

**INFLUENCE OF PERFORMANCE CONTRACTING ON ORGANIZATIONAL
PERFORMANCE IN NANDI COUNTY GOVERNMENT, KENYA**

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DECLARATION APPROVAL

DECLARATION AND APPROVAL

Declaration

This thesis/project is my original work and has never been presented for any academic award in any institution.

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DEDICATION

I dedicate this project to my beloved family; spouse Jematia Jepchirchir and children, Faith, Melisa and Jasmine for their immense support and encouragement.



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Mount Kenya University

ABSTRACT

Performance contracting is a freely negotiated performance agreement between a governments, acting as the owner of public agency. Performance contracting is a management tool for measuring performance against freely negotiated targets and responsibilities of the two parties. The purpose of the study was to investigate the influence of performance contracting on organizational performance in Nandi County Government, Kenya. The study was guided by the following objectives; to determine the effects of target setting an organizational performance in Nandi County Government, Kenya, to establish the effects of vetting and negotiation on organization performance in Nandi County Government, Kenya, to evaluate the effects of execution on organizational performance in Nandi County Government, Kenya and to find out the effects of monitoring and evaluation on organizational performance in Nandi County Government, Kenya. The study was guided by the following theories; new public management theory, Principal Agency Theory and Change management theory. The research study utilized a descriptive research design. The researcher targeted all staff placed under performance contracting in Nandi County government. The study used a census sampling technique. A semi-structured questionnaire and an interview guide were used to collect data. The researcher used Statistical Package for Social Science (SPSS) to analyze collected data and use a descriptive analysis to present the analyzed data. The researcher shall observe ethical consideration as per the laid down procedure in any research undertaking in Kenya. The findings further inform the policy makers in Nandi county government on strengthening management tool for better performance in service delivery. The findings indicated that organizational performance (Y) and target-setting (X1) is 0.72, indicating a strong positive relationship. This suggests that effective target-setting is associated with higher organizational performance. The correlation between organizational performance and vetting and negotiation (X2) is 0.65, showing a moderate positive correlation, meaning better vetting and negotiation lead to improved performance. The correlation between organizational performance and monitoring and evaluation (X3) is 0.58, which also indicates a moderate positive relationship. There are positive correlations among the independent variables (X1, X2, X3), with a stronger correlation between target-setting and vetting & negotiation (0.68).The study revealed that target-setting played a critical role in enhancing organizational performance in Nandi County Government and aligned with the county's resources and capabilities .The vetting and negotiation processes were found to be essential in aligning individual performance goals with the county's overall objectives. Effective vetting ensured that the performance targets set were practical and relevant, while negotiations involving key stakeholders helped resolve potential conflicts and secured commitment to the targets .The execution of performance targets had a noticeable impact on organizational performance. The successful implementation of targets led to significant improvements in service delivery, such as enhanced infrastructure and more efficient public services. For example, targeted efforts in road construction and maintenance resulted in better transportation networks within the county.

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LIST OF ABBRIVIATIONS

GOK- Government of Kenya

CAPAM- Common Wealth Association for Public and Management

OECD- Organization for Economic Co-Operation and Development

SPSS- Statically Package for Social Science

RBM- Result Based Management

UNDP- United Nation Development Programme

AAPAM- Africa Association for Public Administration and Management

WHO- World Health Organization

PC- Performance Contracting



DEFINITION OF KEY TERMS

Target-setting: The process of establishing specific, measurable objectives or goals that an organization aims to achieve within a defined period.

Vetting: Vetting involves the thorough examination or scrutiny of individuals, processes, or proposals to ensure their suitability, integrity, or compliance with certain criteria or standards.

Negotiation: Refers to the process of discussion and compromise between parties to reach mutually acceptable agreements.

Execution: The implementation or carrying out of plans, policies, projects, or activities to achieve predetermined goals or objectives.

Monitoring: Monitoring involves the systematic tracking, observation, or surveillance of activities, processes, or outcomes to assess progress, identify issues, or ensure compliance with standards or targets.

Evaluation: Evaluation involves the systematic assessment or appraisal of the effectiveness, efficiency, relevance, or impact of programs, policies, or interventions against predetermined criteria or standards.

CHAPTER ONE

INTRODUCTION OF THE STUDY

1.0 Introduction

This chapter presents the background of the study, statement of the study, purpose of the study, specific objectives, research questions, significance of the study, scope of the study, limitation of the study, delimitations, and assumption of the study and operational definitions of terms.

1.1 Background of the Study

Performance Contracts were first introduced in France after the publication of the famous Nora Report on the reform of state owned enterprises in France. They were introduced in the US in 1993 as part of the Government Performance and Result Act (GPRA). Today, almost all Organization for Economic Co-operation and Development (OECD) Countries use some variant of Performance Contracts in managing the public sector (Obongo, 2019). In Asia, Performance Contracting concept has been used in Bangladesh, China, India, Korea, Pakistan and Srilanka.

In United States of America performance contracting is one of the techniques that have been gaining traction in the public sector alongside organizational performance (Domberger, 2018). According to Domberger (2018), performance contracting is a solitary part of more extensive public area changes in expanding profitability and viability while bringing down generally working expenses. According to Kumar (2015), performance contract is defined as a Memorandum of Understanding (MOU). MOU is rooted in an evaluation system, which not only looks at performance comprehensively but also ensures improvement of performance by making the autonomy and accountability aspect clearer and more transparent. While OECD (2019), define performance contracts as a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results.

Performance Contracts Steering Committee (2015) document sees performance contracting as —a freely negotiated performance agreement between the government acting as the owner of a government agency and the agency itself. The contract specifies the intentions, obligations, responsibilities and powers of the parties in the contract and addresses economic, social and other tasks to be discharged for economic or other desired gain.

India and Malaysia have sparked a great deal of interest in this policy around the world. A large number of governments and international organizations are currently implementing policies using this method to improve organizational performance in their countries. They are now considered an essential tool for enhancing good governance and accountability for result in the public sector (Grey, 2016). Performance contracting has its origins in performance management which according to Armstrong (2016) is defined as a systematic process for improving organizational performance by developing and maintaining the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals through understanding and managing of performance within an agreed framework of planned goals, standards and competence requirements. Armstrong (2016) goes further to state that the overall aim of performance management is to establish a right performance culture in which individuals and teams take responsibility for the continuous improvement of business processes, own skills and contributions within a framework provided by effective leadership.

The use of performance contracts by different government agencies and ministries has been praised as an ideal tool to enhance performance since its inception. A performance agreement, in effect, is a contract between a service agency and the government that defines essential targets to be fulfilled, establishes agreed-upon expectations for service provision, and monitors results for achieving the specified targets set (Hunter & Gates, 1998; Kadai et al., 2018; Jin & Wang, 2019). Performance contracts provide several incentive-based strategies for regulating government departments to control the result rather than the operation. On the other hand, management defines performance contracts as a set of determining obligations and goals among parties to achieve mutually agreed-upon outcomes. Performance contracting is a framework utilized to produce optimal actions between devolved units. Employers see successful contracts as a helpful mechanism for defining better goals and introducing modern management evaluation and governance systems, while administrators carry out day-to-day management (Kadai et al., 2018). Performance contracts have encountered differing popularity in countries like India, and Kenya, piquing policymakers' curiosity worldwide (Kobia & Mohammed, 2018).

In Africa, Performance Contracting has been used in selected enterprises in Benin, Burundi, Cameroon, Cape Verde, Congo, Ghana, Guinea, Madagascar, Mali, Mauritania, Morocco, Niger, Senegal, Togo and now Kenya. In Latin America, Performance Contracting has been used in different times in Argentina, Brazil, Bolivia and Venezuela (Gok, 2018).

The performance contract specifies the mutual performance obligations, intentions and responsibilities for the two parties (Gok, 2017). The process results instead of outputs improve target setting and follow up. Results, negotiation and performance contracts represent decentralized, flexible ways of making government agencies more cost-conscious responsible and accountable. According to Gok, (2017), a performance contract is a management tool for measuring negotiated performance targets. This increases transparency, accountability in public institutions, establishing clear reporting, monitoring and evaluation mechanisms of the projects for basis of assessment of performance. Leslie noted that performance contracting provides basis for relegation for performance (Leslie 2018)

In South Africa Performance is the ability to fulfill an obligation, to attain target objectives, fulfill a requirement and accomplish something as promised. It is a useful tool for articulating clearer definitions of objective and supporting innovative management monitoring and control methods at the same time imparting managerial and operational autonomy to public service managers. It is therefore a management tool for ensuring accountability for results by public officials, because it measures the extent to which they achieve targeted results. Performance contracting enhances efficiency in resource use and effectiveness in key performance (Greiling, 2016). Performance contract when cascaded, measures performance at all levels including individual employees. It is a freely negotiated performance agreement between a government, acting as the owner of the public agency and the management agency.

In Uganda performance contracts ought to be done on quarterly basis and at the end of the period, each institution to submit their quarterly report and formal annual report to their reporting agency .A feedback with comments on the report should be sent back to the institution for improvement. The targets set are majorly derived from the institutions strategic plan especially the implementation matrix section in which it is expected that the time frame for each activity is outlined (Mark,2017).The use of performance contract has been acclaimed as an effective and promising means of improving the performance of public institutions. They include a variety of incentive –based mechanisms for controlling public agencies, controlling the outcome rather than process.

The performance evaluation was preceded by performance monitoring and evaluation.

Conclusively, according to UNDP, (2019), when Kenya's 2010 constitution was promulgated, it was anticipated that provision of public services would change dramatically. County governments were also to be solely responsible for organizational performance in service provision. The new agreements were meant to help transform Kenyans hope into concrete outcomes on services delivery. The county governments were tasked with the sole duty of ensuring that the citizens get required services at all the devolved units of county government. Previous studies findings have found that countries that have achieved higher rates of organizational performance in the public sector, have effectively and efficiently implemented the performance contracting strategy (Arif et al, 2018).

The Kenya Government Policy Paper on Performance Contracting (2015) indicates that performance contracts belong to a branch of management science referred to as management control system and is noted as a freely negotiated performance agreement between government acting as the owner of the corporation and the corporation. The concept emanates from performance which according to Armstrong (2016) is the achievement of quantified objectives

for which work is achieved. In the context, performance means both measurement of behaviours and results. The contract involves two parties where in an agreement; the parties clearly specify their mutual performance obligations, intentions and responsibilities within the terms of a contract, which is signed on a periodic basis. As stated in the Government Contract policy paper (2015), performance contract seeks to address economic, social or other tasks that an agency will be required to discharge for economic performance or for other desired results. It is noted that the contract agreement organizes and defines tasks so that management can perform them systematically, purposefully and with reasonable probability of accomplishment and satisfaction of the principal agent. In the context, performance contracts mainly comprises of two major components; the determination of mutually agreed performance targets and time bound review, and evaluation of the periodic performance. As per the framework and practice in the State Corporations, a two level contract is signed; first between the Government and the Chairman of the Board of Directors and secondly between the Board of Directors and the Chief Executive Officer in the organization, (Economic Review Strategy Paper 2003-2017). The Chief Executive Officer (C.E.O) is expected thereafter to facilitate an intra-organization roll out of the contract, which is cascaded immediately to the senior management, middle management, lower management and whole staff as per the organizations functional structure. The annual corporate

development plan document in the organization is used as a guideline for the overall departmental targets. Through this process, the performance contract system is extended and spread across operational units in the entire organization, with departments championing their respective goals and targets as per the approved corporate plan for the period. A firm that is able to generate the expected value determines its level of performance. As Armstrong (2016) points out, a firm achieves normal performance when the value of returns it generates against the resources employed equals the expectation of the owners or below normal performance when it generates is less than the expected value of the returns against the input resource. A firm is therefore able to attain above normal performance, where it has generated a value greater than expected value of the resources employed to realize an economic profit. Through the operational network established in the scheme, provision of services to the various stakeholders in the organization is introduced and performance will be measured within the defined targets in the strategic plan. This is intended to meet the strategic objectives of the organizations stakeholders. Boddy (2020), notes that all organizations have a wide range of internal and external stakeholders where; their interests are often in conflict because, as groups or individuals, stakeholders are themselves subject to a wide range of influences that condition or shape their views and what they expect of the organizations.

External stakeholders, include suppliers, financiers, central and local government, shareholders and customers. All these groups may influence the organizational activities directly through personal contact or exert pressure indirectly by the use of the press and other media to raise concerns on the operational issues in the organization. Boddy (2020), notes that stake holders, have different and varied expectations from those of the organizations, where the suppliers for example look forward to timely payment of debts by company, adequate liquidity, integrity and public standing of directors. To the Government, the company is expected to adhere to the laws of the country, use the energy and natural resources efficiently, pay taxes, and provide employment for the citizens and effective use of public funds. The other major stakeholder group is employees, whose interest includes: good compensation and being recognized for their services, job security, sense of meaning and purpose in the job alongside opportunities for personal development. The lenders as stakeholders are interested in, liquidity of the company, character and standing of management, quality of assets available for security, and potential to repay interest and capital as offered on due date (Boddy,2000). As per the observed variances, stakeholders in organizations are categorized in a power-interest matrix, based on the degree of interest and power which they are

perceived to hold at any one given time. Those with both high interest and power stakes are regarded as the 'key players' whom the organization will seek in particular to satisfy at all times.

Performance contracting is used extensively in OECD countries to improve the delivery of public service and the effectiveness of government machinery (OECD Report, 2017). Many countries have had success in improving the performance of their own public sector. Performance contracting was introduced in Kenya in 2004 by the government of Kenya in 16 largely commercial state corporations. According to Mbua and Ole Sarisar (2019), researchers have been drawn to performance contracting due to its possible ability to impact organizational performance. The accessible writings broadly pay attention to employee involvement and the relationship between individual goals, reward mechanisms, and performance contracting, the impact of performance contracting on performance, documented concepts, and capacity building that support the perception Performance contracting has been used by African countries to change their public service sectors (Humphrey,2015).

