

## **Abstract**

Misallocation and misappropriation of financial resources in leaning institutions has been the cause of misuse fraud and inefficiency, in educational institutions around the world. This has affected the implementation of Performance contracting (P C) in the institutions which necessitated the need for this study that investigated the influence of principals' allocation of financial resources to school programmes on implementation of performance contracting in public secondary schools in Machakos County. The study adopted a descriptive survey research design using mixed method approach. The sample size of the study was 471 respondents comprising of 9 Assistant directors of education, 109 Principals' and 354 Teachers. Purposive sampling was used to select the directors, proportionate sampling to select the teachers and random sampling to select the principals to participate in the study. Validity of research instruments was ascertained using a pilot study while reliability of instruments was ascertained using TestRetest technique. Quantitative data was analyzed using the Statistical Package for Social Science (SPSS) and reported using graphs, charts and tables. Qualitative data drawn from open ended questions and interviews was transcribed into themes and reported in narratives. Coefficient of Correlation was used on hypotheses to determine the influence of principals' allocation of financial resources to school programmes on implementation of performance contracting in public secondary schools in Machakos County. The study found there was a statistically significant relationship between allocation of financial resources and implementation of performance contracting at p level 0.065. The study concluded that failure to allocate finance by principals and to PC activities influenced its implementation. The study recommended that School Boards of Management need to allocate finances to areas of priority in school to catalyze PC implementation.