# Performance Measurement Approaches in Public - Private Partnership In Kenya

O.Okello

Abstract - Private Public Partnerships (PPP) are today considered anintegral avenuefor the pursuit of Kenya's development agenda. They are seen as a vehicle through which the government encourages and involves the private sector through commercial investments in facilities and services; give better value for money and transfer significant risk and management to the private sector. The adoption of this mechanism has widely been herald, however there is need to ascertain and evaluate the performance of these projects in detail. The principal objective of this study is to determine if implemented Public Private Partnerships in Kenya measure performance. Specifically, the study sought to identify the approaches/criteria used and the factors that influence performance measures employed. The research adopted a descriptive survey with the target population comprising seven implemented and concluded PPP projects. The study was a census survey, a complete enumeration of the objects to be studied. The study collected primary data through the use of a questionnaire which contained both open ended and closed ended questions. The study established that indeed implemented PPPs measured their performance using various criteria which included appropriate risk allocation, compliance with technical specifications of time, quality and functionality, project social benefit, financial performance indicators and environmental factors. Further, the study identified multi stakeholder expectations, difficulty in defining performance output, inability to measure total cost-benefit of projects, political influence and communication challenges as the major factors that influenced performance measurement. The study recommends that further partnerships should be encouraged using PPP models and that performance measurement should be a key consideration. It further recommends the need to undertake a comparative study on the determinants of a partnership and its relationship with the performance of relevant groups as well as the impact of gove

**Key Words -** Activity Based Costing, Balance Score Card, Build Own Operate Transfer, Critical Success Factors, Independent Power Producer, Principal Agent Theory, Performance Measurement System, Public Private Partnership, Value for Money.

#### 1.0.INTRODUCTION

#### 1.1 Background of the Study

Over the last decade, organizations have renewed their interest in measuring organization programs and their impact. This interest is as a result of many factors including efficient planning, the desire for accountability, the increasing interest of multi stakeholders, concerns of funders among others. The use of performance measurement systems is also frequently recommended for facilitating strategy implementation and enhancing organizational performance (Davis & Albright, 2004).

Performance measurement refers to the selection and use of quantitative and qualitative measures of program/project capacities, processes and outcomes to inform the public or designated public agency about critical aspects of a project (Ong'olo, 2006). Neely & Bourne (2003) defined it as the use of a multi-dimensional set of performance measures. The adoption of new management practices over the years has also led to inquiries with regards to the suitability of existing performance measurement systems. In particular, there is need to evaluate the existing performance

measurement systems in order to develop and adopt innovative and robust solutions for organizations.

Governments all over the world are increasingly seeking to develop financing mechanisms, which bring together the public and private sectors, not only to control budgetary expenditure but also to pool these two sectors' specific know-how. The increasing involvement of the private sector is also part of the more general change over the last decade in the role of the State in the economy, characterized by a move from the role of direct operator to one of organizer, regulator and controller of economic activities (Tangen, 2004). Public-private partnerships refer to the forms of cooperation between public authorities and private entities (NGOs, businessmen associations, companies) in order to realize a project with positive effects.

# 1.1.1 Performance Measurement

Performance measurement is concerned with the assessment of performance of organizations, organizational units, and programs. Nyhan and Martin (1999) defined it as "the regular collection and reporting of information about the efficiency, quality, and effectiveness of programs". Neely et al. (1995) described performance measurement as the process of quantifying action, where measurement is

the process of quantification and action correlates with performance. They further proposed that performance should be defined as the efficiency and effectiveness of action, which leads to the following definitions: Performance measurement is defined as the process of quantifying the efficiency and effectiveness of action; a metric used to quantify the efficiency and/or effectiveness of an action.

The notions of efficiency and effectiveness are at the heart of performance management, as they allow the delineation of managerial responsibilities and accountability for the achievement of interim and ultimate organizational objectives at different stages of service completion. The primary function of performance measurement is to monitor the achievement of organizational and managerial objectives and thus serve as an important planning, control, and decision-making device. It involves the use of measures of projects/programme capacities, processes and outcomes to inform the public and or designated public agencies about the critical aspects of a program. As such, performance measurement can improve performance by promoting managerial (internal) accountability and timely corrective actions. Moreover, the external reporting of performance measures can enhance public (external) accountability by increasing the visibility of managerial on the reported performance dimensions (Broadbent & Guthrie, 1992).

common pragmatic approach to performance measurement is based on a process-oriented model, in which performance measures can be categorized into input, process, output, and outcome measures, although variations in the classification also exist (Ammons, 1995b; Swiss, 1995; Carteret al., 1992; Foltin, 1999; Greiner, 1996). This approach can be used as a basis for self-assessments and reporting on performance by managers for internal decision making and external accountability purposes, as well as a basis for evaluations by external regulatory and funding agencies. Input measures quantify resources used in providing services; output measures indicate the amount of work completed; process measures reflect the relationships between inputs and outputs, or efficiency in the use of resources; and outcome measures relate to the intended outcomes or effects of services provided, or effectiveness.

#### 1.1.2 Public - Private Partnerships in Kenya

The current trend for private sector participation in the provision of public services has partly arisen out of a necessity for the development of public utilities to be undertaken at a rate that maintains and allows growth. This in turn has become a major challenge for many countries where service provision cannot be met by government alone. Ghalayini, Noble and Crowe (1997) identify Public-Private Partnerships as being increasingly used to provide public facilities and services. State Government has an enviable reputation for working with the private sector in the provision of public services.

Public private partnerships are about promoting authorityled initiatives that encourage commercial investment in facilities and services, give better value for money and transfer significant risk and the management of projects and services to the private sector (Williams, 2003). The underlying logic of PPPs is that both partners have unique characteristics that provide them with specific aspects of service or project delivery, (Rosenau, 2000). Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility. Public-Private Partnerships have become more widespread to all public jurisdiction sizes, as the word of the successes of these partnerships grows. Literature also indicates that Public-Private Partnerships appear to have no clear definition or standard implementation methods.

The Government of Kenya is increasingly seeking to develop financing mechanisms, which bring together the public and private sectors, not only to bridge the budgetary deficit but also to harness and pool the two sectors' specific know-how. In adopting the Public Private Partnership mechanism, the government establishes a new source of investment capital for infrastructure projects reduces government sovereign borrowing and associated risks, drives the creation of local long term funding, utilize efficiencies of the private sector, expands the economy through creation of job opportunities and increases the quality of public services to the Kenyan citizen.

Joint working between the public and private sectors, in fields such as housing, economic development and regeneration, transport and municipal enterprises, has achieved a great deal over the years. The Kenyan government is keen to build on this success, by extending successful approaches to delivering good value for money, and by developing new ones. To this end, the Government of Kenya recently passed the PPP Act, 2013 which forms the legal framework of PPPs and has instituted a body known as the PPP secretariat responsible for the management of PPP Programs. These developments have provided a

transparent, clear, fair and competitive process for PPPs, covering project identification, selection, prioritization, preparation, appraisal, procurement, approvals and procurement of project advisors. It has also given a clear institutional framework for the development and approval of PPP projects.

#### 1.2 Research Problem

For decades, scholars and practitioners have argued that performance measurement is an objective tool capable of improving decision making and fostering fiscal prudence. As Bouckaert (1992) noted, there is value in tracking organizational performance on identified indicators. Performance measures are critical in PPPs for establishing trust between workers with diverse orientations and backgrounds; helping managers on both sides to engage, assess and continuously improve organization results and strengthening accountability in the partnership.