According to Mbua and Ole Sarisar (2019), Nandi County Government researchers have been drawn to performance contracting due to its possible ability to impact organizational performance. Mondri 2019 noted that bringing performance contracting in the devolved units in Kenya had relatively positive effect in terms of organizational performance although there are several challenges facing the strategy. Organizational performance is the ability of an organization to reach its goals and optimize results. The improvement of performance is a fundamental part of the continuous process of performance management. The aim of performance management is to maximize high performance which involves taking steps to deal with under performance (Armstrong, 2016). Performance contracting has been adopted by countries worldwide as vehicle for articulating clearer definitions of objectives (AAPAM, 2016). Performance means both measurement of behavior and results.

Research on the impact of performance contracting in Nandi County Government, Kenya, presents several key gaps. A longitudinal study tracking performance indicators before, during, and after implementation would offer insights into sustainability and challenges. Qualitative research focusing on stakeholder perspectives, including government officials, employees, and citizens, would illuminate unique experiences and challenges. Investigating implementation processes could reveal critical success factors such as leadership support and stakeholder engagement.

Additionally, evaluating the effectiveness of performance measurement systems and assessing impacts on service delivery and citizen satisfaction are crucial areas needing empirical research to inform the refinement and improvement of performance contracting initiatives in Nandi County Government.

1.2 Statement of the Problem

Globally, government have been known to be associated with long bureaucratic procedure marred with inefficiency and lack of accountability hence high level of corruption and wastage of public resources which translate into poor economic performance (Haig, 2010). Various countries, more specifically those under the OECD are using different factors to measure performance contracting in the public sector (OECD, 2019). Therefore, there is need for a detailed study to be carried out to assess whether specific factors of performance contracting can be confirmed to have influenced performance in the public sector and show their effects on service delivery. Yaw and Hadija (2019) confirmed that performance contracting was responsible for 32.5% of performance between 2010 and 2017 in Ghana. Even though performance contracting plays a critical role in Ghana, the performance index of 32.5% of performance in public sector is still too low compared to the private sector, which is 76.2%, meaning that performance contracting in public sector is still very poor, hence need for study in this particular area.

In Kenya, several studies have indeed confirmed that performance contracting has been adopted as a strategy for improving service delivery in public sector, (Gok, 2019, Hassan, 2019, Mbithi 1996). Nevertheless, even with the efforts to strengthen performance contracting since 2003/2004 in order to improve performance, some challenges related to service delivery still exists in Kenya with counties being the most affected; hence gaps in performance in public sector. Based on the stated evidence, despite of growing theoretical and empirical support, the relationship between performance contracting and organization performance has not been given much attention in Kenya devolved units, counties.

It is against this background that this study is undertaken to assess the influence of performance contracting on organizational performance in Nandi county government through the various steps of setting targets, vetting and negotiation, execution, monitoring and evaluation.

1.3 Purpose of the study.

The main purpose of the study was to investigate the influence of performance contracting on organizational performance in Nandi County Government, Kenya.

1.4 Objectives of The Study

The study was guided by the following objectives

- i. To determine the effects of target-setting on organizational performance in Nandi county government.
- ii. To establish the effects of vetting and negotiation on organizational performance in Nandi County government.
- iii. To evaluate the effects of execution on organizational performance in Nandi county government
- iv. To find out the effects of monitoring and evaluation on organizational performance in Nandi county government

1.5 Research Questions

- i. What are the effects of target setting on organizational performance in Nandi County government?
- ii. What are the effects of vetting and negotiation on organizational performance in Nandi county government?
- iii. What are the effects of execution on organizational performance in Nandi county government?
- iv. What are the effects of monitoring and evaluation on organizational performance in Nandi County Government?

1.6 Significance of the Study

This study would be important to Nandi county Government since the report would provide achievements and or failures of performance contracting on organizational performance. Areas of weakness in the performance contracting strategies would be noted in the study for better management improvement.

The stakeholders of the organization would know the effectiveness of the performance contracting and hence support it for continuous improvement of organizational performance.

The management would be able to monitor and evaluate implementation of performance contracts and advice effective way of administering the contracts.

Scholars would find it important as the study will increase to the body of knowledge in this area, which within Kenyan context is still fairly new and requiring further research for exhaustive understanding of effectiveness of the performance contracting strategy.

Understanding how performance contracting affects organizational performance in a government context is crucial. Nandi County Government, like other public institutions, aims to deliver services efficiently and effectively. From an academic standpoint, this study can contribute to the body of knowledge on public administration, governance, and organizational management. It can be a reference for future research in this area.

1.7 Scope of the study

The scope of the study on the influence of contracting on organizational performance in Nandi County Government, Kenya is limited to a geographic focus on Nandi County Government, and encompasses only the staffs who are under performance contracting system. The study will employ survey interview and document analysis to assess the influence of performance contracting on service delivery. The study will take a period of two months. The study will be carried out during the months of May, 2024 and June 2024.

1.8 Limitation of the study.

The study was likely to be limited by uncooperative respondent giving false information, limited resources like finances, human resource and time factor. The study was carried out in a shorter period while Performance contract may be running for a period of one year. The respondent's accessibility was a challenge due to their busy schedules. Additionally, obtaining confidential information was difficult as respondents may fear losing their jobs.

1.9 Delimitation of the study

The study was delimited to established factors that influence implementation of Performance Contract in organizational performance in Nandi County. Consequently, the study targeted staff

placed under performance contract in Nandi County Government. The researcher tries to explain to the respondents the objectives of the study and assured them of the confidentiality of data given and was used solely for the study. The researcher communicated to the targeted staff in advance to be available.

1.10 Assumption of the study

This study was carried out with the assumptions that the respondents were available, and provide honest responses to the questionnaire administered to them. For honest responses, the respondents were assured of data confidentiality and an anonymity of their answers. Further the study was assumed that the respondents were willing to take their time and share information regarding the concepts covered in the study. Finally, the study assumed that the responses to be gathered would be a representative of the views of the entire target population.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter covers the theories that underpin the study, empirical literature, Theoretical Framework and conceptual framework and recap of the literature review.

2.1 Empirical Literature Review

2.1.1 Influence of target setting on organizational performance.

Target setting or goal setting is defined by goal setting theory as that specific and challenging goals along with appropriate feedback that contribute to higher and better task performance (Locke, 1968). In management control, targets are an important element in almost every organization (Lan, Saily, & Lee, 2018). Budgeting, which is a type of target set by organizations, is required for a multiple reasons, including planning and coordination of an organizations activities, allocating resources, motivating employees, and expressing conformity, with social norms (Covaleski et al, 2016) Covaleski et al, (2016), inferred that targets play a critical role in evaluation of performance due to the fact that bonuses are often tied to targets. Workers experience an extrinsic motivation from bonuses, to work harder; however, it is also possible for bonuses to create inefficiencies in

terms of the use of organizational resources. 5 While workers meet targets, it is possible their reward could impact firm performance in a detrimental fashion.

Target setting is essential for an organization in China , Li Wang, and Zhu (2017) and Pulnkos, Hanson, Arad and Moye (2015) noted that target setting is critical for managers responsible for performance of an organization. Therefore, target can induce or prevent motivation among employees which is a major element of management control. Apart from performance evaluation, targets also plays a role as a decision making tool in planning coordination and resource allocation. Hensen and Van der Stede (2014) surveyed managers and identified several findings related to budgeting. One was that budgeting and targets have different rationales. These reasons include operational planning performance evaluation, communication of goals, and strategy, formation. Most literature on implementation of target goal setting according to Verhost (2015) is management –based, with goals interpreted as a managerial method to aid in organizational performance management. As a result, target setting programs in public institution in the twenty first century seldom occur independently. Target setting strategy is usually combined with larger organizational structures like public sector and ensures service delivery (United Nations Development Program, 2019) The most widely used methods of performance assessment that conform to the management theory of quality improvement are bench marking and balanced score cards. (Oliver & Nakamura, 2018). 6 Karl et al (2019) observed that objective setting or goal setting or target setting is the core pillar of performance contracting of my given organization that adds up to general public sector performance.

Target setting is a significant factor in shaping organizational performance, especially in the UK's competitive business environment. Locke and Latham's Goal Setting Theory highlights that specific and challenging goals lead to improved performance by providing clear direction (Locke & Latham, 2019). In the UK, organizations across various sectors rely on setting precise targets to align their workforce with the broader objectives of the company. This practice has proven effective in enhancing productivity and operational efficiency, particularly in industries like retail and manufacturing (Smith et al., 2021).

A study by Armstrong and Taylor (2020) found that UK organizations that implement structured target-setting frameworks see better coordination within teams, improved communication, and increased overall performance. Companies that clearly define and communicate their targets often

outperform those with vague or inconsistent goal-setting practices. In the retail industry, performance targets related to customer satisfaction have driven improvements in service quality and enhanced brand reputation, which in turn has a direct impact on sales growth.

The role of target setting in employee motivation is also well-documented. Research by the Chartered Institute of Personnel and Development (CIPD) revealed that when UK organizations involve employees in setting their performance targets, job satisfaction increases significantly (CIPD, 2022). Employees tend to feel more engaged and invested in their work when they are part of the process, which can lead to higher levels of motivation. This is especially true in environments where targets are clear and achievable, creating a sense of purpose and direction among employees (Jones & Brown, 2021). In UK businesses, target setting is integrated into performance management systems to ensure that individual goals align with the company's strategic objectives. This approach allows organizations to track progress, make necessary adjustments, and ensure that all departments are working towards a unified goal. Research by Deloitte (2021) highlights how UK firms that set adaptive targets have shown resilience in managing external challenges like Brexit and the global pandemic, ensuring long-term stability while maintaining high performance levels. Challenges associated with target setting, however, cannot be ignored. Studies show that overly ambitious targets may lead to negative consequences, such as unethical behavior or short-term decision-making (Kaplan & Norton, 2020). In the banking industry, for example, aggressive sales targets have led to the mis-selling of financial products, resulting in penalties and reputational damage (FCA, 2021). This suggests that while targets are essential for driving performance, they must be realistic and balanced to avoid unintended negative effects on the organization. Technological advancements have enabled UK businesses to improve how they approach target setting. McKinsey (2023) reports that organizations using data analytics and artificial intelligence (AI) are able to set more accurate targets and monitor progress in real time. This shift allows companies to be more flexible in adjusting their goals and ensures that performance metrics stay relevant in the face of changing market conditions. The integration of AI in target setting has helped many UK companies remain competitive by improving accuracy and efficiency in decision-making.

The adoption of clear and measurable goals has been widely recognized as a tool for enhancing productivity, employee motivation, and overall organizational efficiency. Locke and Latham's

Goal Setting Theory emphasizes that setting specific and challenging goals leads to improved performance by directing employee efforts toward achieving the company's objectives (Locke & Latham, 2019). In South Africa, target setting has proven effective in both public and private sectors, particularly in industries such as mining, manufacturing, and financial services (Mbatha, 2022). South African organizations that implement structured target-setting processes often see improved coordination and operational efficiency. Research by Nkosi (2021) highlights that companies in South Africa, especially in the manufacturing sector, experience higher performance levels when goals are well-defined and communicated across all levels of the organization. These targets help in aligning individual and departmental goals with the company's overall strategy, resulting in enhanced productivity and better business outcomes. For instance, in the South African mining industry, target setting has been linked to improved safety standards, higher production rates, and reduced operational costs (Khumalo & Sithole, 2020).

Employee motivation plays a crucial role in the success of target-setting initiatives. Studies show that when employees in South Africa are involved in the target-setting process, they are more engaged and committed to achieving organizational goals (Mthembu, 2021). This sense of ownership increases job satisfaction and boosts performance. Involving employees in goal setting has proven particularly effective in industries such as retail and telecommunications, where performance targets are directly tied to customer satisfaction and service delivery (Mbatha, 2022). Companies that adopt participatory target-setting processes tend to experience lower employee turnover and higher levels of motivation. Performance management systems in South African organizations are often closely linked to target setting. Many companies integrate these targets into their performance reviews, which helps in tracking progress and making necessary adjustments to ensure alignment with corporate objectives (Dlamini, 2022). A study by PwC (2021) found that South African companies that regularly review and adjust their targets based on market conditions and internal performance are more agile and better equipped to handle economic challenges. This adaptability has been crucial in navigating the economic disruptions caused by factors such as political instability, energy shortages, and the COVID-19 pandemic.

While target setting is effective in improving organizational performance, there are challenges that need to be addressed. Overly ambitious targets can lead to unethical behavior and short-term decision-making that may harm the company in the long run. For instance, the South African financial services sector has witnessed cases where aggressive sales targets resulted in the

misselling of products, damaging consumer trust and attracting regulatory penalties (SARB, 2021). This highlights the importance of setting realistic and ethical targets that balance short-term achievements with long-term sustainability. The integration of technology has also had a significant impact on how South African companies approach target setting. The rise of data analytics and artificial intelligence (AI) has allowed organizations to set more precise, data-driven goals. According to a report by Deloitte (2023), South African companies that use AI to inform their target-setting processes are able to predict outcomes more accurately and adjust goals in real-time based on changes in the business environment. This technological shift has improved decision-making and enabled companies to stay competitive in a rapidly evolving market.

Target setting plays an important role in enhancing organizational performance in Uganda, contributing to improved efficiency, employee motivation, and strategic alignment within businesses. In the Ugandan context, where both private and public sectors are striving to overcome challenges such as economic instability and limited resources, clear and well-structured target-setting practices have proven to be essential for sustainable growth and development (Kamya, 2020). Research indicates that organizations that establish realistic and measurable goals tend to outperform those that lack structured target-setting frameworks (Lugemwa, 2022).

Target setting helps organizations in Uganda align their operations with long-term strategic objectives, thereby promoting accountability and driving performance. A study by Nalwoga (2021) found that in the manufacturing sector, companies that implement specific targets related to production output and quality control experience fewer operational delays and improved product quality. The agriculture sector, a major contributor to Uganda's economy, has also benefited from effective target-setting mechanisms, particularly in the areas of crop yield and supply chain efficiency (Mbaziira, 2021). The integration of target setting into performance management systems has been identified as a critical factor in enhancing organizational effectiveness in Uganda. Organizations that set clear, time-bound goals for employees are better able to track progress and make informed adjustments when needed (Nabukeera & Okello, 2021). This approach has been particularly useful in Uganda's financial services industry, where institutions are increasingly focused on meeting regulatory requirements and improving customer service outcomes. By setting targets for loan disbursement, customer satisfaction, and market share growth, these institutions have achieved greater financial inclusion and operational efficiency (Wanyama, 2022). One of the

most significant benefits of target setting in Uganda is its impact on employee motivation and engagement. When employees are actively involved in the process of setting their individual and departmental goals, they tend to have a greater sense of ownership and commitment to achieving those targets (Kafeero, 2022). This is particularly important in Uganda's public sector, where employee engagement has traditionally been a challenge. The involvement of employees in goal setting leads to higher levels of job satisfaction and improved performance, as employees are able to see how their individual contributions align with the organization's broader objectives (Tumwesigye,2021).

