan and the visible results those goals would have for the public and other stakeholders were the primary area of concentration. According to Poister and Streib (2019), performance measurements were used in order to keep tabs on the degree to which local government had succeeded in achieving the aims and objectives outlined in the strategic plan.

Only if the government was able to put in place measures that periodically targeted the shift and the overall supporting working environment could a change in the way services were given in the Tharaka Nithi Executive County Government be realized. This thus suggested that there may be challenges encountered while understanding public performances. As a result, the purpose of this research was to investigate the factors that affect implementing performance contracting.

### **Research Objective**

To establish the effect of human resource planning and Leadership styles on performance contracting in public organizations in Kenya.

### **Significance of the Study**

If the results of this research are put into practice, they may provide county officials useful insights that help them evaluate the impact of a variety of issues, such as the effect of organizational culture, and the financial resources allocation on the implementation of performance contracting. This study may also offer county and national government policymakers a deeper understanding of how these policies influences the actual implementation of performance contracting so as to establish adequate incentives and penalties. In addition, this study would have wider academic significance by acting as a foundational resource for future research.

### **Scope of the Study**

Only the county executive government in Tharaka Nithi, Kenya, was included in the research’s geographical scope, and the study objectives were to ascertain how Kenya’s public institutions performance contracting were affected by organizational culture and financial resource allocation. The study’s theoretical focus was

on Expectancy Theory, and Agency Theory. The study used structured research questionnaires to collect its primary data. Three hundred employees of the Tharaka Nithi County administration served as the research sample. This analysis took into account the five-year performance contracting period, which runs from 2018 to 2022. The study ran from March 2023 to October 2023, or around eight months.

## **THEORETICAL BACKGROUND AND INFORMING LITERATURE REVIEW**

This study was anchored on the Expectancy theory, created by Victor H. Vroom in 1976 and the Agency theory by (Jensen & Meckling, 2009).

### **Expectancy Theory**

The Expectancy Theory of Motivation attempted to explain the reasons behind why individuals chose one specific behavioral choice over another over the course of the behavioral process. They believed that there was a confident association between the amount of work put in and the results. According to Kiratu (2020), the outcome of a good performance brought about the desired reward, the outcome met their need to the point that it justified the effort, and the reward that resulted from a performance that satisfied an important need motivated individuals to work toward achieving their objectives. Vroom included the following factors in his expectation model: valence (V), expectancy (E), and instrumentality (I). Because each of the three components was so well specified, it is impossible to prioritize one above the others despite the fact that they were all equally important: Effort, performance, and outcomes ( $E > P$  and  $P > O$ , respectively) are expected to meet or exceed expectations. As a result, the Expectancy hypothesis might be useful to managers since it would aid them in better comprehending the factors that inspire personnel.

### **Agency Theory**

Inherent self-interest was a major premise that underpinned this theory, which postulated that people instinctively sought their own interests. This was a fundamental assumption that underpinned this theory. Therefore, in an effort to manage the problems offered by agency relationships, principals design rules and contractual arrangements to monitor and suitably compensate agents when they aligned with the principle's objectives (Panda & Leepsa, 2017). In order to explain how performance contracting came to be used in public institutions, agency theory was put to good use and found a real-world application. In this scenario, the government played the position of the principal, while public MDAs (Ministries, Departments, and Agencies) acted in the capacity of the agents. In order to develop organizational goals that were used to guide the conditions of performance contracting, MDAs were required to take into account both governmental and self-interests while finding a balance between the two. The association among the belief and the agent is predicated on the government giving financial resources and the MDAs making use of these incomes to achieve predetermined objectives. The timely availability of resources by the government was essential for MDAs to accomplish the goals they had set for themselves.

### **Human Resource Planning and Performance Contracting**

Chakraborty and Biswas (2019) stated that human resource planning allowed an organization to meet its current and future needs for talent, which in turn allowed human resource managers to foresee and develop abilities that are most important to an organization. This made it possible for a company to meet its talent needs, both now and in the future. Furthermore, planning helps a company to attain the ideal workforce mix by balancing the necessary number of employees with the skill sets that are needed. Effective planning also creates a talent pool of individuals ready to take on leadership positions within the company, which paves the way for future growth.