Public organizations and indeed PPPs often find it difficult to develop and fully engage in performance measurement. Establishing a performance measurement system that addresses the interest of all the stakeholders in a PPP is fraught with many challenges. Nicholson-Crotty (2006) investigated these obstacles that public organizations face when they try to develop and use performance measures. certain organizations align performance measurements to specific activities in programs, they fail to establish a holistic framework that will meet the needs of all participants and measure outcomes as well. Some studies have identified the specific purposes to which performance measures can be put (Neely et al, 2000; Behn, 2003) and the different types of performance measures while others have concentrated on the critical success factors or indicators of effective performance (Babatunde, Opawole & Akinsiku, 2012; Diba, 2012; Ismail & Ajija, 2012). One consistent theme in literature is that no one measure is sufficient to address the concerns about the performance of an organization. The challenges of implementing PPPs are different as individual projects/programs have their unique complexities and there also exists numerous techniques of implementation. This study therefore seeks to ascertain the consistent themes of performance that are identified by PPPs in Kenya as appropriate in evaluating performance through the study of the applied performance measurement approaches.

Public private partnerships are growing in popularity as a model for public service and goods delivery in Kenya and the contemporary workplace in Kenya offers many challenges yet little has been done to find out if indeed any of the individuals involved in PPP programmes are using any performance measurement approaches and whether

those measures are appropriate. According to Makori (2002) the strategies for the measurement and improvement of PPPs have been markedly simplistic: "cut the fat," "reduce red tape for results," "adopt private sector efficiencies" and so on. As a result, many have come to expect that performance improvement in the PPPs can be accomplished through any number of quick fixes. But do these assumptions reflect the reality of measuring and improving PPPs programs and services?

Locally, studies on performance measurement have been mainly on individual case studies and have been limited to certain sectors of the economy: Makori (2002) carried out a research on strategic performance measurement within an operations strategy context and established that integration of operations and strategic performance management was widely preferred by organizations; Elinami (1995) in his a survey of performance measurement in divisionalized companies in Kenya established that the level of autonomy given to divisional heads affected the performance measurement, Mogendi (2006) carried out a survey of the performance measurement by international humanitarian organizations for their programs & operations in Somalia; and Musyoka (2012) investigated the Kenyan housing sector and identified stable political system, affordability, proper risk allocation, economic factors as those influencing the performance of PPPs. Despite the efforts, very little is known about performance measurement in Public - Private Partnership in Kenya especially with regard to the common themes, the unique challenges experienced and learning points that can considered in future partnership agreements. This study therefore seeks to establish whether implemented PPPs undertake performance measurement of their programs/projects, what approaches do they use and what are the factors that influence the selection and implementation of performance measurement approaches?

# 1.3 Objectives of the Study

This study aims at achieving the following objectives:

- i. To establish if implemented PPPs measure performance.
- ii. To establish the performance measurement approaches employed by PPPs in Kenya.
- determine the factors iii. that influence performance measurement of PPPS in Kenya.

#### 1.4 Value of the Study

This study is important to a number of stakeholders. First, the practitioners will find this study a useful guide for performance measurement of PPPs in Kenya. As such,

future PPPs can rely on the results in this study as far as performance measurement is concerned.

To the industry, it will help them understand best performance measures for public private partnership. The study will also play a significant role to public private partnerships already established in Kenya in their management.

The study would provide information to potential and current scholars with regard to the relationship between public-private partnership and performance measurement. In addition, researchers would be able to gain additional knowledge from the study given that it is focusing on a several public-private partnerships in Kenya.

#### 2.0. LITERATURE REVIEW

#### 2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are the theoretical background, performance measurement approaches/models and empirical review.

# 2.2. Principal Agent Theory

Our approach to performance measurement in PPPs is informed by the Principal Agent Theory (PAT) as developed by Laffont and Tirole (1993). Whereas there is no unified theoretical basis for performance measurement in PPPs, the choice of this theory is based on the nature of the relationship between the partners i.e. the government (Principal) ideally responsible for the provision of certain goods and services to its citizens, who engages the private partner (the agent) to do this in return for some benefit (incentive mechanism). This model has also recently been thoroughly examined by economists looking at the theoretical foundations of PPPs. For example, Benett and Iossa (2006) and Martimort and Pouyet (2006) used incomplete contracts theory to consider the conditions under which it is optimal to bundle building and service procurement (one important issue in PPP arrangements) and find interesting results.

Agency relationships occur when one partner in a transaction - the principal, delegates to another - the agent and the welfare of the principal is affected by the choices of the agent. The assumptions of the agency relationships are

three; the first is that of bounded rationality, secondly is that of opportunism and lastly is on information asymmetry. In such a relationship, the interest of the principal and agent may diverge, the principal cannot perfectly and costlessly monitor the activities of the agent and the principal cannot perfectly and costlessly monitor and acquire the information available to or possessed by the agent. This usually creates an agency problem i.e. the possibility of opportunistic behaviour on the part of the agent that works against the welfare of the principal. To address the agency problem, certain measures which usually involves a cost to be known as agency costs and often includes those of monitoring, bonding/contracting and residual loss to the principal.

To mitigate the agency problem and reduce agency costs, the principal needs to institute an appropriate incentive structure and establish effective monitoring mechanism to control any deviant activities of the agent and to motivate the agent to act in the way that the principal wishes. Jensen and Meckling (1976) recognize two important steps that can be used to minimize the potential for agency problems. The first is that the principal-agent risk sharing mechanism needs to be designed efficiently and secondly; the design must be monitored through the use of appropriate performance measurement criteria.

#### 2.3 Developments in Performance Measurement

In a rapidly changing business environment, the need to constantly adapt is deemed essential to maintain competitive advantage. This requires an optimum balance of quantitative and qualitative measures to monitor progress and performance (Sun and Scott, 2003). The major difficulty with qualitative measures is the reliability of the measurement, since it is often difficult to represent the phenomena in qualitative terms. Most qualitative phenomena tend towards the phenomenological paradigm where reality is derived from social constructions and/or projection of the human imagination. This has led to many using metaphors and/or narratives to describe these phenomena. In spite of the difficulties and challenges, qualitative phenomena should be measured.

Numerous researchers have exposed limitations of the traditional approach to performance measurement using solely financial performance measures. Financial measures are concerned with cost elements and try to quantify performance solely in financial terms, but many elements are difficult to quantify monetarily, such as lead time reduction, quality improvements and customer service; Financial reports are usually produced monthly and are results of decisions that were made one or two months

previously. Financial measures have predetermined inflexible format used across all departments, ignoring the fact that a department may have its own unique characteristics and priorities.

To use a PMS that solely consist of financial performance of measures can cause problems for a company (Tangen, 2004). Financial measures are not directly related to manufacturing strategy: excessive use of return on investment (ROI) also distorts strategy building and may confuse with strategic objectives. Traditional criteria such as cost efficacy and utilization may pressure managers and supervisors for short-term results and, for that reason, discourage improvements. Financial measures do not report accurately on the cost of the processes, products and customers: they are also focused on controlling processes in isolation rather than as a whole system. Financial resources are not applicable to new management techniques that give shop-floor operators responsibility and autonomy.