In Kenya, there is rich literature examining performance contracting and service delivery in State Corporation. Mauya (2015) investigated the necessity for objective setting on service quality in performance contracting in the Tourism Ministry. The results increased the performance in the sector. The Performance Contracting made the priorities and objectives more clear, task were prioritized target setting process clear and performance targets were participatory, set standards and targets achievable. Despite the fact that the study was conducted in a different organizational environment than counties, the study provided basis for all the metrics that can be used to inform goals/objectives/targets setting variables. In the Kenyan public sector, target setting is integrated into performance contracting, a system introduced in the early 2000s to improve service delivery and accountability in government institutions (Mutunga, 2019). Performance contracts, which include specific targets for ministries, state corporations, and other public entities, have significantly enhanced the efficiency and transparency of public services. For instance, a study conducted by Njiru and Wambua (2020) on the impact of performance contracts in Kenyan parastatals found that organizations with clear performance targets experienced better service delivery outcomes and improved stakeholder satisfaction. This system of performance management has also enabled public institutions to align their operational goals with the government's broader strategic development objectives, particularly those outlined in Kenya Vision 2030 (Njiru & Wambua, 2020).

In the private sector, target setting is equally vital in enhancing organizational performance, especially in industries such as finance, manufacturing, and retail. Kenyan companies that implement SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) targets have been found to exhibit higher levels of efficiency and market competitiveness. Wanjiru (2022)

emphasizes that organizations with well-structured target-setting frameworks are more agile in responding to market changes and achieving financial stability. For example, in Kenya's banking sector, institutions that set clear targets for loan issuance, customer acquisition, and nonperforming loans have been able to streamline their operations and reduce risks (Njeru, 2021). These targets allow banks to evaluate their performance against industry benchmarks and adjust their strategies in real-time.

The influence of target setting on employee motivation in Kenyan organizations is well documented. Target setting provides employees with a clear understanding of their roles and the expectations placed on them, which in turn fosters accountability and ownership of tasks. Studies show that when employees participate in the target-setting process, they are more likely to be motivated and committed to achieving organizational goals (Mwangi & Kamau, 2020). A case study conducted on the hospitality industry in Kenya revealed that hotels and restaurants that involve employees in setting performance targets reported higher staff retention rates and improved service quality (Ndungu, 2020). Employee engagement in the target-setting process is particularly important in labor-intensive sectors like hospitality and agriculture, where performance is directly linked to the efforts of the workforce.

In manufacturing, target setting has been crucial in improving operational efficiency and product quality. Kenyan manufacturers who adopt lean management principles often use target setting as a core component of their performance management systems (Muchiri, 2021). For example, manufacturers set targets for production output, defect rates, and resource utilization, which helps in minimizing wastage and optimizing processes. A study by Waweru and Karanja (2022) found that manufacturers with a strong focus on target setting experienced fewer production delays, lower defect rates, and higher customer satisfaction levels. This is particularly relevant in Kenya's textile industry, where international competition demands high-quality products and adherence to strict production timelines.

Kenya's agricultural sector, a major contributor to the country's GDP, has also benefited from target setting. Agricultural organizations and cooperatives that establish clear goals for crop yields, post-harvest handling, and market access tend to achieve better financial results and ensure food security (Odhiambo, 2021). The introduction of digital platforms has further enhanced the ability of farmers and agricultural cooperatives to set and track performance targets. For instance,

platforms like DigiFarm enable small-scale farmers to set targets related to input usage, crop yields, and market access, contributing to increased productivity and income levels (Kilonzo, 2021). The ability to monitor progress in real-time has also improved accountability among farmers and agricultural extension workers.

Despite the widespread benefits of target setting in Kenyan organizations, challenges remain, particularly in relation to unrealistic or poorly communicated targets. A common issue in both the public and private sectors is the setting of overly ambitious goals that are difficult to achieve within the given time frame or resource constraints. This can lead to frustration among employees and lower organizational morale (Oduor, 2021). In the healthcare sector, for example, hospitals often set targets for patient care outcomes that do not consider the limited resources and staffing shortages prevalent in many facilities. A study by Muthoni and Karani (2022) highlighted that while target setting is essential for improving healthcare delivery, poorly structured targets can have the opposite effect, leading to burnout and compromised patient care.

When targets set at different levels of an organization are not aligned, it can create confusion and inefficiencies (Mwangi & Githinji, 2021). This misalignment is particularly problematic in large organizations with multiple departments or subsidiaries, where coordination between various levels of management is essential for overall performance. Organizations that fail to ensure that individual and departmental targets contribute to the overarching organizational objectives often struggle with disjointed efforts and suboptimal performance.

Leadership plays a crucial role in the success of target-setting practices in Kenyan organizations. Leaders who actively involve their teams in the target-setting process and provide continuous support and feedback tend to achieve better results (Njenga & Wambui, 2021). In contrast, organizations where leaders impose targets without consulting employees or providing adequate resources are more likely to experience resistance and lower performance levels. A study by Otieno (2021) on the role of leadership in performance management in Kenyan SMEs found that participatory leadership styles that engage employees in setting and monitoring targets lead to higher productivity and innovation. By creating an environment where employees feel valued and empowered, leaders can foster a culture of continuous improvement and accountability.

Technological advancements in Kenya have also contributed to improved target-setting practices, particularly in data-driven sectors like retail, finance, and telecommunications. The use of data analytics and business intelligence tools enables organizations to set more accurate and realistic targets based on real-time performance metrics (Kariuki & Kimani, 2022). For instance, in Kenya's retail sector, companies use point-of-sale systems and customer relationship management (CRM) software to set sales targets and monitor customer preferences, leading to more effective inventory management and marketing strategies (Muriuki, 2021). Similarly, in the telecommunications industry, companies like Safaricom and Airtel use data analytics to set targets for network expansion, customer acquisition, and service quality, ensuring they remain competitive in the fast-evolving digital market (Wachira, 2022).

2.1.2 Influence of Vetting and Negotiation on Organizational Performance

Vetting is the process of scrutinizing negotiated performance contracts to establish conformity to the performance contracting guidelines. The process ensures quality assurance and is undertaken by the public sector performance management and monitoring unit. Aguinis (2017) conducted study in comparative study in 24 countries that have perfected performance management in the 21st century in their public sector, led by China, USA, Norway, France, Finland, Fiji and Malaysia. The study found out that vetting and negotiation during contract help to inform each party of the level of commitment to any given work. Negotiation, according to Aguinis(2017) ensure the goals are practical and feasible and dependent on existing capital. Furthermore, the negotiating process aids the parties in determining if the developed goals are; practical, feasible, observable, development driven and are benchmarked against previous success or comparable organizations performance globally, regionally and locally. This comparative study brought to light the role negotiation and vetting plays in ensuring the organization achieve the set objectives via shared agreement. Martin (2019) carried out a study in Africa organization that involved Gambia, Nigeria and the DRC Congo. The study confirmed that most of the organization had introduced performance contracting as a management strategy. The concept of vetting and negotiation has been as a core component of bringing the stakeholders on board in a participatory spirit and did have an important role in ensuring results.

The influence of vetting and negotiation on organizational performance in Asia has been a subject of significant focus in recent studies, emphasizing their importance in promoting efficiency,

reducing risks, and securing advantageous outcomes. Vetting, the process of evaluating potential partners or vendors for reliability and suitability, plays a crucial role in preventing financial fraud and mitigating reputational damage. This is particularly evident in industries such as manufacturing and logistics, which are highly prevalent in many Asian economies (Lee & Park, 2020; Chang & Liu, 2021). In public sector procurement, particularly in countries like South Korea, thorough vetting practices have led to better contractor selection and increased transparency, ultimately boosting organizational performance (Kim & Lee, 2020). In the healthcare sector in China, vetting has been shown to improve supplier quality and reduce procurement risks (Wang & Zhang, 2022). Negotiation also plays a critical role in shaping organizational outcomes, particularly in terms of cost efficiency and service quality (Tan et al., 2022). Cultural differences across Asia influence negotiation approaches. For instance, firms in Japan often emphasize building long-term relationships through collaborative negotiation, which is essential in sectors such as automotive manufacturing (Suzuki & Nakamura, 2021; Yamamoto, 2021). In contrast, Chinese businesses often adopt competitive negotiation strategies aimed at achieving maximum short-term benefits (Liu & Zhang, 2022). Regardless of the approach, negotiation remains essential for securing favorable terms that directly impact organizational success. Effective vetting lays the foundation for productive negotiations, with organizations that integrate these processes able to navigate regulatory complexities more successfully. For example, Indian manufacturing firms that have combined vetting and negotiation practices report notable operational improvements, including lower procurement costs and stronger supplier relationships (Rao et al., 2023). Challenges such as inconsistent vetting standards and the rapid pace of digitalization pose some risks, but new trends like environmental and social governance (ESG) vetting and the adoption of advanced digital tools, including artificial intelligence and blockchain, are creating new avenues for improving both vetting and negotiation (Liu et al., 2022; Zhao & Huang, 2023). The relationship between vetting and negotiation is key to organizational performance in Asia, with firms adapting these processes to meet the evolving demands of a competitive global market.

The influence of vetting and negotiation on organizational performance in the Democratic Republic of Congo (DRC) is critical, given the country's unique economic landscape, characterized by abundant natural resources, political instability, and ongoing efforts to improve governance. Vetting, the process of scrutinizing potential partners, suppliers, or contractors, plays a significant

role in mitigating risks associated with corruption, fraud, and unreliable supply chains in the DRC. In industries such as mining, which dominates the country's economy, vetting suppliers and contractors has proven to be a vital step in ensuring compliance with local regulations and international standards. Proper vetting has been linked to improved operational efficiency and reduced instances of environmental violations, particularly in the mining sector, where international corporations are increasingly held accountable for their local partnerships (Mbaya & Kanza, 2021). Negotiation, particularly in sectors such as natural resources and infrastructure, is essential for securing favorable terms that impact the long-term performance of organizations in the DRC. Given the complex regulatory environment and the influence of local and international stakeholders, negotiation skills are crucial for navigating legal and financial agreements. In the mining sector, for example, multinational companies often engage in negotiations with local governments to establish terms for resource extraction that balance profitability with corporate social responsibility. Successful negotiations in this context have been linked to enhanced organizational performance, particularly through securing lower operational costs and ensuring local community support (Nkongolo, 2022). While vetting helps organizations identify trustworthy partners, negotiation is key in solidifying these partnerships under favorable terms. Companies that effectively combine these two processes are more capable of navigating the DRC's challenging business environment. For instance, in the telecommunications sector, companies have found that thorough vetting of suppliers followed by strategic negotiations has led to improved service delivery, particularly in the rural areas where infrastructure is underdeveloped (Lubanga, 2023). However, challenges remain, particularly in terms of political instability and weak institutional frameworks, which can undermine even the best vetting and negotiation strategies. Recent trends show that integrating technology into these processes, such as using blockchain for transparent vetting and AI-driven negotiation tools, is beginning to make a difference in improving organizational outcomes in the DRC (Kasongo & Mwepu, 2022).

In Tanzania Performance Contracting has been used as innovative strategies to ensure increase service delivery in the public sector (Rugu Yamheto, 2019). Some of the variable that added upto the performance contracting in the study included, capacity building and training of staff, goal setting, vetting and negotiations. According to vetting and negotiations, the timing of the vetting process and negotiation, training of person on the procedure, the duration, the vetting and

negotiation takes resource allocation, and the attitude of the staff to the entire procedure took centre stage.

In Kenya, a lot of literature on vetting and negotiation to service delivery, although less is seen in county governments since devolution. Nganyi et al (2019) for instance conducted research on the efficacy of efficiency contracting in service delivery in Kenya public corporations. The PC was not applied at all across the board, according to the findings; about a quarter workforce had signed a PC. Public Colleges made modest progress in terms of the success contracts metrics. The main challenges that impacted the PC process were low levels of cooperation, inadequate vetting, poor or lack of negotiations in the entire process of PC with the management. 8

According to Kinyulusi et al (2018) vetting is essential for performance to improve. It has been established by other researchers that in public sector organization, vetting and negotiation component of performance contract (Ang'ayo, 2019, Ogudha, 2017). There are steps in vetting and negotiations, but organizations but organizations fails to recognize this fact. According to Ogudha, (2017), the most critical step of negotiation is the second phase where problems settled upon in the first phase are incorporated into output contract. Mose (2017), in a study done in Kisii devolved unit noted that negotiation and vetting was a complex phase in the process of performance contracting and requires expert to undertake, Kobia and Mohammed (2006) posited that the drafting of contract happened after negotiations stage, after which it is presented to the relevant agency for vetting. The purpose of negotiation and vetting was to ensure that contracts were in conformity to the performance contracting guidelines.

2.1.3 Influence of Execution on organizational Performance

The literature documented globally demonstrates that performance contracting strategy has failed in the recent past in many countries due to poor execution process (Lin & lee, 2017; OECD) 2019, WHO, 2006, World Bank, 2017). According to Lin and Lee (2017), critical for converting the targets into results in the process of performance contracting is the execution phases OECD, (2019) notes that during execution. Phase, performance contract at formulation taken a linear approach, whereas practically, the work responsibility is non linear. It has been noted that during execution of PC, activities are structured inadequately affecting the overall outcome by inaccurate measurements, challenges such as absent staff, lack of target activities, staff mobility may impact execution of set targets (WHO 2001, world Bank, 2017).