Mwangi (2017) carried the study to investigate how human resource management influenced the results of

performance contracting in Kenyan local government. Their analysis used a correlational research methodology and focused on a total of 41,867 staff members as their primary targets. According to the information supplied by the Ministry of Local Government, the research stratified random sampling to compile a representative sample. Out of Kenya's 175 local administrations, 328 volunteers were randomly selected by the researchers. Personnel employed by these municipal administrations were given questionnaires to complete in order to gather the required data. The study's findings demonstrated a strong correlation between performance contracting's effectiveness and human resource management procedures. The report recommended granting the department of human resources greater autonomy to make choices as a consequence. This study informs in depth how Tharaka County government manages its employees.

In today's ever-evolving global economy with fluid business climates, organizations need effective ways to operate enterprises, conduct operations, and supply products and services to customers. These goals must be accomplished in order to be successful. Because of the rapid pace at which markets, goods, technology, and competitive circumstances were evolving, businesses needed successful strategies in order to function properly. Armstrong and Taylor (2023) states that the objectives of performance management strategies were to increase the efficacy of organizations, the performance of individuals and teams, and levels of ability, competence, commitment, and motivation. The continual management of performance was the responsibility of managers as well as the leaders of their teams. Human resource planning typically tackles more general problems about the employment of people, in contrast to manpower planning, which largely concentrated on more traditional quantitative approaches that were popular in previous times. Such approaches, according to Liff and Wikström (2021), are the result of a logical top-down planning perspective in which reliable quantitative procedures were used to carry out long-term assessments of supply and demand.

### **Leadership Style and Performance Contracting**

Today, there are a variety of approaches to leadership styles. There are four different types of leadership transactional, transformational, democratic or participatory, and laissez-faire or free-rein. Hersey-Blanchard Situational Leadership Theory demonstrates best practices in leadership by utilizing a variety of strategies in a range of situations (Jones & George, 2019). Effective leadership is based on a broad range of skills and methods rather than simply a few characteristics, actions, or areas of influence in a wide range of business contexts. According to Jones and Hills (2019), leadership was to the key to effective strategy implementation and that the managers Subordinate managers commitment to implementing a chosen strategy were influenced by the CEOs actions and the plans perceived seriousness at the executive level. According to Goleman (2020), the most successful leaders had strengths in the emotional intelligence, in their competencies, self-awareness, self-regulations, motivation, empathy and lastly in their social skills.

Transformational leadership happened when a leader and a follower worked composed to attain a greater determination or a usual of shared objects. Through this interaction, one or multiple persons interact with others in this case leaders and followers were raising each level of leaders and followers to higher levels of inducement and ethics. One or multiple persons engaged with others in this suggested that in a leader-follower relationship, both parties goals were fused, resulting in unification and a shared purpose (Gardner et al., 2017). True leaders, who needed a variety of abilities related to charismatic and visionary leadership as demonstrated at the county governments who created fresh value, were zealous and enthusiastic, and they took initiative. Kobia and Mohammed (2006) emphasized the significance of management expertise and support in the successful implementation of performance contracting within public organizations. They stressed the rank of adopting best management practices to ensure the effective execution of performance contracts. This viewpoint was reinforced by Wafula (2013) and Nyaigo et al. (2013) in their studies, which also highlighted the connection between management practices and the implementation of performance contracting. However, there was a lack of substantial empirical evidence regarding the extent to which

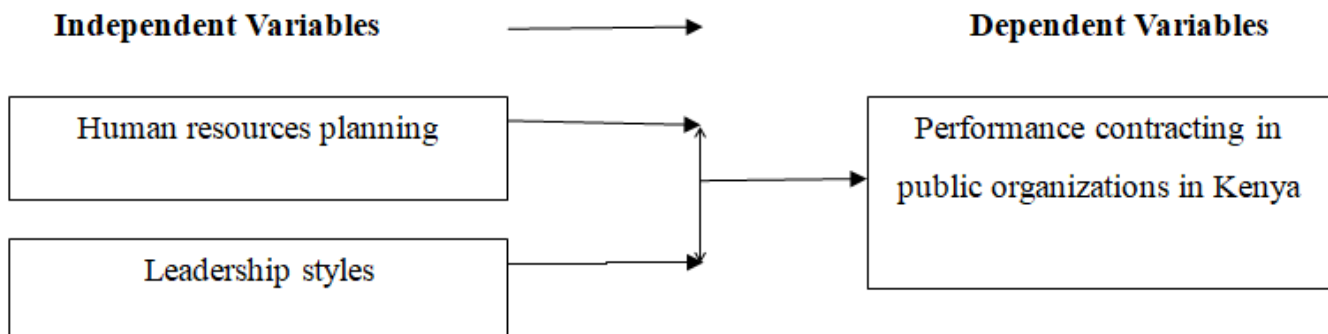
leadership styles impact the implementation of performance contracting. Despite the existence of various leadership styles, the new public management approach leaned toward participatory management and devolution of public service functions (Cavalcante, 2019).