Parker (2000) also argues that although performance measures are useful, they also attract much cynicism and sceptics over why, how and when they are used. There are issues of measuring the right things, of comparing like with like, and of comparing yesterday with today. Traditional business performance measure have been financialmeasuring such ratios as rate of return, cash flow, profit margins etc. These financial data have the advantage of being precise and objective. However, significant arguments against such measures are that: They tend to be inward looking (although financial data can be, and are, compared with other organizations, the 'like for like' argument can make comparison unreliable). They fail to include the less tangible factors such as products or service quality, customer satisfaction and employee morale.

In order for performance measurement efforts to add value to a project, the partnership managers need to deliberate carefully about the focus, process and use of performance measurement (Williams, 2004). Incentive structure is also crucial as it will indicate whether both partners' concerns are adequately addressed and their investments are well compensated. The partnership agreement must incorporate practices designed to attract, motivate, retain and reward contributors.

#### 2.4. Performance Measurement Approaches

This section provides an overview of the more common and most cited approaches to performance measurement that tries to investigate whether they have in fact addressed the envisioned objectives. Based on different characteristics and premises, each system has its benefits and limitations in the aspects of performance measurement. Analysis of these benefits and limitations are based on the literature review.

#### 2.4.1 Balanced Score Card

Balanced Score Card (BSC), development in the early 1990s (Kaplan & Norton, 1992) was built around the premise that companies can no longer gain sustainable competitive advantage solely by developing tangible assets. To phrase it differently, the ability of a company to build its "intangible assets" or "intellectual capital" has become a critical success factor in creating and sustaining competitive advantage (Sim & Koh, 2001).

The balanced score card proposes that a company should use a balanced set of measures that allows top managers to take a quick and comprehensive view of the business from the following focus important perspectives: the first is the Financial perspective – How do we look to our shareholders? The second is the Internal business perspective – What must we excel in? The third is Customer perspective – How do our customers see us, and the last is Innovation and learning perspective – How can we continue to improve create value? Used this way, the score card addresses a serious deficiency in traditional management systems; their inability to link a company's long term strategy with its short term actions.

But according to Ghalayini et al (1997), the balanced score card's main weakness is that it is primarily designed for senior managers with an overall view of performance. They also argue that the balanced score card is constructed as monitoring and controlling tool rather than an improvement tool. Furthermore, Neely et al (2002), argue that although the balanced score card is a valuable framework suggesting important areas in which performance measures might be useful, it provides little guidance on how the appropriate measures can be identified, introduced and ultimately used to manage business. They further conclude that the balanced score card does not consider the competitor perspective at all.

#### 2.4.2 Value for Money

Public Private Partnership (PPP) is seen as an effective way to achieve value for money (VFM) in public projects. These benefits include introducing competition between prospective private bidders and exploiting the greater efficiency and innovation in the private sector. There are

two ultimate goals in conducting VFM assessment of PPP projects. The first goal is to identify factors to determine whether a project delivers VFM to stakeholders. The second goal is to assess potential bidders that can significantly contribute VFM to the projects. Zhang (2008) indicates that the most important requirement for achieving VFM is the selection of potential bidders in PPP projects. This is vital for the fact that capabilities and reliability of concessionaire is the main focal point to the success of PPP projects (Zhang, 2008).

Generally, to achieve the best VFM, contractor selection should consider competitiveness, compliance with client's requirements, reliability of performance, qualitative superiority and life cycle cost. Literature denotes many criteria in the VFM evaluation process of PPP bids. Zhang (2008) for example, classifies the criteria into four essential packages that can effectively measure bidders' capability. Yuan et al. (2009) have drawn 5 different classifications of evaluation criteria that include: Physical characteristic of projects (design, technology, bidders' knowledge & capabilities, risk allocation); Financing & marketing; Innovation & learning; Stakeholder's indicator (client satisfaction) and Process indicator (facilities management, resources utilization, health & environment and time management).

# 2.4.3 Activity Based Costing

Activity Based Costing (ABC) was developed by Johnson and Kaplan (1987) in the late 1980s as an attempt to resolve some fundamental inadequacies of traditional cost account. The basic technique of ABC is to analyse the indirect costs within a company and to discover the activities that cause those costs. Such activities are referred to as cost drivers and can be used to apply overloads to specific products. In this way, it is believed that ABC results in a more accurate identification of costs than traditional cost allocation.

According to Maskell (1991), several cases indicate that ABC can be of practical value for product pricing, production decision-making, overload cost reduction and continuous improvements. However, there are researchers who claim that the argument that ABC provides more accurate production costs has never been proved (Neely et al, 1997). In addition, an improved cost accounting system will not entirely solve the problem of financial measures – often other measures than cost are needed to adequately gauge manufacturing performance relative to a competitive strategy (White, 1996).

#### 2.4.4 The Performance Pyramid

The performance pyramid which was proposed by Cross and Lynch (1992) links an organization's strategy with its operations by translating objectives from the top down (based on customer priorities) and measures from bottom up. This PMS includes four levels of objectives that address the organizations external effectiveness (left side of the pyramid) and its internal efficiency (right of the pyramid). The development of a company's performance pyramid starts with defining an overall corporate vision at the first level, which is then translated into individual business unit objectives. The second level business units are set shortterm targets of cash flow and profitability and long-term goals of growth and market position (e.g. market, financial). The business operating system bridges the gap top-level and day-to-day operational measures (e.g. customer satisfaction, flexibility, productivity). Finally, four key measures (quality, delivery, cycle time and waste) are used at departments and work centres on a daily basis.

Ghalayini et al (1997), suggests that the main strength of the performance pyramid is that its attempts to integrate corporate objectives with operational performance indicators. However, this approach does not provide any mechanism to identify key performance indicators, nor does it explicitly integrate the concept of continuous improvement.

#### 2.4.5 The Performance Prism

The performance prism suggests that a PMS should be organized around 5 distinct but linked perspectives of performance (Neely et al, 2001). Stakeholder satisfaction: Who are the stakeholders and what do they want and need?; Strategies: What are the strategies we require to ensure the wants and needs of our stakeholders?; Processes: What are the processed we have put in place in order to allow our strategies to be delivered?; Capabilities: combination of people, practices, technology and infrastructure that together enable execution of the organizations business processes. What are the capabilities we require to operate our processes? And finally, stakeholder contributions: What do we want and need from stakeholders to maintain and develop those capabilities?

The performance prism has a more comprehensive view of different stakeholders (e.g. investors, customers, employees, regulators and suppliers) than other frameworks. The strength of this conceptual framework is that it first questions the company's existing strategy before

the process of selecting measures is started. The performance prism also considers new stakeholders who are usually neglected when forming performance measures. However, although the performance prism extends beyond "traditional" performance measurement, it offers little about how the performance measures are going to be realized. Just like many other PMSs, it gives little or no consideration to existing PMS that companies may have in place (Medori & Steeple, 2000).

#### 2.4.6. Sink and Tuttle Model

This model claims that the performance of an organization is a complex interrelationship between seven performance criteria (Sink and Tuttle, 1989) namely effectiveness, efficiency, quality, productivity, quality of Life, innovation and profitability.

Although much has changed in industry since the model was first introduced, the seven performance criteria are still important. However, the model has several major limitations. For example, it does not consider the need for flexibility, which has increased markedly during the last few decades. The model is also limited by the fact that it does not consider the customer performance.

#### 2.5 Performance Measurement in PPPs

Theoretically, an ideal performance measurement system in public private partnership can enable an evaluation of the effects of programs on the well-being of multiple stakeholders. In an effort to progress towards this ultimate objective, Conroy (2002) proposed socio-political measures in addition to traditional financial and efficiency measures, and Bovaird (2002) recommended a community scorecard with social, political, and user-related measures for local governments.

