

# The Impact of Performance Contracts on the Effectiveness of the Local Government Administration, Gasabo District as the Case Study

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## ABSTRACT

This study was about the impact of Performance contracts on the effectiveness of local government administration. It was intended to find out whether Performance contracts contribute to effectiveness of governmental activities taking a case study of Gasabo District. The general objective of this study was to analyze the role of Performance contracts in ensuring efficiency and effectiveness of local government administration; especially in Gasabo District and Rwanda as a country in general. Specific objectives of the study were: to find out the Performance contracts that are signed by the mayors, to find out whether current job performance is better than that of before the introduction of performance contracts policy i.e., before 2006, to enhance the local leaders in implementation of their roles and came up with recommendations on how Performance contracts can best be done. Different literatures were reviewed in relation to the topic that is to say Performance contracts related issues such as Performance contract enforcement reports and the like. In methodology, the researcher used population of the study, sample size, sample selection technique, data collection instruments such as questionnaires, interviews, observation, and documentary study. It included the practice of evaluating the goodness and badness of decisions made during the course of research work. The sample population was 61 employees of Gasabo District. It was an aid to

decision making and facilitated the process of completing whole the book in terms of thinking, analysis, evaluation and interpretation of the data collected from the field. This comprises an orderly intellectual process and an orderly system of arrangement that enabled the one to reach the aspect of knowledge. It was a conceptual process that coordinated a set of investigation operations and techniques. According to Gaige Wilson (1989:142) documentary study is a system that formerly acknowledges the sources you consult for your research and to the full bibliographical entries at the end of research. The key findings revealed significant improvements in the wellbeing of the society in different sectors of life but there still remain some constraints such as, scarcity of resources both financial and human and the over targeting of expectations (goals). Even though Performance contracts are signed between leaders, there still remains poverty and illiteracy within the local population as revealed by the local leaders in the interview with the researcher. It was noticed that in Gasabo District, Performance contracts contribute highly to the workers' Performance which also led to improved institutional Performance. Then, different suggestions were made with regard to how Performance contracts should be over emphasized in order to maintain good Performance that led to eventual socio- economic growth. Lastly, the researcher has contributed much for the impact of Performance contracts on the effectiveness of the local government administration, but there are other underground ideas, and a combination of related factors which were not talked about (shown/tackled) for instance: 'what are the challenges of Performance contracts in Rwanda?' referring to Performance contracts policy, hope that it will be tackled by other researchers in further research.

**KEYWORDS:** Performance, Contract, Effectiveness, Good governance and economic growth, Relationship between Performance contracts and local government administration, The essence of Performance contracts, Advantages of Performance contracts, Performance monitoring and evaluation

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## 1. INTRODUCTION

### 1.1. Background of study

Performance contract is very important for a developing country like Rwanda. That is why in April 2006 the government of Rwanda adopted Performance contract policy and the strategies for its implementation. The main aim of the policy was to ensure political, social and economic efficiency thus fighting poverty and promoting economic growth (MINALOC Policy note 2006). Owing to the second decentralization on local government reform in Rwanda in 2006 the central government started a system of service delivery based on Performance contracts. All local government institutions that are; Districts and the city of Kigali started signing Performance contracts with the office of the president of the Republic of Rwanda indicating their short-term programs and goals. The Performance contract system aims at better service delivery and gearing local development initiative that would empower the people evaluate their leader's Performance and improve accountability to the people. It is against this background that Gasabo District committed itself to this system.

When some institutions are said to be performing well and others are not, different factors including the following may be held absolutely responsible. Motivation of workers, human resource management, efficiency, effectiveness, Performance appraisal and accountability are on basis of work effectiveness of local government. It is evident that efficiency and effectiveness of human resources factor is much a concern in this study of Performance contracts towards economic growth. According to Douglas North (1990:12) the inability of societies to develop effective Performance contract is the most important source of both historical and contemporary underdevelopment in the third world. Therefore, this saying highlights how lack of effective Performance contract and contract enforcement has underdeveloped the third world. Thus, showing that Performance contracts are helpful in promoting economic growth this is our concern in this topic. The government of Rwanda knows that government institutions of a country play a great role and influence on its economic growth. The prosperity of the government depends greatly on government institutions since 1999 up to today the priority of the government intervention in its governance is reforming public services, decentralization of local government and the development of human resources. Since January 2006 heads of public institutions and District leaders have been signing Performance contracts with the local levels that its sectors, cells and villages commonly known as IMIDUGUDU

(Villages). It is through this Performance in different domains increase.