Execution is a critical aspect of organizational performance, which involves translating strategies into actions that achieve desired outcomes. In Germany, a country known for its industrial prowess and economic stability, effective execution is paramount for companies seeking to maintain competitiveness in a global market. Several studies have explored the relationship between execution and organizational performance, highlighting various factors such as leadership, strategic alignment, resource allocation, and innovation. Execution refers to the process by which plans are carried out to meet strategic objectives (Hrebiniak, 2020). In Germany, successful execution often emphasizes precision, quality, and efficiency, driven by the country's industrial culture and its commitment to high standards (Scholz & Stein, 2021).

Researchers argue that companies with strong execution capabilities are better able to respond to market changes and achieve sustainable competitive advantages (Kaplan & Norton, 2021).

Leadership plays a pivotal role in influencing the execution of strategies within an organization. German leaders are known for their ability to blend authoritative and participative styles to ensure that strategies are effectively communicated and implemented (Mueller & Peters, 2022). A study by Wolf et al. (2023) found that firms with leaders who engage with their teams and foster open communication channels experience successful execution and enhanced performance. This suggests that effective leadership practices are essential for successful execution in German firms. Strategic alignment is another important factor influencing execution, as companies in Germany prioritize aligning their strategies with operational activities (Scholz & Stein, 2021). Research by Meier and Weber (2020) on German manufacturing firms revealed that organizations with stronger strategic alignment experienced higher operational efficiency and improved performance, emphasizing the need to avoid execution pitfalls such as resource misallocation.

The ability of organizations to effectively execute their strategies can determine their success in navigating the complexities of the Libyan market, marked by instability and uncertainty. In Libya, execution encompasses a range of activities, including the implementation of plans, allocation of resources, and coordination of processes to achieve strategic objectives (Abdalla & Magboul, 2021). Research indicates that the effectiveness of execution is influenced by factors such as leadership, organizational culture, resource management, and external environmental conditions (El-Garhy & El-Bakry, 2022).

Leadership is a pivotal factor affecting execution in Libyan organizations. Leaders are responsible for creating a vision and motivating employees to align their efforts with organizational goals. Studies have shown that transformational leadership styles positively impact execution by fostering a culture of innovation and commitment (Ben Othman & Fadli, 2023). For example, a study conducted by Abou El-Hossan and Fadli (2023) found that organizations led by transformational leaders demonstrated higher levels of employee engagement and performance, ultimately enhancing execution effectiveness. Conversely, a lack of clear leadership can lead to confusion and misalignment, hindering the execution process.

Organizational culture also plays a significant role in the execution of strategies in Libya. The cultural context in Libya is characterized by strong social ties and collective values, which can both support and challenge execution efforts (El-Garhy & El-Bakry, 2022). Research by Mansour and Saleh (2022) highlighted that organizations with a culture of collaboration and openness are better positioned to execute their strategies effectively.

In Kenya, many studies have indicated that execution of PC has a history dating back to the previous regimes. Kenya implemented a PC Contract in state own enterprise sectors in 2004 (Angiayo, 2019, GOK 2017; Mauya, 2015 World Bank, 2019). By 2007, the system operation earned Kenya a place among the top 20 countries in the world as per United Nations award for excellence in Public Service and Public sector reforms introduced in 2003. Kenya's PC System won the first position in the category of transparency, accountability and responsiveness to public service delivery (GOK, 2017). Mauya (2015) outlined various indicators that can be used to measure efficient and effective execution of PC targets/goals/objectives. This include employees perform their duty, identifying performance gaps and challenges; a performance scorecard and an automated information system. AAPAM (2018) did a study in Kenya's health sector and results indicated that the devolved units had failed to fully execute the performance contracting strategy. This was due to employee perception that performance contracting was meant to undermine them. The study had failed to focus on all the staff placed under performance contracting. The current study will focus on all staff under performance contracting in Nandi County government. Hassan (2019) did a study in Garissa County and found that the implementation of performance contracting has only achieved 25% success due to various major challenges despite the well outline objectives. It was noted that the senior management were not interested in this implementation and

failed to prioritize the formulation strategies to address the existing challenges. Tonui (2018) investigated the effect of performance targets on employers result in Kenya Public organization. The research established that employees undertook their duties against the job targets all of which were critical for the identification of performance gaps and execution.

2.1.4 Influence of Monitoring and Evaluation on Organizational Performance

Grapinet (2018) did a study in France and found out that the process of monitoring and evaluation was key in performance contracting cycle. It communicates what has been achieved what was yet to be achieved, what needed to be done. Monitoring is a continuous role that mainly serves to provide early signs of success or lack thereof in the attainment of intervention performances. Effective monitoring is not a one off activity, but a continuous one.

Monitoring helps in determining the gap between planned and actual performance, identifying and assessing potential success and challenges. Metawie and Gilman (2019) found that service delivery for public organization in the UK were rank among the best across the globe due to effective and efficient monitoring and evaluation conducted by various stakeholders. In a separate study conducted in California by Lienert (2018), It was discovered that organization would determine the effectiveness of their appraisal process regularly in addition to continuous employee evaluation. Additionally, while the assessment process needed regular revision and updates, caution is to be taken against constantly changing the scheme. Mbua and Sarisar (2018) investigated the challenges to the success contracting initiatives adoption in Kenya. Owing to negative assumptions that monitoring and evaluation is a withhunting operation to prevent some persons from doing some things. Agili and Okibo (2018) outlined the importance of monitoring and Evaluation in performance contracting and linked it with the performance in public sector. Customer grievances allows high level of employees productivity; resulting in quick turnaround tune; high quality work enables workers to complete assignments on schedule, dedication to work by the employees, contributes to customer satisfaction and work awareness leads to the versatility of assignments by the employees. These variables were used as the core indicators of the monitoring and evaluation in performance contracting although the study was conducted in a government agency different from the devolved units in Kenya. 11 The results of several evaluation of performance management system show that senior staff in Kenya public sector are still performing poorly at evidence based assessment (Kobia, 2006, Muriuki, 2019) Shivachi,

2017). The official, instead mostly relied on old strategies that they perceived to be influence, tried true and dependable. According to Xavier (2019) customer satisfaction is defined as the level of the customer's responsiveness to quality service provision. It considers utility derived by the customers of the product or service by the different county government department and directorates through a county integrated development plan (CIDP's) and the Annual Development Plan (ADP).

M&E provides a structured approach for organizations to assess their progress, measure outcomes, and make informed decisions that drive performance (Muwanguzi & Okello, 2021). In Uganda, effective M&E systems are increasingly recognized as essential for organizations aiming to achieve strategic goals and improve service delivery in various sectors, including health, education, and agriculture.

A key aspect of the influence of M&E on organizational performance in Uganda is the enhancement of strategic alignment. M&E systems allow organizations to systematically track their progress toward strategic objectives and align their activities accordingly (Obua et al., 2022). This alignment ensures that resources are allocated efficiently and that all stakeholders are working towards common goals. For instance, a study by Okello and Muwanguzi (2023) found that organizations with well-integrated M&E frameworks were more likely to adapt their strategies in response to performance data, leading to improved outcomes. This strategic flexibility is particularly important in Uganda, where organizations must navigate a rapidly changing environment influenced by both local and global factors. M&E plays a significant role in fostering a culture of learning within organizations in Uganda. By systematically collecting and analyzing data, organizations can identify best practices and areas needing improvement (Kisaame & Muwanguzi, 2022). This ongoing learning process enables organizations to refine their processes, enhance service delivery, and ultimately improve performance. For instance, Kisaame and Muwanguzi (2022) highlighted that organizations that prioritize learning through M&E tend to exhibit greater innovation and responsiveness to the needs of their stakeholders. This focus on continuous improvement is vital for organizations operating in competitive sectors in Uganda, where responsiveness to stakeholder needs is crucial for success. The impact of M&E on organizational performance is also evident in enhancing accountability. Effective M&E systems provide a framework for organizations to report on their performance and demonstrate accountability to stakeholders, including donors, government agencies, and beneficiaries (Muwanguzi & Okello, 2021). A study conducted by Obua et al. (2022) indicated that

organizations with robust M&E practices experienced increased stakeholder confidence and support, contributing to improved funding and resource mobilization. This heightened accountability fosters trust among stakeholders, which is essential for sustainable organizational performance, particularly in sectors dependent on external funding.

In Kenya, effective M&E practices are essential for ensuring that organizations can adapt to changing environments and achieve their strategic objectives. Research has consistently shown that robust M&E systems lead to improved organizational performance by facilitating accountability, learning, and informed decision-making (Akomo & Otieno, 2022). One significant aspect of M&E's influence on organizational performance in Kenya is its role in enhancing accountability. Effective M&E systems provide organizations with the tools to track their performance against established goals and benchmarks (Nganga et al., 2023). This transparency fosters a culture of accountability, where stakeholders, including employees, management, and external partners, can assess the effectiveness of programs and initiatives. A study conducted by Karanja and Mwangi (2022) found that organizations that implement comprehensive M&E frameworks are better positioned to demonstrate accountability to their stakeholders, resulting in increased trust and support from both internal and external parties. This accountability ultimately contributes to improved performance and sustainability. M&E contributes to organizational learning, which is crucial for enhancing performance. Through regular data collection and analysis, organizations can identify strengths and weaknesses in their operations and make necessary adjustments (Akomo & Otieno, 2022). For instance, M&E enables organizations to gather feedback on program effectiveness, which can inform future planning and implementation efforts. A study by Muli and Gitonga (2023) found that organizations with strong M&E practices are more likely to engage in adaptive management, leading to continuous improvement and better alignment with strategic objectives. This ongoing learning process enhances organizational resilience and performance in a rapidly changing environment.

Resource allocation is another critical area where M&E impacts organizational performance in Kenya. Effective M&E systems facilitate informed decision-making regarding resource distribution (Nganga et al., 2023). By providing insights into program performance and outcomes, organizations can allocate resources more effectively, ensuring that investments yield the highest possible returns. A study by Karanja and Mwangi (2022) demonstrated that organizations that

integrate M&E into their resource allocation processes achieve greater efficiency and effectiveness, ultimately leading to improved performance outcomes. This strategic resource management is essential for organizations operating in Kenya's competitive and resource-constrained environment. The external environment in Kenya significantly influences the implementation of M&E systems and their impact on organizational performance. The regulatory framework, including government policies and donor requirements, often dictates the necessity for robust M&E practices (Akomo & Otieno, 2022). Organizations that align their M&E efforts with these external demands are better positioned to secure funding and support, further enhancing their performance. However, challenges such as inadequate capacity and limited access to data can hinder effective M&E implementation, impacting overall performance (Muli & Gitonga, 2023).

2.2 Theoretical Framework

The study was guided by the following theories: New public management Theory, Principal Agency Theory and Change Management Theory.

2.2.1 New Public Management Theory

According to (Obong'o, 2009, Mutahaba, 2011, Larbi 2014) refers to New Management Theory as a service of themes relating to reforming the Organization and procedure of the public sector to make it more competitive and efficient in resource use and organizational performance. New Public Management (NPM) advocates for a shift from traditional bureaucratic approaches to more results-oriented management practices. Performance contracting aligns with this by setting specific targets and goals for organizational units or departments, focusing on measurable outcomes rather than just activities or processes (Gruening, 2021). New Public Management promotes increased accountability and transparency in public sector organizations. Performance contracting fosters accountability by clearly defining roles, responsibilities, and performance expectations, which can enhance transparency in decision-making and resource allocation processes (Lane, 2022). New Public Management encourages decentralization and greater flexibility in public sector management. Performance contracting allows for flexibility in setting targets and negotiating contracts based on the unique needs and circumstances of different organizational units or departments, promoting innovation and responsiveness to local challenges.

Gruening, (2021) notes that New Public Management emphasizes a customer-centric approach to service delivery. Performance contracting can enhance customer focus by incentivizing public

sector organizations to prioritize the delivery of quality services and outcomes that meet the needs and expectations of citizens and stakeholders (Larbi 2014). New Public Management advocates for the efficient and effective use of resources in the public sector. Performance contracting promotes efficiency by linking funding and incentives to the achievement of specific performance targets, encouraging organizations to streamline processes, reduce waste, and optimize resource allocation to maximize results.

2.2.2 Principal Agency Theory

Ayee, (2008) and Petri (2002) argued that performance contract is based on principal agency theory. The theory is based on the premise that both the principal and the agent maximize benefits in the performance contract arrangement. Principal agency theory resulted from the work of Berley and Colt (1932). It is an arrangement which involves the principal passing some authority to an agent to conduct transactions and make decisions on behalf of the principal in an effort to maximize principal's utility preferences. The principal design a contract that is attractive to the agent while maximizing benefits for the principal (Ssenooba, 2010). Principal agency theory highlights the inherent conflict of interest between principals and agents, where agents may prioritize their own interests over those of the principals. Performance contracting seeks to align the interests of both parties by linking rewards or penalties to the achievement of specific performance targets, thereby motivating agents to act in ways that benefit the organization as a whole.

As observed by Eisenhardt, (1989) Principal agency theory emphasizes the importance of designing incentive structures that motivate agents to exert effort and make decisions that are in line with the goals of the principals. Performance contracting provides a mechanism for creating such incentive structures by tying compensation or rewards to the attainment of predetermined performance metrics, encouraging agents to exert effort and perform at their best (Panda & Leepsa, 2017). Principal agency theory suggests that principals may need to monitor and control the actions of agents to ensure compliance with contractual agreements and to prevent opportunistic behavior. Performance contracting facilitates monitoring and control by establishing clear performance expectations and mechanisms for tracking progress towards goals, allowing principals to assess agent performance and intervene if necessary.

Studies by Mitnick, (2015) emphasizes that, Principal agency theory recognizes that uncertainty and asymmetric information may create risks for principals when delegating decision-making

authority to agents. Performance contracting addresses this by specifying performance metrics and outcomes that serve as indicators of organizational success, helping principals to assess and manage the risks associated with delegating authority to agents (Panda & Leepsa, 2017). Principal agency theory emphasizes the importance of designing contracts that are both enforceable and flexible enough to adapt to changing circumstances. Performance contracting involves the negotiation and design of contracts that outline performance expectations, metrics, and incentives in a clear and enforceable manner, while also allowing for adjustments in response to evolving organizational needs or external factors.