In order for performance measurement to add value, partnership managers need to deliberate carefully about the focus, process and use of performance. However, as direct measures of well-being do not exist, surrogate measures of varying degrees of sophistication are useful as indicators of well-being (Hartle, 1972). Performance measures can thus be viewed as useful measuring sticks of the achievement of an organization's objectives and, ultimately, of its contribution to the well-being of its wider community.

#### 2.6 Factors Affecting Performance Measurement in PPPs

Performance measurement provides an organization with insight into its products, the cost per product and also shows how much a particular part of the activity of an organization contributes to the organization's output. There is a clear standard for judging new procedures or structures; how do they contribute to improving the organizations performance (Osborne & Gaebla, 1992). "What gets measured, gets done, and summarizes these findings: the rationalization and improvement process starts as soon as an organization can measure its existing output.

Performance measurement rewards output and is thus an incentive for performance. Some public organizations have reported a link between the introduction of performance measurement and a rise in outputs, for example with municipalities and in higher education (Intveld, 1996). Since public tasks are complex, autonomy is essential for the success of PPPs. If this autonomy is granted, it implies accountability, that is, those who are granted a great deal of autonomy have to account for their performance and provide an insight into the performance. Performance measurement helps accomplish this since the information about performance is measured systematically and quantified, thus enabling comparisons over a certain period. The information can be easily communicated. The information can be supplied at the same time each year

Performance measurement systems are designed to monitor the implementation of an organization's plans and determine when the plans are unsuccessful and how to improve them. They are used to focus attention on the organizations objectives, to measure and report performance and to understand how process performance affects organizations learning. Identifying operational problems, which can be solved by adjusting existing processes and indicating more fundamental problems, which require an adjustment to the strategies of the organization, are further used of performance measurement (Atkinson and Epstein, 2000).

The transparency created may teach an organization what it does well and where improvements are necessary. The organization can be able to benchmark with world-class organization. According to Ministry of foreign affairs (2000), performance measurement has the following functions: - Transparency, Learning, Appraising and Sanctioning. There is a great deal of literature on performance measurement in government, and governments around the world have made large investments to develop performance measurement systems,

frequently related to notions of accountability (Behn and Kart, 1999).

Measuring performance has been a central concern of elected officials, public administrators and citizens for decades (Williams, 2003; Williams, 2004). While performance measurement is heralded as a tool for evaluating and learning, for identifying and celebrating success, and for decision making and taking corrective action (Behn, 1999), there are number of obstacles associated with measuring the outputs and outcomes of PPP efforts.

A study of how managers use outcome information by Hatry, Morley, Rossman and Wholey (2003) finds that managers experience a number of restraints when attempting to include outcome results in the decisionmaking processes. Managers, for example, often lack authority, may not realize how outcome data can improve services, or may choose not to "rock the boat." A series of reports by the Government Accountability Office (2003) on performance and accountability provide a number of case the complexities studies that capture of public organizations and their environments, and the efforts to transform their cultures to become more results-oriented, citizen-focused, and collaborative in nature.

The most important inhibitor to the development of a performance measurement system is the existence of a "blame" culture, whereby measurement information is used as a stick with which to beat poor performers. Other include: Blame culture (measurement used as "stick"), time/resource constraints, not understanding importance of measurement, lack of top management commitment, inherited systems ("inertia"), lack of process understanding, lack of a measurement system, lack of clear mission/vision, lack of ownership of measures, lack of goal-setting process and no feedback of performance

Regardless of organizational restraints and resistance, lack of capacity, or the challenges of measuring outcomes, government continues to move through the transformative process of measuring and communicating results. Additionally, strategies, models and techniques that include citizens in the assessment and measurement of government have been recognized as examples of adding meaning to the measurement process.

# 2.7 Summary of Literature and Research Gap

Literature available has illustrated the various approaches to performance measurement as designed and adopted by organizations and scholars world over. It has also sought to explain the factors that influence the choices as well as those that hinder effective performance measurement in general. However, it is important to note that a review of literature indicates that little has been done to establish which approaches are in use in Kenya especially with regard the implemented PPPs.

Whereas literature heralds the benefits of PPP as an investment strategy even in Kenya, there are no documented empirical studies that the researcher is aware of, on whether the outcomes or outputs of undertaken PPPs are measured, how they are measured and any challenges experienced by the PPP Stakeholders. This paper therefore seeks to bridge this gap.

#### 3.0. RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter is a blueprint of the methodology that was used by the researcher to achieve the research objectives. In this chapter the research methodology is presented in the following order, research design, data collection method and finally the data analysis.

#### 3.2 Research Design

This research problem was studied through the use of a descriptive survey. According to Jupp (2006), a descriptive study is a methodological approach that is primarily concerned with discovery and generating or building theory. It is concerned with finding out the what, where and how of a phenomenon. This method was appropriate since this study sought to gain familiarity and insight into the performance measurement approaches adopted by PPPs in Kenya.

#### 3.3 Population of study

The researcher undertook a census survey. This involved the collection of information about each member of the given population i.e. complete enumeration of the actors. The population for this study were all the seven (7) implemented PPPs as indicated by the CEO PPP Secretariat Kenya (Appendix 1). A census survey of all the implemented PPPs was appropriate as the number was not large.

#### 3.4 Data Collection

For this study, primary data was collected through the use of questionnaires that were structured to meet the objectives of the study. The questions were both open ended and closed ended. The closed ended questions helped capture the results that were quantified during analysis and wereranked on a likert scale with 5 being the highest score. The open ended questions were used to solicit for responses that could not be adequately captured by structured questions.

The target respondents were Chief Operations Managers and Public Relation Managers who were to represent the views of the private partners as well as the Technical Expert and Communication Expert at the PPP secretariat, Kenya who were to represent the views of the engaging partner, the Government of Kenya. For this study, the above people were considered appropriate since given their level of involvement, were considered knowledgeable of the entire projects/program design and implementation process. The questionnaires were administered by the researcher to enhance the response rate.

#### 3.5 Data Analysis

The collected data was coded into SPSS and cleaned for analysis. Descriptive data analysis was undertaken, where statistics such as percentages mean scores and standard deviations were used to relay the results and interpreted accordingly. Thematic content analysis was used to evaluate the open ended question responses. Ranking techniques were also utilized to establish the preferences of the various projects. The results were then presented using tables and charts where necessary for ease of understanding.

Inferential data analysis was undertaken and one way analysis of variance (ANOVA) was executed to facilitate comparisons between the various organizations. Factor analysis technique was used to explore the relative importance amongst the identified performance measurement criteria.

# 4.0. DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter deals with data analysis and presentation of the findings. It covers the response rate and the discussion from the study findings. Tables and graphs have been used to enable easier pictorial interpretation.

# 4.2 Response Rate

The study utilized primary data from a questionnaire derived to answer the research objectives. The study targeted the Chief Operations Managers, Public Relation Managers, Technical Expert and Communication Expert in seeking to establishperformance measurement approaches in public - private partnership in Kenya. Data was expected from seven public-private partnerships in Kenya six of whom responded to the questionnaire. The response rate was 85.71%.