Performance contracting had its roots in the realm of performance management, as defined by (Kobia & Mohammed, 2006). It is described as a systematic process aimed at enhancing the performance of both persons and groups within an association to improve overall managerial performance. The ultimate goal of performance contracting was to cultivate a culture of high performance, where individuals and teams took ownership of refining the processes and honing personal skills within public organizations. The interactive governance approach, on the other hand, challenges the traditional chain of command in government by delegating power and accountability for policy development and application to public organization administrators and managers. This approach fostered teamwork and decentralized decision-making. Engaging public managers and employees in the process ensures their commitment to the strategy, promoted a shared understanding of government and county objectives, and aligned their efforts with the broader goals (Bryson et al., 2013). It was crucial to recognize that performance contracting, as a governance mechanism, was both influenced by and influences the broader governance framework in which it operates.

### 2.5 Conceptual Framework

Conceptual framework showed the connections between the many variables (independent variables) that had an impact on how the Kenyan Civil Service implemented the performance contracting procedure. The theorized framework that operationalized the investigation is depicted in Figure 1.

Figure 1. Conceptual Framework



### RESEARCH METHODOLOGY

This study used descriptive research design which according to Orodho and Kombo (2014), is an account of the state of affairs as it now stands. The target population according to the report on human resources from 2022 was 300 county government workers distributed as in Table 2.

Table 2. Target Population

| Class             | Target population | percent    |
|-------------------|-------------------|------------|
| Senior management | 20                | 6.7        |
| Middle Management | 60                | 20         |
| Operation staff   | 220               | 73.3       |
| <b>Total</b>      | <b>300</b>        | <b>100</b> |

Source: Tharaka Nithi Executive Records (2023)

In order to control the suitable size of the sample for the research, the researchers used a streamlined version of Yamane’s (1967) formula to calculate the number of responses that had to be collected in order for the equation to be valid.

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

Where:

n = sample size

N = population size

e = the level of precision

1 = Constant

This formula assumed a degree of variability (i.e. proportion) of 0.5, the level of precision of 5% and a confidence level of 95%.

$$n = \frac{300}{1 + 300(0.05)^2}$$

$$= 171.42 \approx 172$$

$$\text{respondents } n = 172$$

respondents.

Sample size=172 Respondents

The study used proportionate formula to select the respondents from each strata. Table 3 shows the sample size of the respondent.

Table 3. Sample Size

| Population Category | Target Population | Sample Size | Percent    |
|---------------------|-------------------|-------------|------------|
| Senior Management   | 20                | 12          | 7.0        |
| Middle Management   | 60                | 34          | 19.8       |
| Operation Staff     | 220               | 126         | 73.2       |
| <b>Total</b>        | <b>300</b>        | <b>172</b>  | <b>100</b> |

Source: Researcher (2023)

## DATA COLLECTION INSTRUMENTS

A questionnaire was the main data collecting instrument. It consisted of a 5-point likert scale. As advised by Saunders and Lewis (2015) pilot testing was done to guarantee that the data obtained would enable the investigation questions to be addressed. In this study, 10% of the surveys were used for the purpose of validating the data collecting tool, which was a questionnaire, to ensure that it was applicable and efficient. As part of the pilot testing, thirty-nine respondents who had been chosen at random filled out the

questionnaire.

### Validity of Instruments

In order to validate the reliability of the information provided in the questionnaire, it was subjected to a comprehensive review by five professionals from the relevant sector as well as the supervisor. They were questioned about whether or not the statements made in the questionnaire were disagreeable, meaningful, and clear; this was in addition to determining whether or not they were relevant. Before the final data collecting exercise, the instrument underwent the necessary adjustments so that it would be accurate in light of the findings of the assessment.

### Reliability of Instruments

According to Cronbach, dependability is the degree to which a collection of measurement items are consistent with one another. A questionnaire was utilized to assess the respondents' reliability, and twenty (20) respondents were chosen at random to complete the questionnaire. Due to worries that their answers might have been prejudiced, these respondents were left out of the final research sample. The most popular internal consistency metric, Cronbach's Alpha ( $\alpha$ ), was computed from SPSS and was employed by the researcher. After assessment, the Cronbach's alpha coefficient was found to be closer to 1 when the internal consistency dependability was higher than when it was lower. A drop and pick technique of data collection was employed since it has the potential to boost the response rate.