This project provides details on the role Performance contract and contract enforcement in furthering economic growth of Rwanda. Research showed that before the Performance contract program, the leaders would perform their duties without fear that there would be a breach of their duties but after its implementation now leaders are at least efficient. Therefore it is from this that the researcher is analyzing the role of Performance contract in economic growth of Rwanda. INDASHYIKIRWA Magazine N° 007(2009:13). For the purpose of this study, a contract can be defined as an enforceable promise and a clear understanding of mutual obligation and expectations. Performance contract in this regard therefore can be seen as the main pledges signed by the mayors of the districts and the president of the republic of Rwanda commonly known as IMIHIGO (Contracts) or the legally binding agreements signed between the mayors of the Districts and his Excellency the president of the republic of Rwanda regarding Performance at work. Generally, institutions are understood as the rules that govern the economy and economic policy making. They include the fundamental legal, political and social rules that establish the basis for production. Performance contract is not a homogeneous concept. It differs from culture but with regard to Performance contract in Rwanda, personal trust and morality are viewed as providing a basis for Performance contract enforcement when interactions between contracting parties is repeated. Studies show that even very short personal interaction increase cooperation among individuals as **Arrow (1969)** emphasized the role of trust in contractual relations. He further states that, the efficacy of alternative modes of contracting will vary among cultures because of differences in trust. Similarly internalized norms or moral standards enhance first party enforcement of contracts. Social rules and customs contain implicit agreements about proper behavior and towards other individuals.

These norms influence behavior and promote contract enforcement. Informal punishments such as gossip and ostracism are used to enforce these norms and promote rule and contract obedience. The concept of Performance contract is rooted right back from the history the Rwandese where they would feel guilty and ashamed for non-Performance. Actually, Performance is 'the organizational ability to attain its goals by using resources in an efficient and effective manner to accomplish institutional objectives and goals' Daffy (1999:11).

## 1.2. Problem Statement

The use of performance contracts has been acclaimed as an effective and promising means of improving the performance of public enterprise as well as government departments. The success of performance contracts in such diverse countries as France, Pakistan, South Korea, Malaysia, India and Kenya has sparked a great deal of interest in this policy around the world.

A large number of government and international organizations are currently implementing policies using this method to improve the performance of public enterprise in their countries. Performance contracts represent a state-of-the-art tool for improving public sector performance. They are now considered an essential tool enhancing good governance and accountability for results in the public sector. From: [www.ehow.com/list-performance-indicators.htm](http://www.ehow.com/list-performance-indicators.htm) accessed on 5th Apr 2013. According to some of the scholars, Performance contract plays a critical role on effectiveness of local government activities and development for example in the survey carried out by Stone, Levy and Parades (1992) in Brazil the respondents ranked ineffective Performance contract and contract enforcement as the most serious impediment to good government and development and the USAID report 1990 argued the lack of contract discipline in AFRICA as the most serious impediment to good government and development that is why the researcher feels concerned to find out whether Performance contract as a newly introduced policy will help in promoting the local government activities. Generally, this is to analyze the role of Performance contracts in proving the efficiency and effectiveness of local government administration; especially in Gasabo District and Rwanda in general. According to the views of local population, Performance contracts has an impact on work habits in different services like agriculture (land consolidation) and the application of UBUDEHE Feature which has actually acted as Performance sensitive for those who excelled in Performance by rewarding them, and introductory of GIRINKA program which facilitates easy eradication of poverty from households and the consequent wealth creation to the societies thus effectiveness of local government activities.

The problem that still impedes local government activities is low-cost contract enforcement procedures that is commonly held to provide a critical incentive for the formation of complex commercial agreements and there by facilitating economic growth. Actually, Policy makers did not decentralize all the powers and means to the sectors while all services are provided

by the sector and Performance contracts are to perform if resources are available in different location of sectors finally, payment and empowerment of local leaders should be over emphasized.

## 1.3. Objectives of the study

The objectives of this study were categorized into general objective and specific objectives.

### 1.3.1. General objective of the study

The general objective of this study was to analyze the role of Performance contracts in ensuring efficiency and effectiveness of local government administration; especially in Gasabo District and Rwanda as a country in general.

### 1.3.2. Specific objectives of the study

1. To find out the Performance contracts those are signed by the mayors.
2. To find out whether current job performance is better than that of before the introduction of performance contracts policy i.e., before 2006.
3. To enhance the local leaders in implementation of their roles.

## 1.4. Research questions

1. What are the performance contracts signed by mayors?
2. How are the Performance contracts facilitative in achieving the local government administration?
3. How has Performance contracts furthered socio-economic growth in Rwanda?

## 1.5. Scope of the study

This research is expected to benefit the researcher, the University and even the districts in which the research is going to be conducted. The researcher gained more knowledge by reading different literatures in different books that concerns Performance contracts. This research helped Kabale University (KU) as it served it as a reference for every researcher who will need to consult it. The results of this study are expected to benefit the district on its worker's Performance regarding efficiency.

## 1.6. Significance of the study

The study is being carried out in Gasabo District which is one of the three Districts that make up the Kigali city. This District covers the role of Performance contracts in furthering all the local government activities and the researcher is researching in it because he lives there, and it would be easy for him to get information.

## 1.7. Organization of the study

This research is organized into 3 chapters. The first chapter presents the introductory part of the study, background of the study, statement of the problem, scope of the study, research questions, significance of

the study, scope of the study, conceptual framework and even the organization of the study.

The second chapter highlights the literature review of the study with reference to different sources of data especially from textbooks and other related documents. The third chapter presents the methodology that has to be used in carrying out research to the topic in question such as observation, interview and even the questionnaire.

### 1.8. Performance

This has been defined by Rue (2000:401) as the degree of accomplishment of the tasks that make up an employee's job. According to Daffy (1999:11) Performance is the organizational ability to attain its goals by using resources in an efficient and effective manner to accomplish institutional objectives and goals.