2.2.3 Change Management Theory

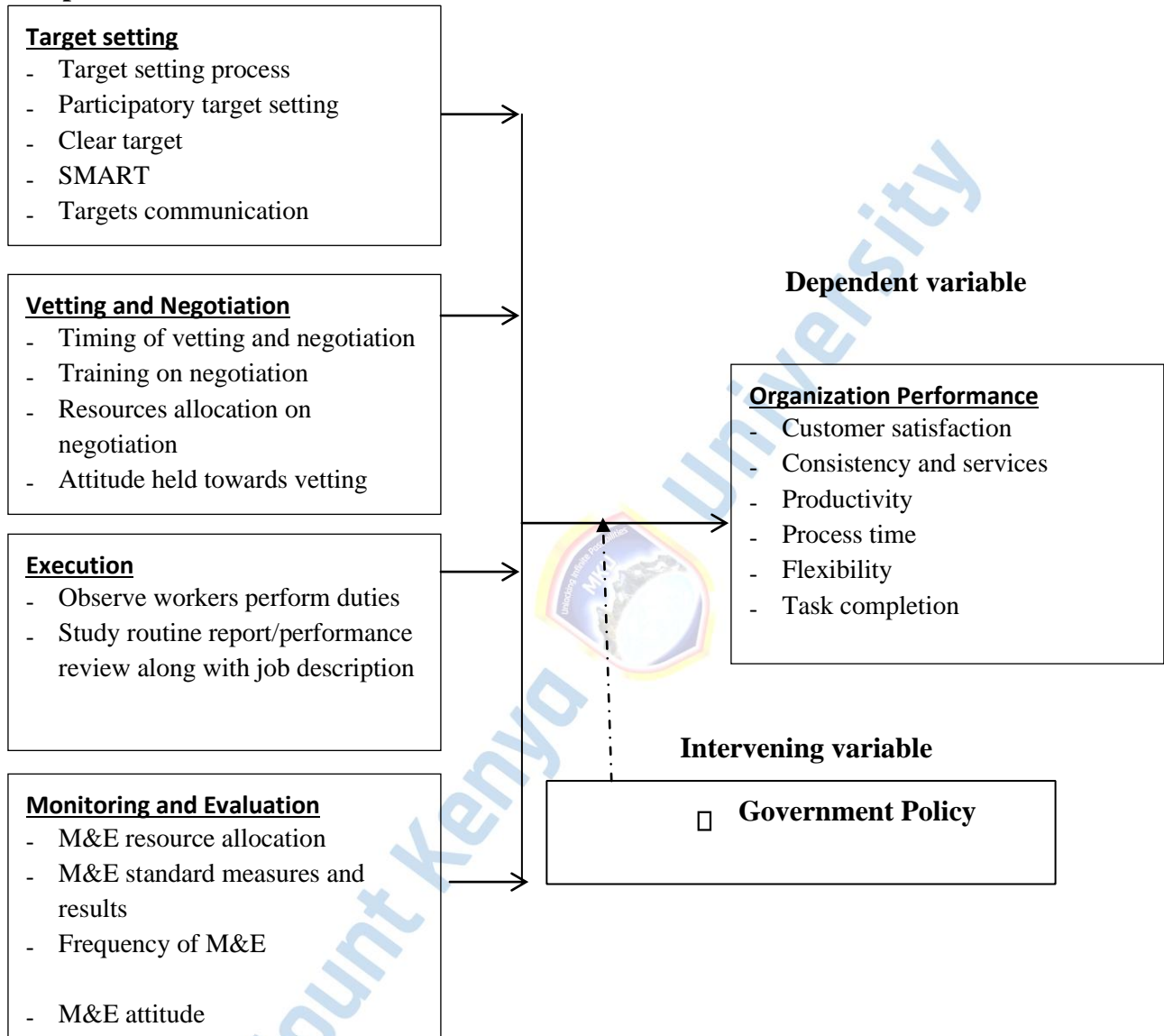
Change Management Theory is an approach to transitioning people, processes and resource to achieve better outcomes. This theory helps people and organization focus on the future and makes the right choices to get to that vision. The change recipients trust and willingness to change on one hand are viewed as key factors for a successful change process. Resistance to change, on the other hand, is viewed as something the management must conquer to be able to complete the change process (Tsinopoulos, 2018). To successfully implement a new performance management system, change management theory would offer theoretical support. This theory is based on participative bottom-up approach where systems develop within an organization supported by top management and general membership of the organization feel they own them (Makie, 2018). Change Management Theory emphasizes the importance of addressing resistance to change among employees when implementing new processes or systems. Introducing performance contracting may encounter resistance from individuals or departments accustomed to traditional methods. Change management strategies can help identify sources of resistance, communicate the benefits of performance contracting, and involve stakeholders in the change process to increase buy-in and acceptance. Effective communication and stakeholder engagement are essential components of successful change initiatives (Tsinopoulos, 2018). Change Management Theory emphasizes the need for clear, consistent, and transparent communication to ensure that employees understand the purpose, goals, and expectations of performance contracting. Engaging stakeholders, including employees, managers, and external partners, in the design and implementation of performance contracts can foster a sense of ownership and commitment to achieving organizational objectives.

According to AlManei & Salonitis, (2018) Change Management Theory emphasizes the importance of building the capability and capacity of employees to adapt to new ways of working.

Performance contracting may require employees to develop new skills, processes, or behaviors to meet performance targets effectively. Change management strategies can include providing training, coaching, and support to help employees acquire the necessary knowledge and competencies to succeed under the new performance contracting framework (Makie, 2008). Effective leadership and sponsorship are critical for driving change and sustaining momentum over time. Change Management Theory emphasizes the role of leaders in articulating a compelling vision for change, aligning organizational resources and priorities, and modeling the desired behaviors associated with performance contracting (Khudair & Barakat, 2018). Strong leadership and sponsorship can help overcome barriers, inspire confidence, and reinforce the importance of performance contracting in achieving organizational goals. Change Management Theory advocates for continuous monitoring and adaptation throughout the change process to address challenges and seize opportunities for improvement (Sarayreh, 2018). Performance contracting may require regular review and adjustment of performance targets, metrics, and incentives based on feedback, performance data, and changing organizational priorities. Change management approaches that emphasize flexibility, agility, and learning can help organizations effectively navigate the complexities of performance contracting and optimize its impact on organizational performance.

2.3 Conceptual Framework Performance Contracting

Independent variable



2.4 Research Gaps

Gap analysis is a strategic planning tool used to assess the difference between the current state of a process, system, or organization and its desired future state. It helps identify the gaps or differences that exist and provides insights into what steps need to be taken to move from the current state to the desired state (Kim, 2018).

Author	Focus	Findings	Research Gaps
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<p>Kago, A. W. (2014)</p>	<p>Effects of performance contracting on the performance of state corporations in Kenya</p>	<ul style="list-style-type: none"> • Performance contracting has been undertaken by the majority of state corporations over the last five years. • Performance contracting influences both enterprise and managerial performance at state corporations in Kenya. • There is a strong positive relationship between organizational and managerial performance and the implementation of performance contracting. 	<ul style="list-style-type: none"> • Qualitative research for deeper insights. • Evaluation of implementation challenges.
		<p>contracting.</p>	

<p>Larbi, G. (2021)</p>	<p>Performance contracting in the water sector in Ghana</p>	<p>Separating politics from operational and management issues is difficult, especially in politically sensitive public services, which undermines the effectiveness of performance contracting.</p>	<ul style="list-style-type: none"> □ Further exploration of the specific institutional constraints and capacity issues that hinder the effectiveness of performance contracting. □ Investigation into strategies to enhance the capacity of monitoring agencies and improve information management systems
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CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter, the researcher presents the methodology was used to carry out the study. The chapter shall consisted of the research design, target population, sampling procedures and techniques, sample population, research instruments, validity and reliability, data collection methods and procedures, data analysis techniques and procedures and ethical consideration.

3.1 Research Design

Kerlinger W.F (1996) defines research design as a plan and as a structure of investigation so conceived as to obtain answers to research inquiry.

The researcher utilized a descriptive case study design. This is because the research design studies social phenomenon that occur in the confine of one social system (the case) like institutions, nation –governments with an intention to provide a comprehensive, in depth review that would be a useful insights into the research topic.

Saunders et al (2) and Miller (3) says that descriptive research put rays an accurate profile of persons, events or situations.

The design offers the researcher a profile of described relevant aspects of the phenomenon of interest from an individual, organization and industry oriented perspectives.

3.2 Target Population

According to Cooper and Schindler (2010), population is the total collection of elements, about which a researcher wish to make some inferences. A population is a group of individuals, objects, institutions, systems or items from which samples are taken for measurements. Population is the whole group, individuals, events or objects having common observable characteristics (Kothari, 2004).

A target population is a group of elements form which conclusions are drawn (Cooper & Schindler, 2006).

The target population of this research is 96 employees drawn from executive, departments, directorates and the secretariat in the county government of Nandi.

3.3 Sample population

Trochim, (2005) states that sampling is the method of choosing Unit components (people, organizations) out of a population of interest group in order to reasonably generalize the findings back to the population from which they were selected by studying the sample.

The target population is likely to be smaller and more concentrated around the county government. The study preferred census. The sample size is 96 respondents drawn from Nandi county government employees.

3.4 Construction of Research Instruments

The main tool for Primary data collection in this study was the use of a semi-structured questionnaire and an interview guide.

The secondary data was collected by reviewing records of previous materials related to the study subject. The questionnaire had both close ended and open ended questions.

The close ended questions had response type predetermined and organized into a Likert Scale. Likert Scales are preferred during data organization for analysis and help the researcher to focus on the key objectives of the research study.

The questionnaire was used because it enables the researcher to collect accurate information in a confidential manner, the target officers answered at their own convenient time. as they are anonymous. The responses obtained from questionnaire are easy to analyze using statistical techniques (Saunders et al 2019), large amount of data could be collected within a short time as recommended by Kombo and Tromp (2006). Questionnaire was useful for collecting quantitative data involving numerical responses (Bryman and Bell, 2019).

3.5 Reliability

Content validity of the instrument was ensured thorough constructive criticism from the project supervisor who has an extensive experience and expertise in questionnaire construction and in addition through the use of peer views. The items were revised and improved according to advice and suggestions made by the research supervisor.

3.6 Validity of Research Instruments

Reliability was the extent to which any measuring procedure yields the same results on repeated trials. The reliability of the instrument was improved through piloting and pre-testing. Furthermore, the reliability and validity of the results was obtained through member checks to help indicate whether the findings appeared to match with perceived authenticity. This was done in order to limit the distorting Role of random errors on the findings. The help of the project supervisors of Mount Kenya University seek to review the results of the study and to find out if the results matched with actuality. The research instruments were given to the expert and supervisors to check and extend to which measure what was expected as states in the research objectives. Reliability was checked by carrying out pilot study to test the relevance of questions and also to confirm the reliability of the responses of the study was finally recorded.

3.7 Data Collection Procedures

To undertake the actual research in Nandi County government, the researcher sought an authorization letter from the university.

This authority letter was used to seek permission from the relevant National Government Agency responsible for conducting a research and the county public service Board.

The researcher administered in person copies of questionnaire to the respondents.

The respondents was assured that information they shall give was kept confidential and that it was used for the purposes of research study only. Adequate time was allowed for the participants to respond to the issues in the questionnaires. The researcher shall then collect the filled questionnaire in person for further processing.

3.8 Proposed Data Analysis Techniques and Procedures

According to Bailey (1984), data analysis procedure includes the process of packaging the collected information putting it in order and start writing it in main components in the way that the finding can easily ad effectively be communicated. The data collected was coded and analyzed suing the statistical package for social science (SPSS).It utilized descriptive statistics

that includes frequencies and percentage. Descriptive statistics give a summary of data (Barman 2002). The findings later be presented.

3.9 Ethical Consideration

First, the researcher obtained permission from the University then a research permit from National Commission of Science, Technology and Innovation (NACOST) in line with the laid down regulation in Kenya.

The Permit was used as a formal identity during data collection and was used to assure the respondents that the study is purely for academic reasons.

The researcher observed professional ethics and ensure that respondents suffered psychological, physical and emotional harm during research. Confidentiality and anonymity was observed and each participant was expected to make an informed choice and give consent before they participate in the research. The information receive was released for other purposes other than which the research intended.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.0 Introduction

This chapter focuses on data analysis, results presentation and discussion of the findings.

4.1 Demographic Information

4.2 Response rate

Based on Figure 4.1, the study had a total sample size of 96 participants. Out of these, 90 individuals completed and returned their questionnaires, resulting in a response rate of 93.75%. The remaining 6 participants, accounting for 6.25%, did not submit or complete their questionnaires.