### Data Analysis and Presentation

The researcher utilized the SPSS software to perform the analysis. In order to evaluate whether or not the entire model was statistically significant, the researcher employed analysis of variance (ANOVA) to ascertain whether or not the quantitative responses were statistically significant and inferential analysis to test for significant differences.

### Ethical Considerations

This was achieved through assurance of confidentiality, privacy as well as anonymity to the respondents. Also, voluntary participation was allowed as a number of respondents had the mistaken belief that they would be required to finish the survey or that they would get some kind of incentive for doing so. The researcher let the respondents know that they would be filling out the surveys on their own free will and that nobody would be forced to do so.

## RESEARCH FINDINGS AND DISCUSSIONS

### Pre-testing Results for Research Instruments

The drive of the education was to ascertain whether or not the research tools were reliable. Table 4 presents the findings in their entirety.

Table 4. Cronbach Alpha for Reliability Assessments

| Variables               | Number of items | Cronbach Alpha Values |
|-------------------------|-----------------|-----------------------|
| Human Resource Planning | 5               | 0.814                 |
| Leadership Styles       | 5               | 0.763                 |
| Performance Contracting | 5               | 0.813                 |

Source: Researcher (2023)



The data presented in Table 4 indicates that the Cronbach alpha values exceeded 0.7 for every variable, encompassing performance contracting, organizational culture, and human resource planning. Both the financial resources available to humans and the leadership style met the threshold level of 0.7 when the scores were rounded up. The inference that can be made from this data is that the constructs measures had the required reliability for the further phases of research because all of the Cronbach Alpha values were at 0.7 or higher. This is as a result of every Cronbach Alpha value satisfying the requirement.

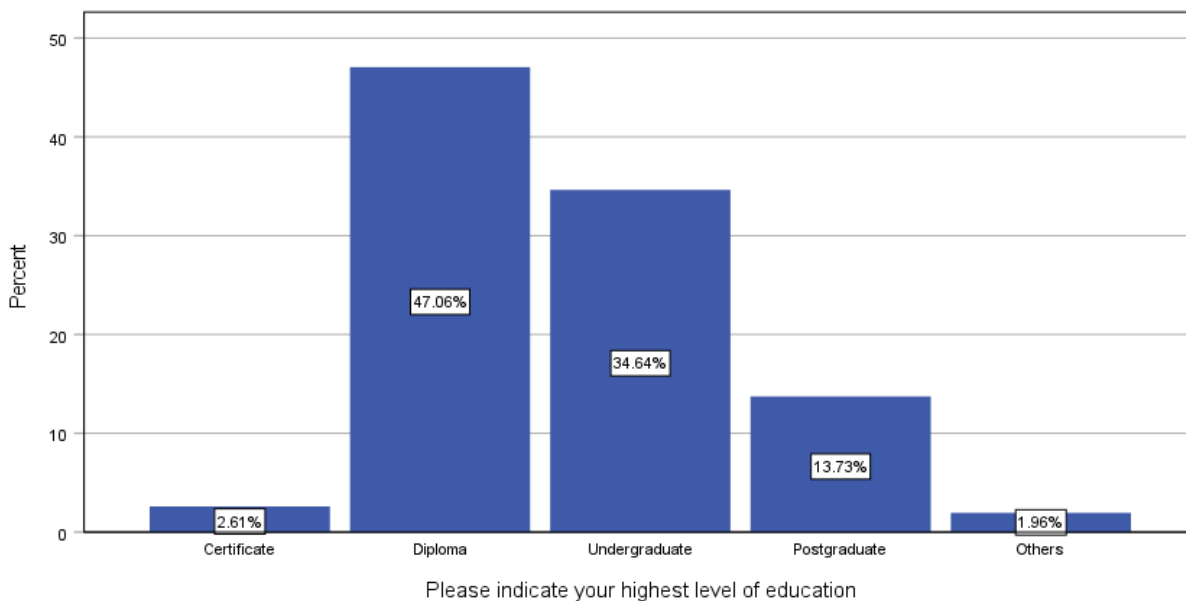
**Demographic information**

**Academic qualification of the respondents**

The academic background of the responders was another aspect of the research that was looked at. Different levels of academic achievement were categorized as certificates, diplomas, degrees, postgraduate degrees, and other designations. Figure 2 presents the findings of the study.