### 1.9. Contract

According to Barbara Brabec (2010:10) this is an agreement between two or more parties creating obligations that are enforceable or an enforceable promise and a clear understanding of mutual obligations and expectations or the legally binding agreement between two or more parties. According to the official gazette of the Republic of Rwanda N° 08/2006 of 24/02/2006. It can also be defined as the legally binding agreement between two or more persons for performing refraining from performing

### 1.10. Effectiveness

According to Margret Williams (1990: 30) it refers to as the ability to obtain the goals of an organization. It can also be defined as a means of achieving the organization goals (paying no attention) irrespective of the means Peter Drucker (1990:26)

### 1.11. Local government

According to Prof: Musa, it is the unit of public sector dealing with activities for municipalities and councils in the government set up. Also, it can be defined as the collectively to administrative authorities over areas that are smaller than state. According to Lord Clement-Jones (2001:20) it is an administrative body for a small geographic area such as a city, town, country, or state. A local government will typically only have control over their specific geographical region and cannot pass or enforce laws that will affect a wider area.

### 1.12. Theory on Performance contracts

According to Daffy (1999:11), these are mutual agreements between two parties that clearly specify their mutual Performance obligations, intensions, and responsibilities. Performance contracts have been applied as mechanism embarked to achieve or reach stated goals. This can go hand in hand with

managerial organizational Performance. How successful an organization achieves its objectives, satisfies social responsibilities to a large extent depends on its managers.

If managers do their jobs well, the organization will probably achieve their goals and the nation as whole will prosper.

Performance contracts are related to management by objective which is essentially a planning aid to assist managers in integrating strategic and tactical planning. It helps them to translate long term objectives into a workable action plan. The organization needs to establish a number of targets relating to management by objective in order to ensure that the system works. The organization must appreciate that it has many different objectives. It also needs to understand there will be occasions when if there is risk and uncertainty in setting various objectives. Importantly it has to prioritize and classify its objectives and it needs to deploy its resources including human resources to focus on its objectives, strategic and tactical considerations and maybe integrated for the success of management by objective in seven (7) phases as it is seen in "Guyen. C. A. (1989), The measure of the level of Performance".

### 1.13. The effectiveness of local government activities

The local Government has many activities that are carried for the purpose of developing the country these are among others: The gouvernements define good governance as the exercise of political, Economical, and administrative authority to manage the nation's affairs and is revealed in the security of the people and their properties, unity and even accountability, Justice which is witnessed in fighting against corruption and injustice, Agricultural modernisation, This is done through swamp reclamation, maintenance of buffer stock, promotion of cash crops such as coffee, artificial insemination among cows and implementation of one cow program, infrastructural development through roads construction and repair provision of water to the need by construction of valley dams and bore holes and even water tanks for water reservation, Promotion of information communication technology (ICT), Environmental protection by preventing deforestation and bush burning by promoting a forestation and re-a forestation, Health by sensitizing the people to join health insurance commonly known as "mutuelle de santé", HIV aids testing and provision of advisory services, promotion of child rights and encouraging family planning, Education by implementing universal primary education and education for all.

To summarize, Performance contract in Africa is not legally enforceable instead rely on informal arrangements which depend mutual trust and kinship.

#### 1.14. Good governance and economic growth

The governments define good governance as the exercise of political, economic and administrative authority to manage the nation's affairs and the complex mechanisms, processes, relationships, and institutions as well as leadership behavior through which citizens' groups articulate their interests, exercise their rights and obligations and mediate their differences. The Governments take Good Governance to refer to the exercise of political, economic, and administrative authority to handle the nation's affairs and the intricate mechanisms, processes, relationships and institutions as well as leadership manners through which citizens and groups articulate their interests, exercise their civil liberties and obligations and mediate their differences.

Good governance therefore revolves around a number of significant policy considerations; democratization of governance process, promotion of a participatory culture of the governed, promotion of clearness and accountability in public administration, enhancing the role of the media and civil society in social economic, political and culture transformation, empowering the society in decision making process with regard towards economic and social activities. It is acknowledged that good governance is the only viable alternative to promote sustainable socio-economic development and boost national peace and reconciliation is to empower the population to actively participate in decision making process with a view to sustainable development activities that directly impact on their livelihoods and to make the population increasingly self-reliant. This process is likely not only to nurture self-confidence in people but also slowly but surely liberate the minds of ordinary people and as well as their capacity to make free choice with no fear or intimidation.

#### 1.15. Relationship between Performance contracts and local government administration

After the decentralization system was adopted in 2000, the government of Rwanda was particularly concerned with the improvement of performance and accountability in Local government. It is in this context that the innovative system of Imihigo (Performance contracts) procedure was also adopted in 2006 as planning, monitoring, and evaluation too mechanism to accelerate the socio-economic transformation of the country. The process has so positive impact in improving performance contract in local government activities, although a number of

challenges still exist. This positive effect is largely imputed to continuous improvement of the process.

Performance contracts approach shares many characteristics with the modern result-based tool (management by objectives) and the relationships are as below.