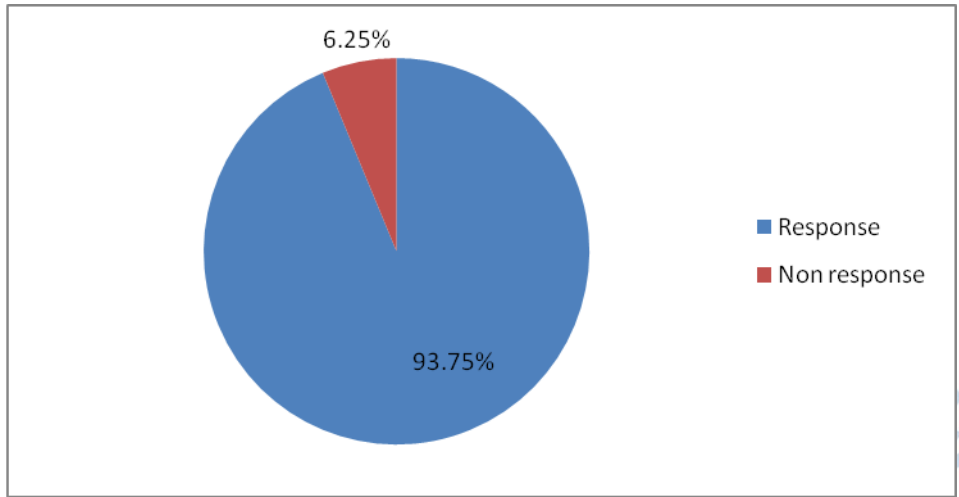


Figure 4.1 Response Rate

4.2.1 Gender

In Figure 4.2, out of the total sample of 90 participants, 25 respondents were male, making up 27.8% of the population. On the other hand, 65 respondents were female, comprising 72.2% of the total sample. Gender-sensitive performance contracting can lead to more equitable opportunities for career advancement and development, which can improve overall organizational performance by fostering a more inclusive and motivated workforce

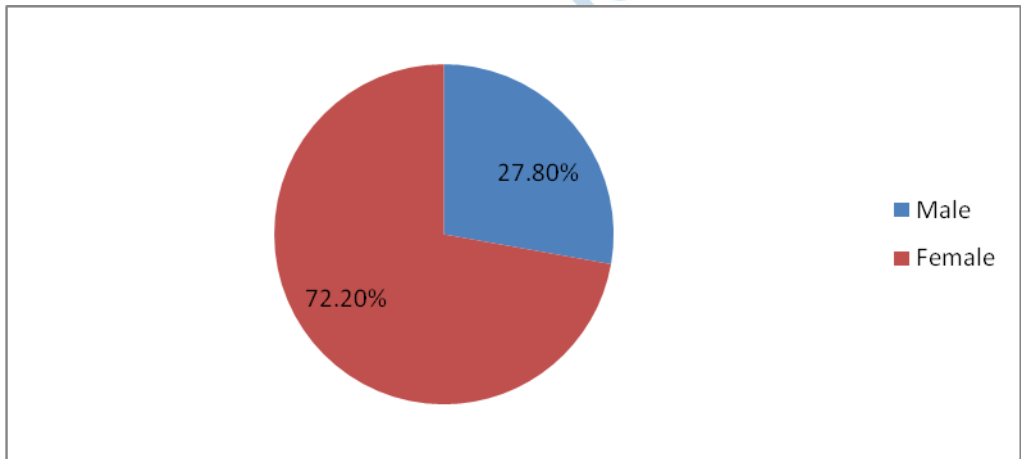


Figure 4.2 Gender

4.2.2 Age Categories

Figure 4.3 outlined the age distribution of the respondents, showing the frequencies and percentages for each category. Among the 90 participants, the majority, 45 individuals (50%), fell

within the 26 to 35-year age range. The group aged below 25 years comprised 15 respondents, accounting for 16.7% of the sample. Additionally, 20 respondents, or 22.2%, were in the 35 to 45-year age bracket, while the remaining 10 respondents (11.1%) were aged 46 years and above. Tailoring performance contracting to the specific needs and expectations of different age groups can lead to improved engagement, productivity, and overall organizational performance. Understanding these age-related dynamics helps ensure that performance contracts are relevant and effective across the workforce.

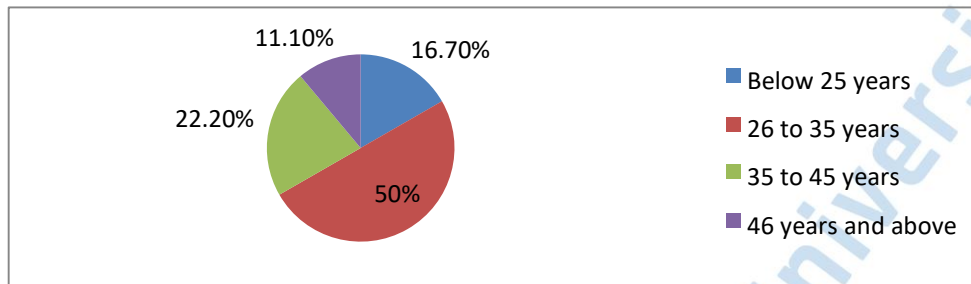


Figure 4.3 Age Category

4.2.3 Level of Education

Figure 4.4 presented the distribution of respondents by their level of education. Among the total sample of 90 individuals, 35 respondents (38.9%) held an undergraduate degree, making it the largest educational category. The next largest group consisted of 25 respondents (27.8%) with a diploma. Those with a master's degree or higher numbered 20 respondents, representing 22.2% of the sample. Additionally, 10 respondents (11.1%) fell into the "Others" category, indicating various other educational qualifications. Aligning performance contracts with the level of education of employees ensures that the goals and expectations set are appropriate and motivating. By considering educational backgrounds, organizations can design more effective performance contracts that improve engagement, productivity, and overall organizational performance.

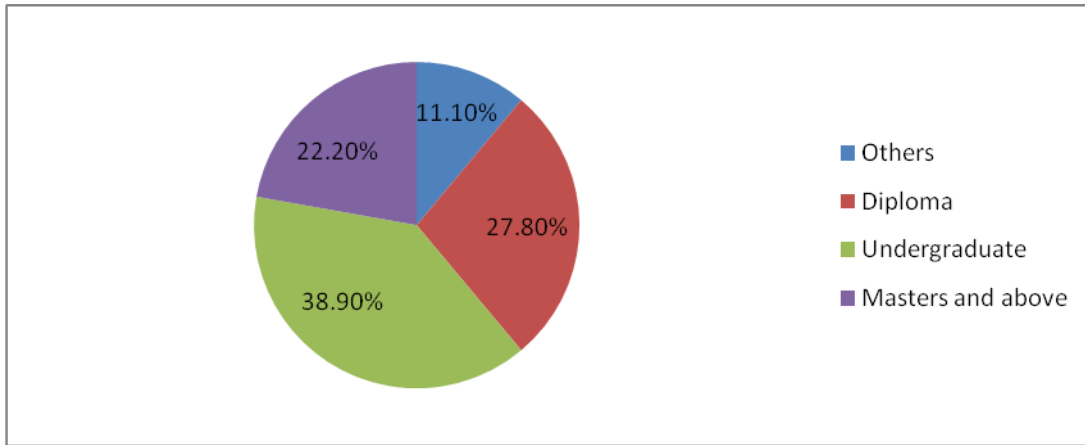


Figure 4.4 Level of Education

4.2.4 Experience with County Government

Figure 4.5 illustrated the distribution of respondents according to their experience with the County Government. Among the 90 participants, the majority, 37 individuals (41.1%), had between 2 and 4 years of experience. The second largest group consisted of 24 respondents (26.7%) who had over 7 years of experience. Sixteen respondents (17.8%) reported having 5 to 7 years of experience, while 13 respondents (14.4%) had less than one year of experience with the County Government.

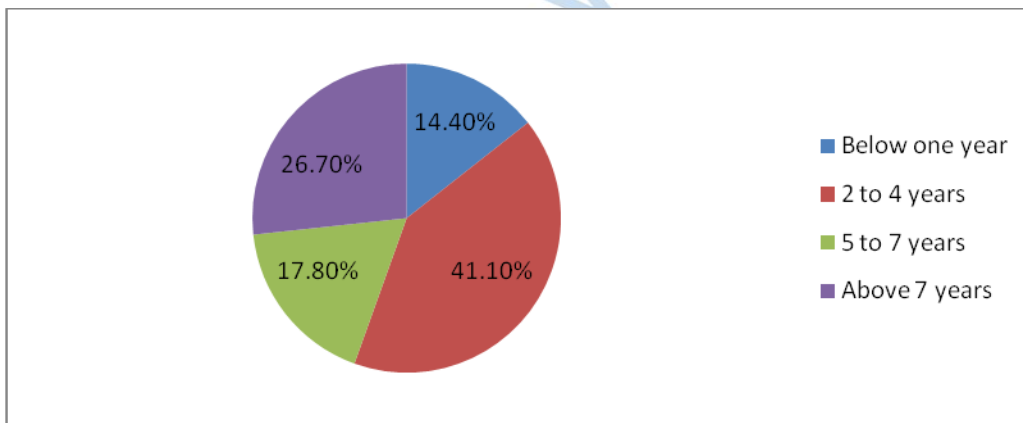


Figure 4.5 Experiences with County Government

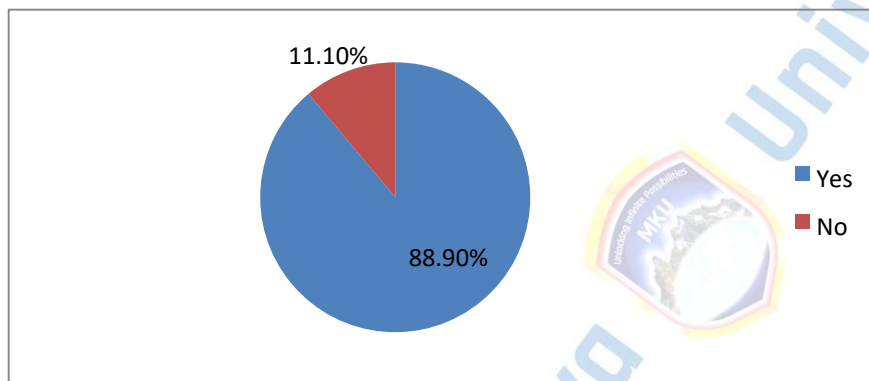
4.3 Performance Control Awareness/Engagement

The employees were asked whether they had ever been engaged in performance contracting. The responses were as shown in Figure 4.6.

4.3.1 Performance Contracting

Figure 4.6 showed the distribution of responses regarding engagement in performance contracting among employees. Out of the total sample of 90 employees, 80 individuals (88.9%) reported having been engaged in performance contracting. In contrast, 10 employees (11.1%) indicated they had not been involved in performance contracting.

Figure 4.6 Performance Contracting



4.3.2 Timing of Signing Performance Contract

According to data from Figure 4.7 regarding timing of Signing Performance Contract, it was showed the variation in when employees sign their performance contracts. Only 11.1% do so immediately upon starting their job, suggesting that immediate signing is relatively uncommon due to the need for a settling-in period. The majority, 44.4%, sign their contracts 1-2 years after starting, which is typical as it allows for initial performance assessments before formalizing long-term expectations. 27.8% sign their contracts 3-4 years into their employment, indicating a longer review cycle. Lastly, 16.7% sign their contracts after five years, reflecting organizations with less frequent performance contract renewals. This distribution underscores the variety in organizational practices regarding performance contract timing and renewal.

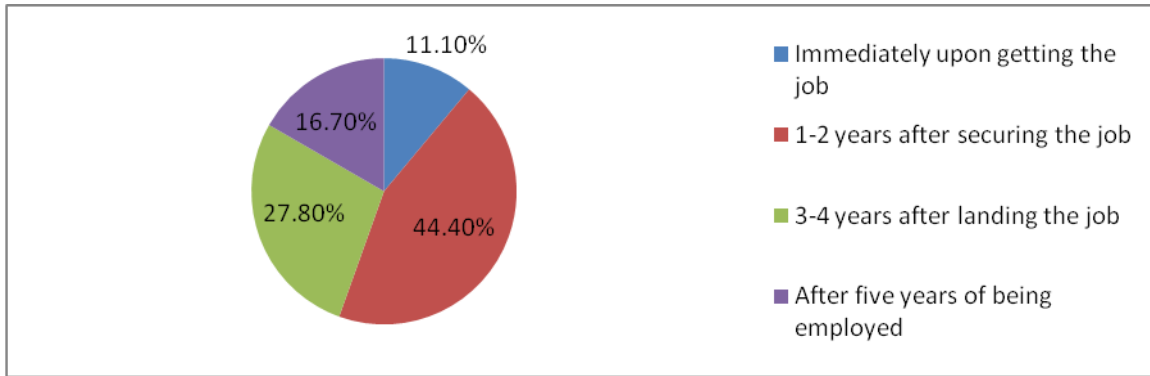


Figure 4.7 Timing of Signing Performance Contract

4.3.3 Overall View on Performance Contracting

The perspectives of the respondents about performance contracting within the Nandi County Government are shown in figure 4.8 Overall View on Performance Contracting. 35 (38.9%) of the 90 respondents have a positive opinion of performance contracting, indicating that they think it improves organisational performance. On the other hand, 20 respondents (22.2%) hold an unfavorable opinion, raising questions about its efficacy or other downsides. There are 25 respondents (27.8%) who acknowledge both the benefits and drawbacks of performance contracting, but have a mixed or neutral opinion. Lastly, ten (11.1%) of the respondents are unclear about its significance. The distribution reveals that although a considerable proportion of the participants perceive performance contracting as beneficial, there are also noteworthy apprehensions and uncertainties.

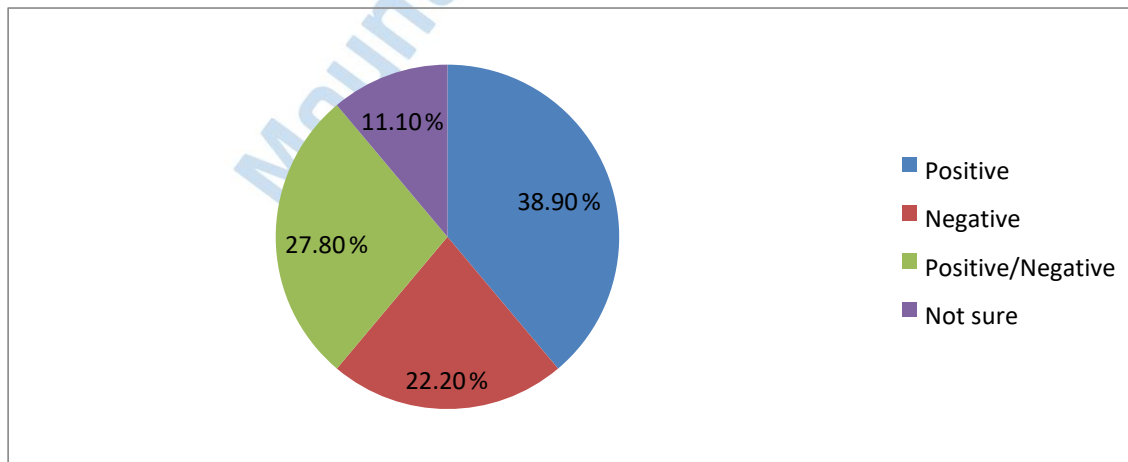


Figure 4.8 Overall Views on Performance Contracting

4.3.4 Awareness of Factors Tied to Performance Contracting

Data on Table 4.1 showed that, Awareness of Factors Tied to Performance Contracting illustrated the respondents' awareness of various elements of performance contracting within the county government, based on a sample size of 90 individuals. The data revealed that 70 respondents (77.8%) were aware of performance contracting target setting, indicating a high level of understanding of this fundamental component. However, 20 respondents (22.2%) were not aware of target setting, suggesting that there was some gap in knowledge in this area. For performance contract vetting and negotiation, 65 respondents (72.2%) had knowledge of these processes, reflecting a good awareness of how contracts were reviewed and negotiated. On the other hand, 25 respondents (27.8%) were unfamiliar with these procedures, highlighting a need for better dissemination of information. Regarding performance contract execution, 60 respondents (66.7%) were aware of the importance of implementing these contracts. Nevertheless, 30 respondents (33.3%) lacked this knowledge, which could have impacted their understanding of the overall performance contracting process. Finally, 55 respondents (61.1%) knew about performance contract monitoring and evaluation, which was essential for assessing the effectiveness of performance contracts. Conversely, 35 respondents (38.9%) were not familiar with these aspects, indicating a need for increased awareness and training in monitoring and evaluation practices.