Figure 2. Academic qualification of the respondents

*Please indicate your highest level of education*



Rendering to the outcomes of the review, the vast mainstream of defendants (47.06%) had at least a high school graduation. The percentage of people holding bachelor’s degrees was 34.64%, while the percentage of people holding master’s degrees was 13.73%. Certificate holders made up 2.61% of the total responses, while those with other credentials made up 1.96% of the total. Several other credentials, such as holding a CPA or passing a grade exam for an artisan, were disclosed under this category. The findings show that the county government recruited competent personnel and consistently supports the professional growth of its workers via academic pursuits.

**Work experience**

The drive of this review was to learn about the respondents’ previous involvement with the region administration. The consequences are detailed in Table 5, as may be seen there.

Table 5. Respondents Experience in the County Government

|       |                  | Frequency  | Percent      |
|-------|------------------|------------|--------------|
| Valid | Less than 1 year | 12         | 7.8          |
|       | 1 – 3 years      | 67         | 43.8         |
|       | 4 – 6 years      | 37         | 24.2         |
|       | 7 – 9 years      | 28         | 18.3         |
|       | 10 and above     | 9          | 5.9          |
|       | <b>Total</b>     | <b>153</b> | <b>100.0</b> |

According to the findings of the field survey, 43.8% of the people who took part in the research had previously held a position with the county administration of Tharaka | Nithi over a time span ranging from one to three years. 24.2% of the total respondents were those who had worked during the last four to six years. The bulk of responders were those who had worked throughout this period. While 7.8% and 5.9% of the respondents had worked for duration ranging from less than one year to more than nine years, 18.3% of the respondents had worked for duration of seven to nine years. This indicates that the majority of survey respondents had been employed in the county for a significant period of time, providing them with the requisite level of experience to supply accurate data for the research.

### Descriptive Statistics

The research focused on analyzing how performance contracting is affected by four factors: planning for human resources, different styles of leadership, organizational culture, and financial resources. We used a Linkert Scale with five points, where point one meant there was no extension and point five meant there was a very large spread. When interpreting the findings of the research, both averages and standard deviations were taken into account.

### Performance Contracting

This section discusses the many different ways in which the efficiency of performance contracting may be measured within the Executive County Government of Tharaka Nithi. Table 6 presents the findings in their entirety.

Table 6. Performance Contracting

| Statements                                                           | N   | Min | Max | Mean | Std. Deviation |
|----------------------------------------------------------------------|-----|-----|-----|------|----------------|
| Achievement of project objectives ensures effective service delivery | 153 | 1   | 5   | 4.12 | 1.108          |
| There is completion of deliverables on time and within budget        | 153 | 1   | 5   | 4.12 | 1.114          |
| There is quality of work delivered to customers                      | 153 | 1   | 8   | 3.97 | 1.211          |
| The organization is compliance with regulations                      | 153 | 1   | 5   | 4.07 | 1.089          |
| There is risk management effectiveness                               | 153 | 1   | 5   | 3.99 | 1.186          |
| Valid N (listwise)                                                   | 153 |     |     |      |                |

Source: Researcher (2023)

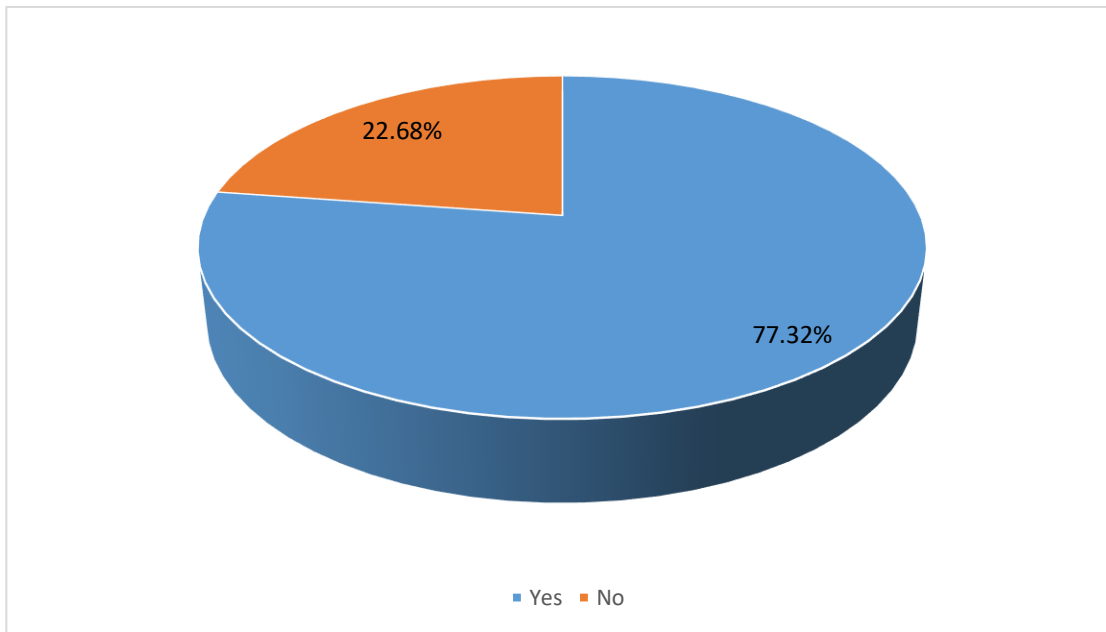
The results that were compiled in Table 6 show that the respondents were in great part in agreement with the statements that “Achieving project objectives ensures effective service delivery” (M=4.12, SD=1.108) and “The county ensures completion of deliverables on time and within budget” (M=4.12, SD=1.114),