1. They all identify a set of clear and limited priorities.
2. They all present a set of specific targets backed by measurable Performance indicators.
3. They all undergo a well-defined Performance monitoring and evaluation process.
4. They all constitute an efficient accountability mechanism and an incentive for local government leaders and their population to implement the decentralization policies and to promote regional development targets. (LALGA,2013: 1)

#### 1.16. The essence of Performance contracts

The Performance contracts identify a set of clear priorities and show specific targets backed by measurable Performance indicators, they undergo a well-defined Performance monitoring and evaluation process and constitutes an efficient accountability mechanism of nation's development targets. Performance contracts are based on visible intention of mobilizing resources for the local government activities under conditions of scarce resources, planned and well managed interventions involving the people themselves to rationalize the use of the new model.

Performance contracts through improved service delivery especially in social sectors of education, health and sanitation have been seen as the road to the development of Africa and people's wellbeing.

#### 1.17. Advantages of Performance contracts

According to C.R Kothari (2004:22) Performance contract operates under community participation; it encourages the community as well as individual hard working. It encourages efficiency and effectiveness since it is characterized by close monitoring and evaluation and this increases service delivery as well as economy growth mostly in an area that were prioritized by locals of administration such as education, health, good governance, justice etc. It also helps in identifying ground problems by using the community members as they are experienced with their local problems and prioritizing in finding solutions. It also helps in fighting corruption and acts as breakthrough by ensuring that important solutions of national and local stakeholders are achieved during the course of calendar year due to efficient accountability and incentive mechanism.

### 1.18. Performance monitoring and evaluation.

The ministries provided a well-defined monitoring and evaluation process to measure and compare District 's Performance. Monitoring and evaluation system is structured around four (4) predetermined steps.

1. A monthly report sent to the ministry of government community development and social affairs as a monitoring tool for activities.
2. A quarterly review looking at Performance indicators between the leaders of the local government institutions.
3. Amid- term review (Six months) on the overall Performance at which the local Government leaders meet the president and the central government ministries.
4. Annual assessment that is held during the existing annual national dialogue on the state of the nation as provided for under the constitution as a consultative forum between the president, members of parliament, central ministries, local government and other civil society stakeholders. (LALGA,2012) Consultancy on Performance contracts and local government planning and reporting Kigali, Kicukiro October12.

### 1.19. Pillars of the good governance program for poverty reduction in African countries

There are many pillars of the good governance program for poverty reduction in African countries some of them are indicated below.

1. Institutional Strengthening and Coordination
2. Unity, Reconciliation, Peace and Security
3. Social Welfare and Empowerment of the Population
4. Promotion and Involvement of the Private Sector and civil society
5. Strengthening Economic Planning and Management

### 1.20. Concept note on Performance contract as process Performance budgeting

The main objectives of Performance contract as a process of Performance budgeting are to ensure ownership, participatory planning, result oriented management, monitoring, evaluation, prioritization, transparency, accountability, self-assessment, effective utilization of resources and Performance reporting. The joint action (JAF) ensures paper prioritization of planning based on available resources; result oriented budgeting, ownership, accountability, and transparency.

Performance contract is one way of ensuring Performance on budgeting process that is practiced by the joint action forum and is clearly by the Leaders

and in his absence by the vice mayor of the district. It is co cleared by the lead donor in the district. The joint action forum meets quarterly to discuss progress on implementation of Performance contracts, resources mobilization and as part of the continuous assessment and Performance monitoring framework and discusses other issue related to economic growth and development in the district.

### 2. Research Methodology

Research methodology gives a detailed presentation of the techniques and tools used to investigate research in the field. It includes the sources and the methods of collecting the data, the population of the study sample size, data processing as well as limitations of the study. Researcher used population of the study, sample size, sample selection technique, data collection instruments to make research decisions and it included the practice of evaluating the goodness and badness of decisions made during the course of research work. It was an aid to decision making and facilitated the process of completing whole the book in terms of thinking, analysis, evaluation, and interpretation of the data collected from the field. It comprises an orderly intellectual process and an orderly system of arrangement that enabled the one to reach the aspect of knowledge. It was a conceptual process that coordinated a set of investigation operations and techniques.

According to Kenneth D. Bailey (1978:30) research methodology means the philosophy of research process and includes values and standards of criteria the researcher uses to interpret the data and reaching the conclusions. Contemporary English dictionary (1985:99) defines research methodology as a set of methods and principles that are used when studying a particular subject or doing a kind of work. Williams and Grinnell (1990:99) defined research methodology as methods and principles that are used when studying a particular kind of work.

#### 2.1. Population of the study

This study aimed at finding out the relationship between Performance contracts and the effectiveness of local government administration. The population of the study was made up of the entire workers of Gasabo totaling to 122 employees.

#### 2.2. Sample size

The sample size was 50% of the total workers of Gasabo District which was equivalent to 61 workers out of 122 total employees of Gasabo District because they were the ones who were seen as directors and head of different units and they were the ones who forecast and ensured the implementation of pledges.

### 2.3. Sample selection technique

A sample is apportioned of the total population. A sample must be viewed as approximation of the population other than the whole and the researcher used Purposive techniques.

#### 2.3.1. Purposive technique

According to Grinnel and Margret Williams (1990:54) this is a non-probability sampling in which the researcher decides without the use of any scientific technique to select certain items for his or her sample which was in agreement with the population in regard to particular characteristics. In this case the respondents are chosen according to their knowledge and their qualifications because for example there is some information that could be provided by directors of various departments.