The respondents were asked to give description of their projects. The study established thatthe following PPP arrangements can be entered into; A service contract, a concession, a lease, a BOT, a BOO or any other scheme as may be prescribed by the PPP steering committee. For the PPPs under study, two PPPs were identified to bemanagement contracts, two are concessionaire agreements, two are Build Operate Transfer arrangement and the last one is a Build Own Operate partnership arrangements. These findings indicate that there a many variations to the adoption and implementation of partnership arrangements. Whereas of course it is beyond the scope of this paper to establish a priori the basis of choice of partnership arrangements, there are several recurrent themes that need to be considered e.g. the unique complexities of different economic sectors. The findings identified the projects undertaken were mainly in the Transport and Infrastructure sectors, Energy Sectors and provision of utility services.

#### 4.3 Performance Measurement

The study sought to find out whether there were defined performance requirements before the projects commencement.

Table 4.1. Defined PerformanceRequirements

# Do you have defined performance requirements established

	Frequency	Percentage
YES	5	83

NO	1	17
Total	6	100

Source: Research Data, 2013

The findings indicate that 5 or 83% of the partnerships had clearly defined performance requirements with all the relevant parties knowing what performance requirements were expected from the before the commencement of the projects. This was as opposed to 17% of the partnership that which did not have defined performance requirements prior to project commencement. The study sought to find out how the respondents rated those partnerships with defined performance requirements. From the study findings it is clear that majority 33% of the respondents rate the defined performance requirements established before project commencement as good while one respondent each rated them as very good, moderate, fair and poor.

The researcher wanted to find out the opinion of the respondents on the effectiveness and transparency of their performance monitoring. The findings indicate that most of the respondents 33% felt that the effectiveness and transparency of their performance monitoring was very good, 33% of the respondent each felt that the effectiveness and transparency of their performance was good, moderate as well as fair. The researcher can conclude that in public private partnerships in Kenya there is some form of effectiveness and transparency in performance monitoring.

The study sought to find out whether the public-private partnerships in Kenya have any arrangements for risk sharing. The findings indicate that all respondents agreed that there was some form of arrangements for risk sharing in any form of public-private partnership. The researcher wanted to find out how the respondents rated the arrangements based on sensibility and manageability of the risk sharing arrangements. The study findings indicate that 33% of the respondents agreed that the risk sharing arrangement based on sensibility and manageability was very sensible and manageable whereas 33% of the respondents rated the arrangement based on sensibility and manageability as being sensible and manageable. This was as opposed to 33% other respondents who rated arrangements of risk sharing as being moderately sensible and manageable.

The study examined whether the respondents thought environmental and social impact assessments were carried out. The findings show that all the respondents felt that there was an environmental and social impact assessment of the public-private partnerships in Kenya. The findings indicate that majority 50% of the respondents rate the environmental and social impact assessments carried out as good, two of them rated the assessments as being very good whereas one of the respondent rated the assessments as moderate.

Table 4.2. Performance Measurement Criteria Rating

Performance Measureme nt Criteria	Very Good	Good	Moderate	Fair	Poor	Rate
Performance established before commencem ent of project	17%	33%	17%	17%	0	3
Effectiveness and transparency of performance monitoring	33%	17%	17%	17%	0	2
Appropriate Risk allocation	33%	33%	33%	0	0	
Carrying out environment al and social impact assessments	33%	50%	17%	0	0	1

Source: Research Data, 2013

The researcher wanted to find out whether there were any enforceable penalties to meet contractual obligations. From the findings all the respondents indicated that there were enforceable penalties for failure to meet contractual obligations. The researcher wanted to find out how effective the penalties were. It was found out that most of the respondents 50% stated that the penalties enforceable were effective, 33% of the respondents stated that the penalties were very effective while 17% of the respondent stated that the penalties were moderately effective for failure to meet contractual obligations.

The study sought to find out whether public-private partnerships in Kenya carried out customer/stakeholder satisfaction survey. The findings indicate that 67% of the respondents agreed that they carried out customer/stakeholder satisfaction survey this is as opposed to 33% of the respondents who stated that they did not carry out customer/stakeholder satisfaction survey.

The researcher wanted to know how frequently the respondents thought the survey was carried out. The study findings indicate that 33% of the respondents stated that they carried out customer/stakeholder satisfaction survey frequently whereas 17% respondent a piece stated that these kinds of surveys were carried out very frequently and moderately. On the other hand the researcher sought to find out the criteria/methods used to carry out customer/stakeholder satisfaction survey. The findings indicated that customer satisfaction charter agreements, compliments/complaints boxes well random/unsolicited responses were used by the publicprivate partnerships in Kenya as the methods/criteria to carry satisfaction survey. The researcher wanted to know how the respondents' rate the methods used to carry out customer/stakeholder satisfaction survey. The research findings shows that majority of the respondents 33% rate the methods used to be very good while 17% of the respondent each stated that the methods that were used were good and moderate.

The study sought to find out how the public-private partnerships encompass the expectations of multiple stakeholders in the project. The respondents stated that they encompass expectations of multiple stakeholders in the project by balancing demand from varying sets of stakeholders, maintaining alignment with the overall business objectives, delivering stability and providing localized value and delivering value within exacting financial and resource constraints. The respondents also stated that by having standard methods and structures for

capturing all work ranging from simple support or change requests, to large complex projects and programs, evaluating an organization's resources and performance to determine its capacity for production of work as well as shuffling of resources to meet demands of project delivery schedules and project priorities expectations of multiple stakeholders in the project were easily met.

The researcher wanted to find out whether there was a defined conflict resolution process including alternatives to judicial resolution. The findings indicated that most of the respondents 83% agreed that they had a defined conflict resolution process including alternatives to judicial resolution this was as opposed to 17% of the respondents who thought otherwise. Those who agreed that they had a conflict resolution process were asked to state the extent to which they used financial measures to assess their financial viability. The answers from the respondents indicate that public-private partnerships in Kenya use financial measures to assess their financial viability to different extents. The respondents indicated that they used them to a very large extent, large extent, and moderate extent and sometimes to a low extent.

The researcher sought to establish the extent to which the organizations used non-financial measures. The findings indicate that majority 33% of the respondents used non-financial measures to a moderate extent while 17% respondent each stated that they used non-financial measures to a low extent, least extent and large extent.

The respondents were asked the extent to which they considered that their organization has a sound and transparent performance evaluation system based on scientific/technological and industrial relevance. From the findings it is clear that most of the respondents 33% agree that their organization has a sound and transparent performance evaluation system based scientific/technological and industrial relevance, 33% other respondents were neutral while 17% disagreed and strongly agreed that their organization has a sound and transparent performance evaluation system based scientific/technological and industrial relevance.

The study wanted to find out whether line ministries, finance ministry or PPP unit conducted unit ex post assessment against specified benchmarks. Majority of the respondents 67% stated that line ministries, finance ministry or PPP unit conducted unit ex post assessment against specified benchmarks this is as opposed to 33%

respondents who did not think that line ministries, finance ministry or PPP unit conducted unit ex post assessment against specified benchmarks. At the same time the researcher sought to find out who was responsible for the measuring and evaluation of performance information. The findings indicate that most of the respondents stated that the PPP Secretariat-Central Government Representative was responsible for the measuring and evaluation of performance information, 17% respondent stated that Contracting Government Agency were the ones responsible for the measuring and evaluation of performance information the same case with one of the respondents stating that the private partner involved in the partnership was responsible for the measuring and evaluation of performance information.

The researcher was interested in finding out who was responsible for the technical regulation of project requirements. From the findings it is clear that PPP Secretariat-Central Government Representative was responsible for the technical regulation of project requirements as indicated by majority of the respondents 50% in number while one of the respondents indicated that the Contracting Government Agency had a say on who was responsible for the technical regulation of project requirements.