respectively. More respondents than before agreed, to a greater degree, that the county complies with rules (M=4.07, SD=1.089) and that there is quality of work given to clients in the county (M=3.87, SD=1.211). The respondents also agreed, to a greater degree, that the risk management practices used by the county administration are effective (M=3.99, SD=1.186). These data support the conclusion reached by Lauritsen (2018), which states that a performance contract may become an effective instrument for assisting workers in growing and realizing their full potential. The overarching goal of performance contracting is to establish a high-performance culture within an organization, one in which employees accept responsibility for the ongoing enhancement of business procedures and make contributions within a structure that is supported by competent and efficient leadership from the organization’s upper management.

### Human Resource Planning and Performance Contracting

The initial purpose of the research was to control the degree to which performance contracting was impacted by human resource planning in Kenyan public enterprises. When asked to determine whether performance contracting is wedged by human resource planning, respondents were given the options illustrated in Figure 3. The results of this poll are shown there.

Figure 3. Responses on Human Resource Planning Affecting Performance Contracting



According to the discoveries shown in figure 3, 77.32 percent of respondents concurred with the statement that performance contracting is affected by human resource planning in the county administration of Tharaka Nithi, whereas 22.68 percent of respondents disagreed with the statement. In addition, the respondents were asked to identify the degree to which HRP has had an impact on performance contracting in the county. The answers of this question are shown in Table 7 below.

Table 7. Human Resource planning practices

| Statements                                                           | N   | Min | Max | Mean | Std. Deviation |
|----------------------------------------------------------------------|-----|-----|-----|------|----------------|
| The employee turnover rate in the organization is low                | 153 | 1   | 5   | 4.25 | 1.144          |
| The succession planning rate of employees is well done               | 153 | 1   | 5   | 4.20 | 1.083          |
| The workforce productivity in the organization is well monitored     | 153 | 1   | 5   | 4.04 | 1.152          |
| Employee engagement rate in the organization is regularly done       | 153 | 1   | 5   | 4.00 | 1.187          |
| Diversity and inclusion metrics in the organization is well recorded | 153 | 1   | 5   | 3.99 | 1.153          |

|                    |     |  |  |  |
|--------------------|-----|--|--|--|
| Valid N (listwise) | 153 |  |  |  |
|--------------------|-----|--|--|--|

Source: Researcher (2023)

Table 7's statistics make it evident that most respondents agreed with the assertion that the county government has a relatively low personnel turnover rate ( $M=4.25$ ,  $SD=1.444$ ). The results also revealed that, with a mean score of 4.2 and a standard deviation of 1.083, respondents believed that succession planning for county employees is generally done properly. The 4.04 mean and 1.153 standard deviation indicate that the county monitors employee productivity exceptionally well. Regarding employee involvement, a greater number of respondents agreed that the county routinely engages its workforce ( $M=4.00$ ,  $SD=1.187$ ) and that diversity and inclusion indicators are accurately documented in the organization ( $M=3.99$ ,  $SD=1.153$ ). Additionally, a greater percentage of respondents agreed that the county regularly performs diversity and inclusion measurements ( $M=4.00$ ,  $SD=1.187$ ). The results are consistent with those of Cross and Swart (2022) who aimed to analyze performance contracting in Belgium and Flanders' public sector. In this study, the effects of contract management on several organizational attributes, such as human resource management, were examined. According to the paper, performance contracting has improved the human resource management's performance-oriented approach while also giving managers more freedom to choose the right person for the right job and design a successful succession plan.