### 2.4. Instruments of Data collection

The methods of collecting data involved questionnaire, interview, observation and documentary study.

#### 2.4.1. Questionnaire.

The researcher to collect the information from the respondents used self-administered questionnaire. Here a set of related questions was prepared, and respondents were requested to answer.

#### 2.4.2. Interview guide

Kenneth D. Bailey (1978:96) defined interview guide as a conversation in which the researcher tries to get information from the interviewer i.e., face to face encounters. Therefore, the researcher interviewed the mayor, vice mayors, both executive secretary of the district/sectors, directors and head of different units. Where some questions were put aside and the researcher himself wrote answers got from the respondents this was done straight away at the field. This method was mainly used because it was more flexible and allowed the researcher to get more answers that could not otherwise be covered in questionnaire in case the respondent was more knowledgeable about the topic in question.

#### 2.4.3. Observation

According to Carl (1991:9) the researcher uses this method to identify some development activities (infrastructures) such as roads, schools and the hospitals that were signed to be researched at by the District during IMIHIGO (Permanent contract) signing. This method was used because it was easy for the researcher to get firsthand information and also enabled the researcher to see whether what is answered was depicted in their Performance.

#### 2.4.4. Documentary review

According to Gaige Wilson (1989:142) documentation is a system that formerly

acknowledges the sources you consult for your research and to the full bibliographical entries at the end of research. This was done by consulting relevant documents most especially information from textbooks, journals, magazines, official gazettes as well as policy notes. This method helped the researcher to compare and finally verify the validity of the information from interview and questionnaire.

#### 2.4.5. Sources of data

In order to collect data, there must be source where the information is got. A source may be defined as a place, a person or anything that may help the researcher to get the information needed however there are two types of data sources, primary data and secondary data.

#### 2.4.6. Primary data

According to Churchill (1979:128) primary Gilbert A. Churchill (1992:182) states that primary data is the information originated by the researcher for the purpose of the investigations at hand. He continues saying that primary data are necessary more especially when the information collected through secondary data is unable to provide required information to fit the precise purpose to the problems under study. Therefore, this data came from self-administered questionnaires, personal interview and observations in order to solve a particular problem under investigation. Primary data can also be referred to as the data collected by the researcher himself or herself. The data collected is normally original because it is collected for the first time. Primary data is necessary when a thorough analysis of secondary data is unable to resolve the research problem.

#### 2.4.7. Secondary data

According to Grinnell and William (1990: 219) defined secondary data as the data that already exist in books, journals, magazines or hidden in the core of the computers. Gilbert A. Churchill (1992: 182) defined secondary data as the information not gathered for the immediate study at hand but for other purpose. Carl MC Daniel and Roger Gates (1992:115) contend that secondary data is the information that has been gathered and only might be relevant to the problem at hand.

Therefore, this data came from the review of documentations from various textbooks, periodic reports, internet and other relevant materials that talk about Performance contracts and their role in economic growth. According to Churchill (1979:128), secondary data refers to the information that is got from written documents (these are documents that are consulted in order to obtain complete and dependable information). The main source of secondary data may

include use of different libraries, publications, journals, etc.

#### 2.4.8. Data processing

This refers to the transformation of respondents' view into a meaningful text. Therefore, after collecting data the next phase was to review the data for any omissions or inconsistency and to convert the data that permitted easy analysis, and these included the following:

##### 2.4.8.1. Editing

William K. (1982:40) defined editing as a process where errors in complicated interview and questionnaires are identified and eliminated whenever possible. It is done to check completeness, accuracy, uniformity, and legibility of the information provided. Kalton and Moses (1979:41) defined editing as a routine work that involves collectively detecting errors done in the questionnaire and through the process of interview the respondents. The major aim of editing is to discover mistakes made during the field of a study. Therefore, this was used to eliminate all inconsistencies and unrelated data from the primary and secondary data collected. Specifically, all questionnaires are reviewed to ensure that all questions were answered. Also reviewed all notes that were taken during the interviews, and these were rewritten in a more organized way in relation to the topic tackled to match them with the rest of the respondents' answers.

##### 2.4.8.2. Limitations of the study.

During the research process, the researcher faced a number of limitations and problems which included the following.

1. Firstly, the reluctance of the staff to reveal some information was a limiting factor because it took the researcher into a number of bureaucratic procedures that are time and financial consuming. This is also compounded by the negligent attitude of the staff towards the researcher.
2. Secondly an unstandardized financial recording and reporting whereby the information found in one document in one year is not found in that of the next year and the reporting is not through the period.
3. Budget allocated to the researcher was not adequate and the researcher had to look for help here there and everywhere this became financial consuming. Another limitation that cannot be left out unmentioned is that the documents to be consulted are mostly in KINYARWANDA and French that would require translation, and this is also a time-consuming exercise.

### 3. Data Presentation, Analysis, and Interpretation of Results

#### 3.1. Introduction

This chapter focuses on the results of this research represents the responses to the objectives and the verification of the study; it also deals with the presentation, analysis and the interpretation of the data which was collected from Gasabo District. The findings are presented in tables for easy interpretation and explanations.

#### 3.2. The traditional form of Performance contracts.

In Rwandan tradition, Performance contracts referred to a well-known ancestral ritual in which a group of people engaged publicly in a specific accomplishment to test their bravery and then they by all means try to respect their engagement.