The researcher sought to find out what strategy was used for developing effective, efficient output and outcome measures in this collaborate process of public-private partnership. The respondents stated that the strategy used include outcome-oriented management strategy. Focusing on outcomes will direct management attention toward performance and will help strengthen the connection, allocating resources and assuring effective services at reasonable cost are significantly facilitated by the availability of meaningful and accurate performance information. The respondents also stated that goal development process begins to focus the organizations actions toward clearly defined purposes. Within the scope of the stated mission and utilizing the external/internal assessment, goals specifying where the organization desires to be in the future.

The researcher sought to establish the extent the respondents considered the following factors as important in their performance measurement systems. The findings indicate that the respondents considered all the factors discussed below as being important in their performance measurement systems. The factors that were considered to be important include compliance with technical

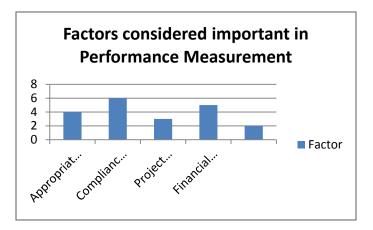
specifications (time/quality and functionality), financial performance indicators, appropriate risk allocation, project social benefit as well as environmental considerations. The respondents were asked to rate these factors depending on what they considered most important to the least important. The findings indicate that compliance with technical specifications (time/quality and functionality) was considered the most important, financial performance indicators was considered to be important whereas environmental considerations were the least important factors considered important in performance measurement systems. Table 4.2below best illustrates these findings.

Table 4.3.Factors considered important in Performance Measurement

Factors	Frequency	Rate
Appropriate risk allocation	4	Moderately important
Compliance with technical specifications (time/quality and	6	Most important
Project Social Benefit	3	Less important
Financial Performance Indicators	5	Important
Environmental Considerations	2	Least important

Source: Research Data, 2013

Figure 4.1 Factors considered important in performance measurement



The study sought to find out how the above measures are used to demonstrate that the partners are performing according to government and citizen stakeholder expectations. The study findings state that the performance measures are used in providing measurable results so the various departments can demonstrate progress towards goals and objectives. This is done by providing specific measurement results that aggregate organization wide measure. Determining the effectiveness of the department is important. Organization needs to determine how well it is meeting its mission, vision, and goals. Developing and using a system of performance measures enables the organization to identify areas needing attention and opportunities for improvement. Characterizing performance of a work process can support improvement of that process. Process improvement teams often analyze work processes by breaking them down into related project activities and tasks to improve quality, timeliness, and efficiency.

The researcher sought to find out the main obstacles to measuring performance among the respondents. The findings indicate that 100% of the respondents thought Multi Stakeholder expectations were the major obstacle to measuring performance ranked number one followed by difficulty in defining performance output with 83% respondents' ranked number two among the main obstacles to measuring performance. The study findings indicate that inability to measure total cost/benefits of projects was considered to be another main obstacle ranking number three. Table 4.3 below best illustrates these findings.

Table 4.4 Obstacles to measuring performance

Obstacles	Frequency	Rank
Difficulty in defining Performance Output	5	2
Multi Stakeholder expectations	6	1
Project Lifespan	3	4
Inability to measure total cost/benefits of projects	4	3
Political Influence	3	5
Communication	2	6

Source: Research Data, 2013

## 4.4 Summary of the Output

The researcher found out the following summary of output from the data analysed on 7 implemented PPP in Kenya. Table 4.4 below assesses the statistical significance of the result, it is necessary to look in the table below: ANOVA. This tests the null hypothesis that Regression (R) in the population equals 0. The model presented here reaches statistical significance of 0 i.e., [Sig = .000, this means p<.0005 in testing various variables in relation to the research objectives.

Table 4.5. ANOVAa

Model	Sum Squares	of	Df	Mean Square	F	Sig.

	Regression	12.867	8	2.607	19.723	.000ь
1	Residual	4.122	24	.171		
	Total	48.980	32			

Source: Research Data, 2013

#### 4.5Discussion of Findings

It is clear from the study findings that performance measurement approaches in public - private partnership in Kenya are effective owing to the success of the PPP that were considered in this study. For any PPP implementation to be a success, it needs to have in place defined performance requirements before commencement of a project. This is in addition to carrying out environmental and social impact assessment. The findings also indicate that public-private partnerships need enforceable penalties for failure to meet contractual obligations for all the parties involved.

The findings also indicate that there is need for a customer/stakeholder satisfaction survey to show the perception of the relevant groups that are involved in the partnership. For any partnership to be implemented effectively there is need for groups involved to be privy of both financial and non-financial measures that could be adopted in order to assess financial viability of the projects. In addition to this, it is important to have sound and transparent performance evaluation system that could be based on scientific or technological and industrial relevance which can be embraced by some specific units on assessment of specific benchmarks.

The findings of this study support the observations of Williams (2003) and Behn (1999) who identified the importance of performance measurement and evaluation while at the same time acknowledging the obstacles associated with this objective. The study established that the various approaches to performance measurement as discussed by Sink and Tuttle (1989), Ghalayini et al. (1997), Kaplan and Norton (1992), Yuan et al. (2009) and Neely et al. (2000) were not universally applicable to organizations. This was as a result of the unique complexities of

individual projects which required that performance measurement criteria be dependent on specified factors, the main consideration being the intention for which the project was started. In consistency with the observations of Zhang (2008), the study identified essential performance measurement criteria to include technical specification requirements, financing requirements, stakeholder satisfaction and environmental management.

# 5.0. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the finding and discussions of the study. It also covers the recommendations for further studies on related issues on the subject not well covered. The study finally addresses the limitations of the conclusions of this study.

#### 5.2 Summary of Findings

The findings indicate that majority of the partnerships had clearly defined performance requirements with all the relevant parties knowing what performance requirements were expected from them before the commencement of the projects. From the findings most of the respondents felt that the effectiveness and transparency of their performance monitoring was very good, some other respondents felt that the effectiveness and transparency of their performance was good, moderate as well as fair. All respondents agreed that there was some form of arrangements for risk sharing in any form of public-private partnership. The researcher wanted to find out how the respondents rated the arrangements based on sensibility and manageability of the risk sharing arrangements.

The findings show that all the respondents felt that there was an environmental and social impact assessment of the public-private partnerships in Kenya. The findings indicate that majority 50% of the respondents rate the environmental and social impact assessments carried out as good, two of them rated the assessments as being very good whereas one of the respondent rated the assessments as moderate. The respondents indicated that there were enforceable penalties for failure to meet contractual obligations.

The findings indicate that 67% of the respondents agreed that they carried out customer/stakeholder satisfaction

survey this is as opposed to 33% of the respondents who stated that they did not carry out customer/stakeholder satisfaction survey. Customer satisfaction charter agreements, compliments/complaints boxes as well as random/unsolicited responses were used by the public-private partnerships in Kenya as the methods/criteria to carry satisfaction survey.

The respondents stated that they encompass expectations of multiple stakeholders in the project by balancing demand from varying sets of stakeholders, maintaining alignment with the overall business objectives, delivering stability and providing localized value and delivering value within exacting financial and resource constraints. The respondents also stated that by having standard methods and structures for capturing all work ranging from simple support or change requests, to large complex projects and programs, evaluating an organization's resources and performance to determine its capacity for production of work as well as shuffling of resources to meet demands of project delivery schedules and project priorities expectations of multiple stakeholders in the project were easily met.