### Leadership Styles and Performance Contracting

The second purpose of the research was to investigate the impact that different types of leadership have on the use of performance contracting in Kenyan public enterprises. The findings of the investigation are shown in Table 8.

Table 8. Leadership styles

| Statements                                                                 | N   | Min | Max | Mean | Std. Deviation |
|----------------------------------------------------------------------------|-----|-----|-----|------|----------------|
| Governance Style of Senior Management is Participatory                     | 153 | 1   | 5   | 4.00 | 1.187          |
| Leadership qualities are visible in management                             | 153 | 1   | 5   | 3.95 | 1.271          |
| employees' views are taken into consideration in the county management     | 153 | 1   | 5   | 4.07 | 1.139          |
| proper delegation was done to enhance service delivery                     | 153 | 1   | 5   | 4.16 | 1.077          |
| employees are fairly empowered to be creative and innovative in their jobs | 153 | 1   | 5   | 4.01 | 1.175          |
| Valid N (listwise)                                                         | 153 |     |     |      |                |

Source: Researcher (2023)

The findings presented in Table 8 indicate that respondents agreed to a greater extent that the leadership style of senior management was participatory ( $M = 4.00$ ,  $SD = 1.187$ ), that leadership qualities are visible in management ( $M = 3.95$ ,  $SD = 1.271$ ), and that employees' views are taken into thought in the management of the county ( $M = 4.07$ ,  $SD = 1.139$ ). The participants also agreed to a greater degree that appropriate delegating had been done to boost service delivery ( $M = 4.16$ ,  $SD = 1.077$ ), and that workers are fairly enabled to be creative and imaginative in their employment ( $M = 4.01$ ,  $SD = 1.175$ ). The respondents' mean agreement was 4.16, and the standard deviation was 1.077.

The results are in line with those that were found by Porter et al. (2020) who carried out research on the Constraints in the Implementation of Performance Management Systems in Developing Countries. They discovered that organizational decision-making and public management practices are influenced by social

and cultural norms. This study’s findings are consistent with those of (Porter al., 2020). In addition, the achievement of performance management objectives greatly depends on the role played by political authorities and the administration of administrative organizations. According to the author, these leaders ought to be at the forefront of whatever changes that are made. Institutions’ capacity has been diminished by their failure to implement any meaningful reform agenda due to a shortage of experienced personnel, inadequate pay, low morale in the public sector, and onerous administrative procedures.

**Inferential Statistics**

The drive of the investigation should be to control whether there is a connection amid performance contracting and human resource planning, leadership styles, organizational cultures, financial resources, and other organizational factors in public companies in Kenya. This was accomplished via the use of linear regression analysis, with the study measures being inputted and processed using SPSS Version 27.0.

**Model Summary**

Table 9 presents the model summary of the regression findings, which includes the standard error of estimate, R square, and modified R square.

Table 9. Model summary

| Model | R         | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-----------|----------|-------------------|----------------------------|
| 1     | .881<br>a | 0.776    | 0.767             | .50189                     |

- Predictors: (Constant), human resource planning, leadership styles,

The association coefficient (R) value, which is obtained from the model summary, represents the link between the variables. As a result, the correlation coefficient is 0.881, indicating that financial resources, organizational culture, leadership styles, human resource planning, and performance contracting are positively and significantly correlated. The determination coefficient, or R2 coefficient, shows how much of the total effect of the independent factors has been applied to the dependent variable. The R square for this model is 0.776, meaning that 77.6% of the total performance of performance contracting in the county government of Tharaka Nithi can be attributed to financial resources practices, organizational culture, leadership styles, and human resource planning.

**ANOVA**

To ascertain the model’s relevance, an analysis of variance was performed. There is little fluctuation in the data values when the F statistic has a low value. If the model’s ability to predict the outcome variable is significant, it has a significance score of less than 0.05.

Table 10. ANOVA

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.      |
|-------|------------|----------------|-----|-------------|--------|-----------|
| 1     | Regression | 3.076          | 4   | 0.769       | 15.572 | .000<br>b |
|       | Residual   | 198.898        | 149 | 1.344       |        |           |
|       | Total      | 201.974        | 153 |             |        |           |

1. Dependent Variable: performance contracting

2. Predictors: (Constant), human resource planning, leadership styles, organizational culture, financial resources

The significance value of the model was 0.000, which corresponds to an alpha value of less than 5%. Therefore, this finding suggests that the model is statistically significant and the performance contracting of the county government of Tharaka Nithi is statistically predicted by human resource planning, leadership styles, organizational culture, and financial resources characteristics that were taken into consideration in the research.