A failure is an immense dishonor that brings shame not only to the individual but also to his or her community. If the challenger succeeds, all his or her community will gain respect and administrate the failed communities. In a sense individual who are committed to Performance contracts ritual are bound to their own social group and their engagement can be seen as a part between themselves and their community. The Performance contracts in Rwanda are seen as encouraging the competitive spirit among the stake holders and competitors.

One of the key characteristics of Performance contracts is the fact it is not based on coercive sanctions in case of failure, but it is a system based on bravery, courage and administration. If a person fails, he or she is going to be given another chance succeed. In today's context, Performance contracts are used to designate Performance agreements signed between the president of the republic and District leaders on behalf of their constituents.

The engagement is recorded publicly in a written contract that presents a set of targets backed by specific Performance indicators over a period of one year (MUTATINA Dan 1982:19). The Performance contracts signing ceremony was held on 4<sup>th</sup> April 2006 at the national assembly in the presence of the leading dignitaries, donors and the media which broadcasted the ceremony live through radio and television so the engagement between the Districts and the president was mutual and intended to realize the series of development priorities over a period of one year.

Since then, the president engaged the central government to support the districts and their community through human, technical and financial resources that is how the Performance contracts



concept was adopted to focus on the results at the local level. After the signing, the district mayor's communication campaign to explain key priorities and targets that the districts committed to the sectors and cells were solicited to develop their population's action plan, targets and to mobilize their population for local development actions. Performance contracts were also signed locally between the districts and the sectors to increase the binding or all the local governments to harmonize the objectives. IMIHIGO was a reform initiative that generated a quick ownership process. The nation could identify with it and know the meaning of it immediately for the local leaders. It became a powerful tool to gather the resources needed to produce the results that matter for the population development.

From 1960 up to 2005 the economy of Rwanda has been characterized by internal and external macro-economic disequilibria, which translates into the double deficit of the budget and the balance of payments, low savings and low investment, and high unemployment. These imbalances became a source of macroeconomic instability and an unsustainable debt burden (MINALOC report on EDPRS 2006:25)

Rwanda's macroeconomic policy has two fundamental objectives: to ensure macroeconomic stability, and to create incentives for growth. From the first Republic following other regimes, the local leaders used to use the action plans instead of using the Performance contracts, therefore this system of action plan in implementation of their objectives, there was no evaluations. This system was not very doubtable, because there was a little progress in terms of development. Even though action plan system was used from 1960 up to 2005, there was no self-management, self-evaluation nor accountability.

However, in the period of Performance contracts i.e., 1996's, local leaders used commitment, under the periodic evaluation, accountability, competition to achieve their targets and goals. That's why the mayors every year make their commitments and sign for, with the president of the Republic of Rwanda. The modern Performance contracts had contributed much in socio-economic development of Rwandans. And now it is the paramount important in the country.

### 3.3. Presentation of the research results

The results of the research present the following responses to the objectives and the verification of the study. It also deals with the presentation, analysis and interpretation of the data which was collected from Gasabo District. The findings are presented in tables for easy interpretation and explanation. The analysis

was based on the findings which concern the impact of Performance contracts in Local government Administration in promoting developmental growth in Rwanda. The questionnaires were distributed to the sample of 61 employees of Gasabo District which was selected from the population of 122 workers. Out of 19 questionnaires distributed only 60 were returned and 2 were not answered due to the fact that they were in their leave. However, this did not affect the research because the researcher had consulted them before. The findings of this research were analyzed and presented as below.

### 3.4. Profile of respondents

The profile of employees to be discussed includes title of employees and their level of education.

**Table 1: Title of employees**

Title of employees	N <sup>o</sup> of respondents	Percentages (%)
Director of institution	50	81.9%
Head of a unit	11	18%
Any other title	0	0%
<b>Total</b>	<b>61</b>	<b>100%</b>

**Source: Primary data**

The table above shows that the director level was occupied by 50 people which gave a percentage of 81% of the sample size. In addition, according to the 61 questionnaires returned, 11 respondents were head of units which is equivalent to 18% while no person did answer any other title question implying 0% and this shows that information is shared very easily.

**Table 2: Education levels of respondents.**

Education level	N <sup>o</sup> of respondents	Percentages (%)
Primary level	0	0%
Secondary level	1	1.6%
University level	60	98.3%
<b>Total</b>	<b>61</b>	<b>100%</b>

**Source: Primary data**

In analyzing the data from the respondents' level of education, it was found out that nobody did have a primary level of education implying 0% while one respondent had a secondary level of education which is equivalent to 1.6% and the remaining respondents answered that they have a university level of education which is equivalent to 98.3% of the sample size as it is tabulated in table 2 above thus based on the level of education, contract enforcement becomes easy and feasible since almost all respondents have university level of education.