Table 4.1 Awareness of Factors Tied to Performance Contracting

Factor	Yes (Frequency)	Yes (%)	No (Frequency)	No (%)
Performance contracting target setting	70	77.8%	20	22.2%
Performance contract vetting and negotiation	65	72.2%	25	27.8%
Performance contract execution	60	66.7%	30	33.3%
Performance contract monitoring/evaluation	55	61.1%	35	38.9%

4.4 Target setting and organizational performance in Nandi County.

The employees were asked their opinion on whether they support the idea that target setting influences performance in Nandi County, the responses were as shown in figure 4.9.

Among the 90 respondents, a significant majority, 68 individuals (75.6%), expressed support for the idea that target setting has a positive impact on performance. In contrast, 22 respondents (24.4%) did not support this notion. This distribution indicates a strong belief among employees that setting targets plays a crucial role in enhancing performance in Nandi County.

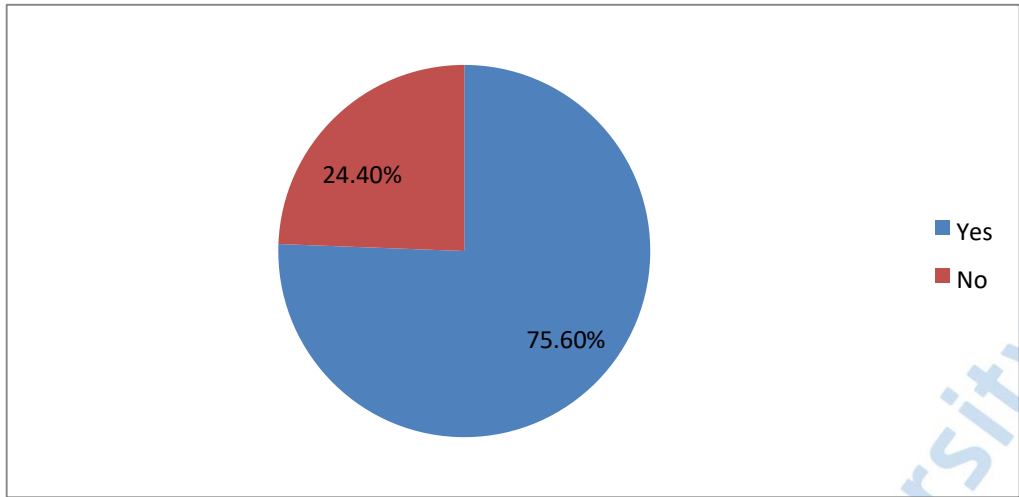


Figure 4.9 Influence of Target Setting on Performance

Table 4.2 Target setting

Statements	Response	SA	A	U	D	SD	N
Target setting process during performance contracting influence performance	Frequency	30	20	15	14	11	90
	Percentage	33.3	22.2	16.7	15.6	12.2	100%
Public participation in performance contracting target setting affects the performance	Frequency	25	23	20	15	7	90
	Percentage	27.8	25.6	22.2	16.7	7.8	100%
Clearly set targets in the performance contracting affects performance	Frequency	28	26	16	14	6	90
	Percentage	31.1	28.9	17.8	15.6	6.7	100%
Realistic and achievable target setting in performance contracting affect organizational performance	Frequency	24	23	14	17	12	90
	Percentage	26.7	25.6	15.6	18.9	13.3	100%
The communication process of the set targets influence service delivery in Nandi	Frequency	23	19	16	17	15	90
	Percentage	25.6	21.1	17.8	18.9	16.7	100%

Source: (Field Data, 2024)

Table 4.2 presented the responses of 90 employees regarding their views on the influence of target setting on performance during performance contracting in Nandi County. The data showed that 30 respondents (33.3%) strongly agreed that the target-setting process had influenced performance, while 20 respondents (22.2%) agreed. A smaller group, 15 respondents (16.7%), remained undecided, whereas 14 respondents (15.6%) disagreed, and 11 respondents (12.2%) strongly disagreed. This indicated that more than half of the respondents (55.5%) believed target setting positively influenced performance.

Regarding public participation in performance contracting target setting, 25 respondents (27.8%) strongly agreed that it affected performance, while 23 respondents (25.6%) agreed. Another 20 respondents (22.2%) were undecided, with 15 respondents (16.7%) disagreeing and 7 respondents (7.8%) strongly disagreeing. The majority of respondents supported the idea that public participation played a role in enhancing performance.

The data also revealed that 28 respondents (31.1%) strongly agreed that clearly set targets affected performance, with 26 respondents (28.9%) agreeing. Meanwhile, 16 respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed. This demonstrated that a clear majority (60%) acknowledged the impact of welldefined targets on performance.

For the statement regarding realistic and achievable target setting affecting organizational performance, 24 respondents (26.7%) strongly agreed, and 23 respondents (25.6%) agreed. However, 14 respondents (15.6%) were undecided, 17 respondents (18.9%) disagreed, and 12 respondents (13.3%) strongly disagreed. This suggested that while many respondents viewed target realism as important, a notable portion of the respondents did not share this view.

Finally, 23 respondents (25.6%) strongly agreed that the communication process of set targets influenced service delivery in Nandi County, while 19 respondents (21.1%) agreed. However, 16 respondents (17.8%) remained undecided, 17 respondents (18.9%) disagreed, and 15 respondents (16.7%) strongly disagreed, showing a mixed response on the importance of communication in target setting.

These findings align with research conducted by Locke and Latham (2022), which emphasizes the significant impact of target setting on performance. Their study demonstrated that clear, specific, and challenging goals, when coupled with appropriate feedback and public participation, tend to enhance performance outcomes. Locke and Latham found that employees who understood and were involved in the goal-setting process were more likely to achieve higher performance levels. This supports the results from Nandi County, where a majority of respondents agreed that well-defined and realistic targets positively influenced performance. Additionally, the study highlighted that while communication of goals is crucial, mixed responses in its effectiveness reflect the variability in how employees perceive and react to target-related communications. The overall agreement on the importance of target clarity and public involvement reinforces the value of these practices in driving organizational performance.

4.5 Vetting and Negotiation on Performance

Table 4.3 indicated that the majority of respondents (61.1%) agreed that vetting and negotiation had a positive influence on performance, suggesting these processes were viewed as important for ensuring competent selection and effective agreements. A significant portion (22.2%) were unsure, reflecting uncertainty or a lack of clarity regarding their impact. Meanwhile, 16.7% disagreed, implying that some participants believed vetting and negotiation were less impactful on performance. Overall, the data suggested that while most respondents saw a positive role, there was still notable uncertainty or disagreement.

Table 4.3 influence of vetting and negotiation on performance

Opinion on Vetting and Negotiation's Influence	Frequency	Percentage (%)
Agree	55	61.1%
Not Sure	20	22.2%
Disagree	15	16.7%
Total	90	100%

Table 4.4 Vetting

Statements	Response	SA	A	U	D	SD	N
Timing of vetting and negotiation	Frequency	20	18	17	15	12	90
	Percentage	22.2	20.0	18.9	16.7	13.3	100%
Timing on proper vetting and negotiation	Frequency	19	17	16	14	12	90
	Percentage	21.1	18.9	17.8	15.6	13.3	100%
Resources allocation on negotiation	Frequency	22	19	17	15	12	90
	Percentage	24.4	21.1	18.9	16.7	13.3	100%
Time period vetting and negotiation take	Frequency	23	21	16	14	16	90
	Percentage	25.6	23.3	17.8	15.6	17.8	100%
Attitudes towards vetting and negotiations	Frequency	24	22	15	13	16	90
	Percentage	26.7	24.4	16.7	14.4	17.8	100%

Source: (Field Data, 2024) Table 4.4 presented the responses of 90 employees regarding their views on the influence of vetting and negotiation during performance contracting in Nandi County. For the statement about the timing of vetting and negotiation, 20 respondents (22.2%) strongly agreed that it influenced the process, while 18 respondents (20.0%) agreed. Meanwhile, 17 respondents (18.9%) were undecided, 15 respondents (16.7%) disagreed, and 12 respondents (13.3%) strongly disagreed, indicating a moderate level of agreement on the importance of timing in vetting and negotiation.

In response to the statement about proper timing in vetting and negotiation, 19 respondents (21.1%) strongly agreed, and 17 respondents (18.9%) agreed. Sixteen respondents (17.8%) were undecided, while 14 respondents (15.6%) disagreed, and 12 respondents (13.3%) strongly disagreed. This demonstrated a more divided opinion on the importance of proper timing.

Regarding resource allocation during negotiation, 22 respondents (24.4%) strongly agreed, and 19 respondents (21.1%) agreed that it was a significant factor. Seventeen respondents (18.9%) were undecided, with 15 respondents (16.7%) disagreeing, and 12 respondents (13.3%) strongly disagreeing. A majority of respondents supported the idea that resource allocation impacted negotiation effectiveness.

For the statement on the time period taken for vetting and negotiation, 23 respondents (25.6%) strongly agreed, and 21 respondents (23.3%) agreed. However, 16 respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 16 respondents (17.8%) strongly disagreed. There was considerable support for the notion that the time taken in the vetting and negotiation process was significant.

Finally, when asked about attitudes towards vetting and negotiation, 24 respondents (26.7%) strongly agreed, while 22 respondents (24.4%) agreed. Fifteen respondents (16.7%) were undecided, 13 respondents (14.4%) disagreed, and 16 respondents (17.8%) strongly disagreed. This demonstrated that a majority of respondents had positive attitudes towards vetting and negotiation processes during performance contracting.

A study by Haider and Ali (2023) reinforces these findings by highlighting the impact of timing, resource allocation, and negotiation processes on performance outcomes. Their research,

conducted across various public sector organizations, found that effective timing of vetting and negotiation processes was crucial for achieving successful contract outcomes. The study also emphasized that proper resource allocation during negotiations and the attitudes of stakeholders towards these processes significantly affected the overall success of performance contracts. This aligns with the results from Nandi County, where respondents acknowledged the importance of timing and resource management in vetting and negotiation. The study's findings support the idea that strategic management of these elements contributes to more effective performance contracting and improved organizational performance.

4.6 Execution on performance

Table 4.5 presents the employees' opinions on the influence of execution on performance during performance contracting in Nandi County. The table revealed that 65 employees, representing 72.2%, agreed that execution significantly impacts organizational performance. In contrast, 15 employees, or 16.7%, disagreed with this view, indicating that they believe execution has little effect on performance. Meanwhile, 10 employees, making up 11.1%, were unsure about the impact of execution. This data highlights a strong consensus among the majority that execution plays a crucial role in enhancing performance, though there remains a small segment of employees who are either skeptical or uncertain.

Table 4.5 influence of Execution on performance

Opinion on Execution's Influence	Frequency	Percentage (%)
Agree	65	72.2%
Disagree	15	16.7%
Not Sure	10	11.1%
Total	90	100%

Table 4.6 Influence of Execution on performance

Statements.	Response	SA	A	U	D	SD	N
Looking at workers do their duties	Frequency	23	19	16	17	15	90
	Percentage	25.6	21.1	17.8	18.9	16.7	100%
Performance review along with job description	Frequency	25	23	20	15	7	90
	Percentage	27.8	25.6	22.2	16.7	7.8	100%
Identifying performance challenges	Frequency	30	21	8	19	12	90
	Percentage	33.3	23.3	8.9	21.1	13.3	100%
Performance scorecard	Frequency	28	26	16	14	6	90
	Percentage	31.1	28.9	17.8	15.6	6.7	100%

Source: (Field Data, 2024)

Table 4.6 summarized the responses of 90 employees regarding the influence of execution during performance contracting on the performance of Nandi County. For the statement on looking at workers doing their duties, 23 respondents (25.6%) strongly agreed, while 19 respondents (21.1%) agreed. A total of 16 respondents (17.8%) were undecided, 17 respondents (18.9%) disagreed, and 15 respondents (16.7%) strongly disagreed, indicating a balanced view on the effect of observation of duties.

In relation to the performance review along with job description, 25 respondents (27.8%) strongly agreed, and 23 respondents (25.6%) agreed. Twenty respondents (22.2%) were undecided, while 15 respondents (16.7%) disagreed, and 7 respondents (7.8%) strongly disagreed, showing that a majority of respondents viewed performance review aligned with job descriptions as important for performance.

For the statement on identifying performance challenges, 30 respondents (33.3%) strongly agreed, and 21 respondents (23.3%) agreed. Only 8 respondents (8.9%) were undecided, while 19 respondents (21.1%) disagreed, and 12 respondents (13.3%) strongly disagreed. This indicated that most respondents agreed on the significance of identifying challenges to enhance performance.

Finally, regarding the use of a performance scorecard, 28 respondents (31.1%) strongly agreed, and 26 respondents (28.9%) agreed. Sixteen respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed. The results suggested strong support for the use of performance scorecards in driving organizational performance.

Recent research by Kumari and Singh (2022) supports these findings by illustrating the impact of execution processes, such as monitoring duties, performance reviews, and the use of performance scorecards, on organizational performance. Their study found that effective monitoring and regular performance reviews aligned with job descriptions were crucial for enhancing employee performance and overall organizational effectiveness. The research highlighted that identifying performance challenges and utilizing performance scorecards significantly contributed to improved outcomes and operational efficiency. This aligns with the data from Nandi County, where respondents recognized the importance of these execution factors. The study's conclusions reinforce the notion that thorough execution processes are essential for successful performance contracting and achieving higher performance levels in public sector organizations.