The findings indicated that most of the respondents 83% agreed that they had a defined conflict resolution process including alternatives to judicial resolution this was as opposed to 17% of the respondents who thought otherwise. Those who agreed that they had a conflict resolution process were asked to state the extent to which they used financial measures to assess their financial viability. Majority of the respondents 67% stated that line ministries, finance ministry or PPP unit conducted unit ex post assessment against specified benchmarks this is as opposed to 33% respondents who did not think that line ministries, finance ministry or PPP unit conducted unit ex post assessment against specified benchmarks.

The respondents stated that the strategy used include outcome-oriented management strategy. Focusing on outcomes will direct management attention toward performance and will help strengthen the connection, allocating resources and assuring effective services at reasonable cost are significantly facilitated by the availability of meaningful and accurate performance information. The respondents also stated that goal development process begins to focus the organizations actions toward clearly defined purposes. Within the scope of the stated mission and utilizing the external/internal assessment, goals specifying where the organization desires to be in the future.

The factors that were considered to be important include compliance with technical specifications (time/quality and functionality), financial performance indicators, appropriate risk allocation, project social benefit as well as environmental considerations. The study findings state that the performance measures are used in providing measurable results so the various departments can demonstrate progress towards goals and objectives. This is done by providing specific measurement results that aggregate organization wide measure. Determining the effectiveness of the department is important. Organization needs to determine how well it is meeting its mission, vision, and goals. Developing and using a system of performance measures enables the organization to identify needing attention and opportunities improvement. Characterizing the performance of a work process can support improvement of that process. Process improvement teams often analyze work processes by breaking them down into related project activities and tasks to improve quality, timeliness, and efficiency.

The findings indicate that 100% of the respondents thought Multi Stakeholder expectations were the major obstacle to measuring performance ranked number one followed by difficulty in defining performance output with 83% respondents' ranked number two among the main obstacles to measuring performance.

# 5.3 Conclusion

The researcher can conclude that indeed, the performance of public private partnerships in implemented in Kenya are evaluated and measured. From the study, it is apparent that the performance measurements approaches differ as they are influenced by unique project complexities the main consideration being the intention for which the project was started. This in turn informs the design, structure, deliverables/factors and ultimately the measurement criteria. The main considerations in ensuring efficient and effective performance measurement include transparency in performance monitoring, which refers to the way in which the design, initiation of projects, the selection process ought to be organised. The process needs to consider the interests of all stakeholders. As much as effectiveness and transparency is an important aspect in public-private partnership or any project it is necessary for organizations to agree on some form of arrangements for risk sharing without which some disagreements will come up as a result of any failure of projects or partnerships. By the virtue of the multiplicity of the players in such arrangements, conflicts are therefore expected. An effective performance evaluation system should establish the criteria for conflict resolution in a bid to ensure that constructive outcomes are achieved.

Any success or failure of a project revolves aroundmany issuesnot limited to financial efficiency. Non-financial aspects in project are as important as financial measures. The researcher therefore concludes that environmental and social impact assessments, project social benefit, appropriate allocations of resources as well as compliance with technical specifications of tie quality and functionality are important. The researcher also concludes that it is important for organizations carrying out projects to have enforceable penalties for failure to meet contractual obligations.

In summary customer satisfaction charter agreements, compliments/complaints boxes as well as random/unsolicited responses were used by the public-private partnerships in Kenya as the methods/criteria to carry satisfaction survey. Organizations that want to achieve a successful partnership need to carry frequent surveys to understand the extent to which their customer and stakeholders are satisfied with any arrangement made.

As a matter of fact organizations need to encompass expectations of multiple stakeholders in the project by balancing demand from varying sets of stakeholders, maintaining alignment with the overall business objectives, delivering stability and providing localized value and delivering value within exacting financial and resource constraints. The respondents also stated that by having standard methods and structures for capturing all work ranging from simple support or change requests, to large complex projects and programs, evaluating organization's resources and performance to determine its capacity for production of work as well as shuffling of resources to meet demands of project delivery schedules and project priorities expectations of multiple stakeholders in the project were easily met. Adequate capacity needs to be in place in Contracting Authorities for structuring of deals and negotiating deals to protect the public sector interest. Public and political acceptance of benefits of public private partnerships is needed. PPPs are not a panacea. They represent a claim on public resources that needs to be understood and assessed by the Government. They are often complex and long term and mistakes can be costly.

The researcher can also conclude that private sector participation in the provision of public services has partly arisen out of a necessity for the development of public utilities to be undertaken at a rate that maintains and allows growth. This can only be an opportunity for the country and its citizens. The partnerships are important because they are about promoting authority-led initiatives that encourage commercial investment in facilities and services, give better value for money and transfer significant risk and the management of projects and services to the private sector.

Indeed public organizations and indeed PPPs should be clear on what goals are to be achieved well before the commencement of any partnership failure to which they will find it difficult to develop and fully engage in performance measurement. Establishing a performance measurement system that addresses the interest of all the stakeholders in a PPP is fraught with many challenges but that should not be a barrier to any engagement, assessment and continuous improvement of organization results and strengthening accountability in the partnership.

#### 5.4 Recommendations for Policy

This study recommends that further partnerships should be encouraged using the private-private partnerships model as it is a good growth strategy. From the study findings the researcher recommends that the government should encourage public-private partnerships as a financing and investment approach through appropriate training, sensitization and motivation of the private sector players. While it has been noted from the study the tremendous progress has been made in the formation and adoption of a legal framework, establishment of procedures and relevant bodies for PPP implementation, the importance of further encouragement and motivation to stakeholders cannot be underscored.

Finally, the researcher recommends that the all government departments should support the introduction of any form of partnership in the Kenyabecause this can lead to stabilization of the country leading to economic growth. The researcher recommends that before the government enters any partnership, it should carry out appropriate research and evaluation to ensure that the benefits to be achieved outweigh risks.

# 5.5 Limitations of the Study

The main challenges met in this research study include paucity of documented information on the subject

especially in Kenya, bureaucracy and limited resources in terms of finances and time. Some of the limitationsencountered in the study are largely attributed to the fact that this is a totally new area of Study with limited publications in the country. Time was a limiting factor for the researcher since she is in full time employment and therefore did not have adequate time especially in the collection of data. Further, data from the targeted PPPs in Kenya was insufficient to be used to answer the research objectives sufficiently. In addition, limited resources on the part of the researcher were another limitation. The research lacked adequate funding for conducting the research.

#### 5.6 Recommendations for Further Research

From the work done further research can be considered on: the critical success factors or indicators of effective financial performance of public-private partnerships. A comparative study on the determinants of a partnership and its relationship with the performance of relevant groups as well as the impact of government legislation on PPP success will be required. The researcher also recommends a study on the obstacles that public organizations face when they try to develop and use performance measures as well as strategies for the measurement and improvement of PPPs to fit into overall policy and governance guidelines.

#### **REFERENCES**

- Akintoye, A., Hardcastle, C., Beck, M., Chinyio, E., &Asenova, D. (2003). Achieving best value in private finance initiative project procurement. *Construction Management and Economics*, 21(5), 461-470.
- Atkinson, A.& Epstein, M. (2000), "Measure for Measure", CMA Magazine, 74, 7, 22-8. American Institute of certified accountants, improving business reporting – A Customer Focus, AICPA New York NY
- Behn, R.D.& Kart, P.A. (1999), "Strategies for avoiding the pitfalls of performance contracting", public productivity and measurement review, 22.4, 470-89.
- Benett, J.&Elisabetta, I.(2006), "Building and Managing Facilities for Public Services," *Journal of Public Economics*, Vol. 90, pp. 2143–60.