**Table 3: Respondents opinion on IMIHIGO in Rwanda**

Respondents' opinions	N° of respondents	Percentages
Promotes efficiency	53	86
Should be over emphasized	8	13
Difficult to comply with	0	0
Should be removed	0	0
<b>Total</b>	<b>61</b>	<b>100%</b>

Source: Primary data

Table 3 on the respondents' opinion on Performance contracts in Rwanda depicts that 86% of the respondents agreed that Performance contracts promotes efficiency among the workers while 13% of the respondents agreed that Performance contracts should be over emphasized and none of the respondents did answers that they are difficult to comply with and that they should be removed and hence from the above one can conclude that Performance contracts promotes efficiency and are helpful in achieving economic growth and development since it encouraged people to work and making the answerable to each other.

**Table4: Respondents' answers on whether Performance contracts are uniform to all Districts**

Respondent's view	N° of respondents	Percentages
1 Yes	58	95
2 No	1	1.6
3 Not sure	2	3.2
<b>Total</b>	<b>61</b>	<b>100%</b>

Source: Primary data

Table 4 on whether District sign uniform Performance contracts, 58 respondents answered that Performance contracts are uniform to all the Districts because are based on the four major pillars i.e. good governance, justice, social welfare and economic development and this counted to 95%, 1.6% of the respondents argued that Performance contracts are not uniform which was answered by one respondent arguing that besides the above major pillars every District set its Performance contracts which are different to those of others and another 3.2% were not sure whether they are uniform or not. Thus, the researcher had to conclude that Performance contracts are uniform to all the districts as highlighted by 95% of the respondents and even some of the documents that talk about Performance contracts in Rwanda and this uniformity helps in monitoring and evaluation and promotes competition among the districts which

competition leads to efficiency and eventual economic growth.

**Table 5: Respondents' view on whether Gasabo District did achieve the pre-set pledges in 2007**

Levels of achievement	Number of respondents	Percentages (%)
10%-30%	0	0
35%-50%	0	0
55%-70%	12	19.6
75%-90%	49	80.3
100%	0	0
<b>Total</b>	<b>61</b>	<b>100</b>

Source: Primary data

From the table above the 49 respondents' equivalent to 88% revealed that the level of Performance and achievement ranged between 75% and 90% of the pre-set pledges from all the areas as it is shown in the appendix. 19.6% of the respondents revealed that the level of Performance and achievement was between 55% -70% and the researcher had to conclude that the level of Performance and achievement was between 75% and 90%. The respondents highlighted that the limiting factors were mainly financial, legal procedures, bureaucracy and time constraints which limited them to achieve 100% as the set standard.

According to IMIHIGO Report 2008 of Gasabo District, since 2006 up to 2008 Gasabo District has been performing well at 90% in 2006, at 95% in 2007, at 90% in 2008 due to the completion and achievement of their goals, here Gasabo District was the leading District among other Rwandan Districts. But later from 2009 up to 2010 it has been performing poorly at 80% in 2009, at 85% in 2010, at 85% in 2011 and in2012 at 82, in this year 2013 Gasabo District has a position of 20<sup>th</sup> out of 30 Districts with 85% due to Mismanagement of tender boards caused by the district procurement, labor commission, imprisonment of some District employees. (The General Auditor's reports of 2009 and 2010).

**Table 6: Respondents view on what happens if there is local leaders' noncompliance with the pre-set pledges**

Respondent's view	N° of respondents	Percentages (%)
Jailed	7	11.4%
Removed from the work	12	19.6%
Given a chance to improve	42	68.8%
Other	0	0%
<b>Total</b>	<b>61</b>	<b>100%</b>

Source: Primary data

As the table illustrates, 7 respondents revealed that some of the Gasabo District workers were jailed, 12 other respondents answered that some employees were removed from the work and 42 respondents answered that the other employees were given a chance to improve.

**Table 7: How do you rate the Performance in relation to the pre- set pledges?**

Responses	No of respondents	%
Very high	57	93.4%
High	3	4.9%
Medium	1	1.6%
Low	0	0%
Very low	0	0%
<b>Total</b>	<b>61</b>	<b>100%</b>

Source: Primary data

In analyzing the data from how the respondent rate their Performance in relation to the pre-set pledges, it was found out that their Performance is very high which is shown by 93.4% of the total respondents which is represented by 57 respondents out of 61 respondents and this is because job attribution were made clear and even the reporting system while 3 respondents represented 4.9% answer that the Performance is high and 1.6% represented by one respondent and none of the respondents answered medium and then 0 which is 0% respondent answered low and very low Performance in relation to the pre-set pledges. Thus, the researcher concluded that the local leaders' Performance in relation to the pre-set pledges is very high as it is represented by 93.4% of the total respondents thus showing if Performance is high, the economy will proper.

**Table 8: Is local leaders current Performance better than their Performance before the introduction of IMIHIGO policy?**

Respondents' opinion	N° of respondents	Percentages (%)
Strongly agree	57	93.4%
Agree	4	6.5%
Not sure	-	-
Disagree	-	-
Strongly disagree	-	-
<b>Total</b>	<b>61</b>	<b>100%</b>

Source: Primary data

From the table above 93.4% of the total respondents represented by 57 respondents strongly agreed that the local leaders current Performance is better than their Performance before the introduction of IMIHIGO policy i.e. prior 2006 as represented by a big percentage while 6.5% represented by 4 respondents agreed that the current Performance is better than the Performance before the introduction of

Performance contracts policy and none of the respondents answered that they disagree or that they are not sure thus the research shows that the current Performance is better than that of before 2006 i.e. before the introduction of IMIHIGO policy.