**Regression Coefficients**

A linear correlation and direction of each individual predictor variable’s relationship with the dependent variable may be derived from the regression coefficients. It demonstrates the extent of the overall shift in the outcome variable that can be attributed to one unit of variation in each of the independent variables. The results of the regression analysis with reference to the coefficients of the independent variables are displayed in a tabular fashion as shown below.

Table 11. Regression Coefficient

| Model |                         | Unstandardized Coefficients |            | Standardized Coefficients | t       | Sig.  |
|-------|-------------------------|-----------------------------|------------|---------------------------|---------|-------|
|       |                         | B                           | Std. Error | Beta                      |         |       |
| 1     | (Constant)              | -0.033                      | 0.611      |                           | 6.980   | 0.000 |
|       | Human resource planning | 0.433                       | 0.082      | -0.118                    | - 1.431 | 0.001 |
|       | Leadership styles       | 0.164                       | 0.074      | 0.028                     | 0.336   | 0.000 |

- Dependent Variable: performance contracting

The linear association between the variables will assume the form;

$$Y = -0.033 + 0.433X_1 + 0.164X_2 + \epsilon$$

Where

Y – Performance contracting

X<sub>1</sub> – human resources planning

X<sub>2</sub> – leadership styles

The regression analysis demonstrates that in the absence of certain characteristics, such as human resource planning, leadership styles, organizational culture, and financial resources, the performance contracting score will slowly fall by 0.033 units over time. This prediction is based on the fact that the performance contracting score is directly proportional to the number of certain components that are present. A factor of 0.433 indicates that there is a significant and favorable influence brought about by an increase of one unit in human resource planning on performance contracting. In a similar vein, a one-unit improvement in leadership styles has a positively decreasing affect on performance, with a factor of 0.164. In addition, there is a correlation between a change of one unit in organizational culture and a positive change in performance contracting, with factors of 0.424 and 0.038, respectively. In the context of the Tharaka Nithi county government, these results reveal a strong and positive association between human resource planning,

leadership styles, organizational culture, financial resources, and performance contracting. All of these variables, which are very important, are statistically significant, with significance levels that are lower than 5% alpha value, which emphasizes the significance of their roles.

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This chapter offers a synopsis of the key findings, discussions and recommendations that were necessary.

### **Human resource planning and performance contracting**

According to the descriptive data, the personnel turnover rate in the county government was quite low, and the succession planning for county employees is typically carried out in a satisfactory manner. The county does a good job of keeping track of the productivity of its staff. An improvement in performance contracting leads to a significant positive effect, with a factor of 0.433, conferring to the answers of a regression study lead on the relationship between the two variables.

### **Leadership Style and Performance Contracting**

The influence that different types of leadership have on the use of performance contracting in Kenyan public enterprises. According to the findings, the perspectives of county workers are taken into account in the administration of the county, and appropriate delegation has been done to increase service delivery. In the administration of Tharaka Nithi County, inferential statistics demonstrated a positive and statistically significant association between leadership styles and performance contracting. This relationship was shown to exist between the two concepts.

### **Conclusion**

The findings of this research indicate that county governments have problems in planning their use of human resources. In order to improve these procedures, it is essential to maintain the department of human resources' autonomy, a process that should include both the executive and political branches of the organization. The research draws attention to inefficiencies in human resource planning, notably in areas such as recruiting, promotions, and awards based on performance. These flaws in the planning of human resources are connected to the ineffective performance contracting that occurs inside the county administration.

The results of this study indicate a clear and substantial relationship between declining performance and leadership styles. This leads one to the conclusion that leadership philosophies have statistical significance in shedding light on the efficiency of performance contracting in Kenyan public companies.

### **Recommendations**

It is advised that improvements be made to recruiting methods in order to address these problems, making certain that credentials are the major factor taken into account. Utilizing professional groups as part of the hiring process is a good strategy that should be considered. In addition, the implementation of performance evaluations that are accompanied by prizes may help raise worker morale.

The modern leadership styles place an emphasis on the significant part that leadership plays, which necessitates the top management to demonstrate democratic behavior. It is vital to design administrative processes and manuals while simultaneously ensuring that personnel at all levels are kept fully informed in order to accomplish this goal. In order to support smoother operations, the management of the county government should focus and improve good leadership inside the organization. Additionally, they should

aggressively solicit employee opinion throughout the decision-making process.

## AREAS FOR FURTHER RESEARCH

The study recommends use of a variety of research methodologies, such as focus group discussions in the future which actively involve participants in talks.

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