- Broadbent, J. &R. Laughlin (2003), "Public Private Partnerships: An Introduction", *Accounting, Auditing and Accountability Journal* 16(3), pp. 332-341.
- Bruijn H.D., (2002). "Performance measurement in the public sector: Strategies to cope with the risks of performance measurement', *The International Journal of Public Sector Management*. Volume 15 pp. 578-594
- Carroll, S.J. &Schneier, C.E., (1982). Performance Appraisal and Review Systems: the Identification, Measurement and Development of Performance in Organizations, Scott, Foresman& Co, Glenview, IL.
- Daniels, A.C. & Rosen, T.A., (1988). Performance Management: Improving Quality and Productivity through Positive Reinforcement,2nd ed., Performance Management Publications Inc, Tucker, GA,.
- Davis, S. & Albright, T. (2004). An investigation of the effect of Balanced ScorecardImplementation on financial performance. *Management Accounting Research*, Vol. 15, pp. 135 153
- Diba, H.R., (2012) Critical Success factors for public private partnerships in the Kenya road sub sector. *Unpublished MBA Project*. University of Nairobi.
- Elinami J.M., (1995) A survey of performance measurement in Divisionalised CO-S in Kenya. *Unpublished MBA Project*. University of Nairobi.
- European Foundation for Quality Management, Total Quality Management: the European Model for Self-Appraisal, European Foundation for Quality Management, Eindhoven, 1994.
- Ghalyanini, A.M., Noble, J.S. & Crowe, T.J. (1997) <u>"An</u> integrated dynamic performance measurement system for improving manufacturing competitiveness", *International Journal of production economics*, VOL 48, pp. 207-25
- Globerson, S., (1985). Performance Criteria and Incentive Systems, Elsevier Science Publishers, New York, NY,

- Gordon Kingsley, G., & Dara V. O'Neil (2004). Performance Measurement in Public-Private Partnerships: Learning from Praxis, Constructing a Conceptual Model. *Paper* presented at the American Society for Public Administration 65th. National Conference, Portland, Oregon, March 27-30, 2004.
- Hatry, H.P., Morley, E., Rossman, S.B. &Wholey, J. (2003), "How federal programs use outcomes information: opportunities for federal managers", Managing for Results Series, IBM Endowment for the Business of Government, available at: www.businessofgovernment.org/pdfs/HatryReport.pdf
- Isamail, S., &Ajija, S. Critical Success Factors of PPP Implementation in Malaysia,
  - http://irep.iium.edu.my/14605/1/Critical success factor s.pdf, retrieved 03/08/2013
- Jensen, M.C., & W.H. Meckling (1976) "Theory of the Firm:

  Managerial Behavior, Agency Costs and
  Ownership Structure" Journal of Financial
  Economics, V.3, 4, pp. 305-360.
- Jupp, V. (2006), *The SAGE dictionary of social research methods*. London: SAGE Publications.
- Kaplan, R.S. & Norton, P.P (1992), "The balanced Scorecard Measures that drive performance", *Harvard Business Review*, January-February, pp 71-9
- Laffont, Jean-Jacques, & Jean Tirole, 1993, A Theory of Incentives in Procurement and Regulation, (Cambridge, Massachusetts: MIT Press).
- Lynch, R.L. &Cross, K.F. (1991), Measure up The essential Guide to Measuring Business Performance, Mandarin, London.
- Makori, C.G, (2002), Strategic performance measurement within an operations strategy context: a survey of Kenyan practices, Unpublished MBA Project. University of Nairobi
- Martimort, David, &JérômePouyet, 2008, "To Build or Not To Build: Normative and Positive Theories of Public-

- Private Partnerships," International Journal of IndustrialOrganization, Vol. 26, No. 2,
- Mbeche, I. (2000), "Project planning, implementation and evaluation: A Training manual" UNCRD Text book series No. 8. United Nations centre for Regional development, ISBN: 4-906236-74-X.
  - Mogendi, T., (2006), A Survey of the Performance Measurement by International Humanitarian Organizations for Their Programs & Operations in Somalia. *Unpublished MBA project*. University of Nairobi
  - Moralos, D. & A. Amekudzi (2008), "The State of the Practice of Value for Money Analyses in Comparing Public Private Partnerships to Traditional Procurement", Public Works Management and Policy, Vol. 13, No. 2, pp. 114-125.
  - Musyoka, C. A. (2012), Factors influencing the performance of public-private-partnerships in the Kenyan housing sector, Unpublished MBA project. University of Nairobi
- Neely, A., Gregory, M. &Plalts, K. (1995), "Performance measurement system design: a literature review and research agenda", international journal of operations and production management, Vol. 15 No. 4, pp. 80-116
- Neely, A.; Mills, J.; Platts, K.; Richards, H.; Gregory, M.; Bourne, M.&Kennerley, M. (2000), "Performance measurement system design: developing and testing a process-based approach. *International Journal of Operations and Production Management*, volume 20, p1119-1145
- Nicholson-Crotty, S. Theobald, N.A. & Nicholson-Crotty, J. Disparate Measures: Public Managers and Performance-Measurement Strategies. *Public Administration Review*, 2006, 66(1), 101-114.
- Ong'olo, D.O. (2006), Public Private Partnerships (PPP): Practice and Regulatory Policy in Kenya. *Paper prepared for the Institute of Economic Affairs (IEA)* on July 7th 2006, Kenya.

- Parker, C. <u>"</u>Performance Measurement' work study volume 49 number 2 (2000) pp. 63-66.
- Rosenau, A. & Habermann, F. (2000), "Making PROJECTS a success", Communications of theca, Vol. 43 NO.3, pp. 57-61.
- Scott, L.J. &Sun P.Y., "Towards better qualitative performance measurement in organizations', *The Learning organization* Volume 10 number 5 (2003) pp. 258-271.
- Shaoul, J. (2005), "A Critical Financial Analysis of the Private Finance Initiative: Selecting a Financing Method or Allocating Economic Wealth?" Critical Perspectives in Accounting 16(4), pp. 441-471.
- Sim, L.K. &Koh C.H. (2001), "Balanced Scorecard: a rising trend in strategic performance measurement", *Measuring business excellence*, Volume 5 number 2 201 pp. 18-27
- Smith, P. (1993), "outcome-related performance indicators and organizational control in public sector", British Journal of Management, 4. 135-51
- Streib, G. &Poister, T. (1999), "Assessing the validity, legitimacy, and functionality of performance measurement systems in municipal governments", American Review of Public Administration, Vol. 29 No. 2, pp. 107-23.
- Babatunde, S. O., Opawole, A. & Akinsiku, O.E. (2012) "Critical success factors in public-private partnership (PPP) on infrastructure delivery in Nigeria", *Journal of Facilities Management*, Vol. 10 Iss: 3, pp.212 - 225
- Tangen, S. (2004), "Performance Measurement from Philosophy to Practice", International Journal of Productivity and Performance Management VOL 53 No. 8, 2004, pp. 726-737
- Williams, D.W. (2003), "Measuring government in the early twentieth century", Public Administration Review, Vol. 63 No. 6, pp. 643-59.

Zhang, S., (2008). "The use of performance information in external reporting on empirical study of UK. Executives agencies", financial accountability and management 11, 1. 1-17