**Table 9: Showing whether there was poor Performance before the introduction of IMIHIGO Policy**

Respondents	N° of respondents	Percentages
Strongly agree	-	-
Agree	61	100%
Disagree	-	-
Strongly disagree	-	-
<b>Total</b>	<b>61</b>	<b>100%</b>

Source: Primary data

From the above on whether there was poor Performance among the local leaders before the introduction of IMIHIGO signing policy i.e., prior 2006 in comparison with the current Performance, 61 respondents equivalent to 100% of the total respondents agreed that there was poor Performance. This has been witnessed in what has achieved in three years i.e. from (2006-2009) including roads, schools, hospitals and the current governance. Thus the researcher had to conclude that there was poor Performance prior the introduction of IMIHIGO signing policy as witnessed by the table above.

**Table 10: What are major hindrances do You meet in the local government administration about performance contract?**

Responses	No of respondents	Percentages
Illiteracy	46	75.5
Poverty	14	22.95
Bad leadership	1	1.6

Sources: Primary data

The data above show that the hindrances of local government administration are illiteracy as this present 75.5% of respondents. Some people ignore their rights. We cannot omit poverty as it also plays a crucial role in hindering local administration as it is said by 14 people. People are busy in their daily job and don't have enough time to help local leaders to implement what is supposed to be done.

#### 4. Summary of findings

The researcher used both secondary and primary data in order to have a clear image on the impact of Performance contracts on the effectiveness of local government administration. Some questions were interpreted on the basis of the respondents 'perception about the issue while other interpretations were drawn from the district' mid-term and annual reports about

Performance based budgeting and about Monitoring and Evaluation process.

It was revealed by the respondents that Performance contracts were not so much successful basing on the respondents view that Performance contracts face many challenges such as time constraint, poverty, illiteracy, and financial constraints that hinder the local government administration. The data in Table 10 show that the hindrances of local government administration are illiteracy as this present 75.5% of respondents. Some people ignore their rights. We cannot omit poverty as it also plays a crucial role in hindering local administration as it is said by 14 people. People are busy in their daily job and don't have enough time to help local leaders to implement what is supposed to be done. As regards to current economic power and status in decentralized level of administration and whole economy at the large, the findings show that the level of economic growth has a bit increased and there is still a need for increased contract enforcement that will lead to eventual economic power since what is set is not achieved a 100% as it is talked in Figure 3: Performance based budgeting. The data collected for study was analyzed in relation to the research object and the key findings revealed significant improvements in the wellbeing of the society in different sectors of life but there still remain some constraints such as: scarcity of resources both financial and human and the over targeting of expectations (goals) as it is dressed in page 34 on the format of the performance contract signed between mayors and Staffs of sectors (2013-2014).

Furthermore, it was revealed that local levels of administration enforce the local population to participate in certain activities where the latter do not express their willingness to carry out these duties hence these need some awareness to the local population upon the activities to be carried out their localities. Also, the researcher used some research questions for instance: How are the Performance contracts facilitative in achieving the local government activities? What are the major constraints that limit what is signed? How are the Performance contracts commensurate to efficiency leading to the local government administration? How has Performance contracts furthered socio-economic growth in Rwanda? What happens if there is failure to affect what is signed? What has your District achieved ever since you began signing Performance contracts?

## 5. Conclusion

In conclusion therefore, the effectiveness of local government administration has been encouraged by the analyzing the problems statement. According to

some of the scholars, Performance contracts and contract enforcement plays a critical role on effectiveness of local government activities and development for example in the survey carried out by STONE, LEVY and PARADES (1992) in Brazil the respondents ranked ineffective Performance contract and contract enforcement as the most serious impediment to good government and development and the USAID report 1990 argued the lack of contract discipline in Africa as the most serious impediment to good government and development that is why the researcher felt concerned to find out whether Performance contract as a newly introduced policy will or has helped in promoting the local government administration.

The general objective of this study was to analyze the role of Performance contracts in proving the efficiency and effectiveness of local government activities; especially in Gasabo District and Rwanda in general. Specifically, the objective of this study was to find out the Performance contracts that are signed by the mayors. To point out problems which are met in implementation of pledges? To come up with suggestions on how Performance contracts can best be enforced. To enhance the local leaders, to implement their roles in local areas.

## 6. Suggestions

Basing on the study, citizens' participation excelled in different services but there was an urgent need for government intervention in enforcing the local leaders such as in capacity building, monthly payment of salaries to the local leaders for instance the coordinators of cells who are the fore front of Performance contracts this can help citizens to reach their goals. The introduction of contracts as a culture of targeting as well as competition on household level, society will develop and there is an urgent need for the government to extend financial services like credit savings and the local population to increase savings and borrowings such that citizens can easily uplift their being standards.

## 7. Recommendations

1. Policy makers should decentralize all the powers and means to the sectors since all services are provided by the sector and Performance contracts are to perform if resources are available in different location and finally payment and empowerment of local leaders should be over emphasized.
2. Households should acquire training if all Performance contracts nowadays are signed at household level and success is too realized in terms of development and wellbeing of the society.

3. Since Performance contracts are now at the household level, all citizens who are illiterate should attend adult education school (IGA) so that that they may understand how to read and write.

### Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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