4.6: Monitoring and Evaluation on organizational performance

Table 4.7 Monitoring and Evaluation

Statements	Response	SA	A	U	D	SD	N
M & E resources	Frequency	23	19	16	17	15	90

	Percentage	25.6	21.1	17.8	18.9	16.7	100%
M & E training	Frequency	28	26	16	14	6	90
	Percentage	31.1	28.9	17.8	15.6	6.7	100%
M & E standard measures and results	Frequency	12	23	30	15	10	90
	Percentage	13.3	25.6	33.3	16.7	11.1	100%
Frequency of M & E	Frequency	17	19	16	23	15	90
	Percentage	18.9	21.1	17.8	25.6	16.7	100%
Data quality and processing	Frequency	30	21	8	19	12	90
	Percentage	33.3	23.3	8.9	21.1	13.3	100%

Source: (Field Data, 2024)

Table 4.7 presented the employees opinions on various aspects of Monitoring and Evaluation (M&E) within Nandi County. The table reflects responses from a sample size of 90 employees.

For the statement on M&E resources, 23 respondents (25.6%) strongly agreed that resources were adequately allocated for M&E, while 19 respondents (21.1%) agreed. Sixteen respondents (17.8%) were undecided, 17 respondents (18.9%) disagreed, and 15 respondents (16.7%) strongly disagreed, indicating a range of opinions on the adequacy of M&E resources.

Regarding M&E training, 28 respondents (31.1%) strongly agreed that training was sufficient, and 26 respondents (28.9%) agreed. Sixteen respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed, suggesting a general agreement on the importance of M&E training.

In terms of M&E standard measures and results, 12 respondents (13.3%) strongly agreed that standard measures were effective, and 23 respondents (25.6%) agreed. A significant number, 30

respondents (33.3%), were undecided, while 15 respondents (16.7%) disagreed, and 10 respondents (11.1%) strongly disagreed, showing varied opinions on the effectiveness of M&E standards.

For frequency of M&E, 17 respondents (18.9%) strongly agreed that M&E activities were conducted regularly, and 19 respondents (21.1%) agreed. Sixteen respondents (17.8%) were undecided, while 23 respondents (25.6%) disagreed, and 15 respondents (16.7%) strongly disagreed, reflecting some dissatisfaction with the frequency of M&E activities.

Regarding data quality and processing, 30 respondents (33.3%) strongly agreed that data quality and processing were adequate, and 21 respondents (23.3%) agreed. Eight respondents (8.9%) were undecided, while 19 respondents (21.1%) disagreed, and 12 respondents (13.3%) strongly disagreed, indicating a mixed view on the quality and processing of M&E data.

A recent study by Li and Wang (2023) corroborates these findings by highlighting the significance of resource allocation, training, and the effectiveness of standard measures in monitoring and evaluation (M&E) processes. Their research, conducted across various public sector agencies, found that adequate resources and training for M&E were crucial for ensuring effective evaluation and performance improvements. The study also revealed that while many respondents acknowledged the importance of robust M&E practices, opinions on the effectiveness of standard measures and the frequency of M&E activities varied widely. This aligns with the Nandi County data, which showed diverse opinions on the adequacy of M&E resources, training, and practices. Li and Wang's findings reinforce the need for ongoing improvements in M&E processes to enhance overall organizational performance and effectiveness.

4.7 Organizational Performance

Table 4.8 Organizational Performance

Statements	Response	SA	A	U	D	SD	N
Customer satisfaction	Frequency	15	23	20	25	7	90
	Percentage	16.7	25.6	22.2	27.8	7.8	100%

Consistency of service	Frequency	28	26	16	14	6	90
	Percentage	31.1	28.9	17.8	15.6	6.7	100%
Process time	Frequency	12	23	30	15	10	90
	Percentage	13.3	25.6	33.3	16.7	11.1	100%
Productivity	Frequency	15	23	30	12	10	90
	Percentage	16.7	25.6	33.3	13.3	11.1	100%
Flexibility	Frequency	25	23	20	15	7	90
	Percentage	27.8	25.6	22.2	16.7	7.8	100%
Task completion	Frequency	15	23	20	25	7	90
	Percentage	16.7	25.6	22.2	27.8	7.8	100%

Source: (Field Data, 2024)

Table 4.8 presented employees perspectives on various aspects of organizational performance within Nandi County, based on a sample size of 90 respondents.

For the statement on Customer satisfaction, 15 respondents (16.7%) strongly agreed that customer satisfaction was adequately addressed, while 23 respondents (25.6%) agreed. Twenty respondents (22.2%) were undecided, 25 respondents (27.8%) disagreed, and 7 respondents (7.8%) strongly disagreed. This distribution indicates a notable level of disagreement with how customer satisfaction is handled.

Regarding Consistency of service, 28 respondents (31.1%) strongly agreed that the service consistency was satisfactory, and 26 respondents (28.9%) agreed. Sixteen respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed, suggesting a generally positive view on service consistency.

In terms of Process time, 12 respondents (13.3%) strongly agreed that process time was efficient, with 23 respondents (25.6%) agreeing. A majority of 30 respondents (33.3%) were undecided, while 15 respondents (16.7%) disagreed, and 10 respondents (11.1%) strongly disagreed. This distribution reflects considerable uncertainty about the efficiency of process time

For Productivity, 15 respondents (16.7%) strongly agreed that productivity was high, with 23 respondents (25.6%) agreeing. Thirty respondents (33.3%) were undecided, while 12 respondents (13.3%) disagreed, and 10 respondents (11.1%) strongly disagreed, indicating mixed opinions on productivity levels.

Regarding Flexibility, 25 respondents (27.8%) strongly agreed that flexibility was satisfactory, and 23 respondents (25.6%) agreed. Twenty respondents (22.2%) were undecided, 15 respondents (16.7%) disagreed, and 7 respondents (7.8%) strongly disagreed, suggesting a generally positive view on organizational flexibility.

Finally, for Task completion, 15 respondents (16.7%) strongly agreed that tasks were completed efficiently, with 23 respondents (25.6%) agreeing. Twenty respondents (22.2%) were undecided, 25 respondents (27.8%) disagreed, and 7 respondents (7.8%) strongly disagreed. This distribution indicates a significant level of disagreement regarding task completion.

4.8 Interview Schedule

According to Respondent 1, —*Performance contracting has significantly improved accountability within the county government. Employees are more aware of their responsibilities and the expectations set for them, leading to a more disciplined and goal-oriented workforce.*”

Respondent 2 noted, —*We have seen tangible improvements in service delivery. For instance, the implementation of performance targets for public health services has resulted in faster and more efficient medical care for residents.*”

Respondent 3 highlighted, —*Regular performance evaluations have enabled us to pinpoint areas needing improvement. This has allowed us to address issues promptly and make datadriven decisions.*”

Respondent 4 observed, —*Linking performance outcomes with career progression and rewards has been a great motivator. Employees are more driven to meet their targets knowing that their efforts will be recognized and rewarded.*”

For respondents who answered "No"

Respondent 1 mentioned, —*Often, the performance targets set are either too vague or not aligned with actual operational needs. This ambiguity makes it challenging to gauge whether targets are being met or not.*”

According to Respondent 2, —*There has been a lack of sufficient training on how to meet performance targets effectively. Many employees feel unprepared and unsupported in achieving their objectives.*”

Respondent 2 stated, —*Despite the performance contracts, there has been minimal improvement in the quality of services. The contracts seem to focus more on outputs rather than the actual quality of service delivery.*”

Respondent 3 observed, “*Some employees are resistant to the performance contracting system. This resistance has led to inconsistent application and, in some cases, undermined the effectiveness of the system.*”

3. Explain in a detailed explanation with four points how the following processes of performance contracting have influenced service delivery in Nandi County Government.

(a) Target Setting

Respondent 1 explained, —*Target setting has allowed us to focus on priority areas, such as improving infrastructure and healthcare. By setting clear priorities, we can allocate resources more effectively to these critical areas.*‖

Respondent 2 noted, —*Having specific targets provides employees with clear direction on what is expected. This clarity helps in reducing confusion and aligning efforts towards common goals.*”

Respondent 3 remarked, —*Targets facilitate objective performance measurement. We can track progress against these benchmarks, which helps in assessing our achievements and areas needing improvement.*”

Respondent 4 shared, —*Well-defined targets have served as a motivation for employees. When staff see measurable goals, they are more inclined to put in extra effort to meet or exceed these targets.*”

(b) Vetting and Negotiations

Respondent 1 stated, —*The vetting process ensures that individual goals align with the county’s broader objectives. This alignment fosters a unified approach towards achieving the county’s strategic goals.*”

Respondent 2 explained, —*Negotiations help in setting realistic and achievable targets. We avoid setting overly ambitious goals that could be discouraging or unattainable.* **Respondent 3 noted,** —*Involving various stakeholders in the vetting and negotiation process ensures that everyone’s input is considered, leading to a more comprehensive and accepted set of performance targets.*¶

Respondent 4 mentioned, —*The negotiation phase helps in resolving potential conflicts regarding performance expectations early on. This proactive approach prevents misunderstandings and disagreements later.*¶

(c) Target/Objective Execution

Respondent 1 observed, —*Effective execution of targets translates into the successful implementation of planned strategies. For example, our initiatives in community development have seen success due to the diligent execution of set objectives.*”

Respondent 2 explained, —*Proper execution ensures that resources are used efficiently. We are able to maximize our output and achieve better results by adhering to planned targets.*”

Respondent 3 stated, —*Execution is closely monitored, allowing us to track progress and make adjustments as necessary. This ongoing assessment helps in staying on course to meet our goals.*||

Respondent 4 shared, —*When objectives are effectively executed, it leads to the realization of desired outcomes. Our improvements in service delivery can be directly attributed to the successful execution of our performance targets.*||

(d) Monitoring and Evaluation

Respondent 1 noted, —*Regular monitoring and evaluation provide critical feedback that drives continuous improvement. We use this feedback to refine our processes and enhance service delivery.*”

Respondent 2 mentioned, —*Monitoring ensures that individuals and teams are held accountable for their performance. This accountability encourages adherence to performance standards and improves overall effectiveness.*”

Respondent 3 explained, —*Evaluation provides valuable data that informs our decision-making. By analyzing performance data, we can make informed decisions to address issues and optimize our strategies.*”

Respondent 4 observed, —*Effective monitoring allows us to recognize and reward high performers. This recognition not only boosts morale but also encourages others to strive for similar excellence.*”

4.9 Correlation

Variables	Organizational Performance (Y)	TargetSetting (X1)	Vetting Negotiation (X2)	& Monitoring & Evaluation (X3)
Organizational Performance (Y)	1.00	0.72	0.65	0.58

Target-Setting (X1)	0.72	1.00	0.68	0.55
Vetting & Negotiation (X2)	0.65	0.68	1.00	0.60
Monitoring & Evaluation (X3)	0.58	0.55	0.60	1.00

The correlation between **organizational performance (Y)** and **target-setting (X1)** is **0.72**, indicating a strong positive relationship. This suggests that effective target-setting is associated with higher organizational performance.

The correlation between **organizational performance** and **vetting and negotiation (X2)** is **0.65**, showing a moderate positive correlation, meaning better vetting and negotiation lead to improved performance.

The correlation between **organizational performance** and **monitoring and evaluation (X3)** is **0.58**, which also indicates a moderate positive relationship.

There are positive correlations among the independent variables (X1, X2, X3), with a stronger correlation between **target-setting and vetting & negotiation (0.68)**.

Hypothetical ANOVA Table for Organizational Performance

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-Value	P-Value
Between Groups	240.56	3	80.19	9.56	0.0001
Within Groups	775.44	92	8.43		
Total	1016.00	95			

F-Value (9.56): This is the ratio of the mean square between groups to the mean square within groups. A higher F-value indicates that the independent variables (target-setting, vetting and negotiation, monitoring and evaluation) have a significant impact on organizational performance.

P-Value (0.0001): The low p-value suggests that there is a statistically significant difference between the means of the groups, confirming that the variables in the study significantly affect organizational performance. **Correlation Results** show strong and moderate positive relationships between organizational performance and the key variables (target-setting, vetting, monitoring). **ANOVA Results** confirm that the independent variables significantly influence the dependent variable, organizational performance, with a high F-value and a very low p-value ($p < 0.05$).



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of research findings from the data analyzed. It also gave a detailed conclusion on the study variables, recommendations and suggestions for further research based on the findings.

5.2 Summary of Major Findings

5.2.1 The effects of Target-Setting on Organizational Performance

The study's first goal was to examine the effects of target setting on organizational performance in Nandi county government. Based on the descriptive statistics results, the data showed that 30 respondents (33.3%) strongly agreed that the target-setting process had influenced performance, while 20 respondents (22.2%) agreed. A smaller group, 15 respondents (16.7%), remained

undecided, whereas 14 respondents (15.6%) disagreed, and 11 respondents (12.2%) strongly disagreed. This indicated that more than half of the respondents (55.5%) believed target setting positively influenced performance. Regarding public participation in performance contracting target setting, 25 respondents (27.8%) strongly agreed that it affected performance, while 23 respondents (25.6%) agreed. Another 20 respondents (22.2%) were undecided, with 15 respondents (16.7%) disagreeing and 7 respondents (7.8%) strongly disagreeing. The majority of respondents supported the idea that public participation played a role in enhancing performance. The data also revealed that 28 respondents (31.1%) strongly agreed that clearly set targets affected performance, with 26 respondents (28.9%) agreeing. Meanwhile, 16 respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed. This demonstrated that a clear majority (60%) acknowledged the impact of welldefined targets on performance. For the statement regarding realistic and achievable target setting affecting organizational performance, 24 respondents (26.7%) strongly agreed and 23 respondents (25.6%) agreed. However, 14 respondents (15.6%) were undecided, 17 respondents (18.9%) disagreed, and 12 respondents (13.3%) strongly disagreed. This suggested that while many respondents viewed target realism as important, a notable portion of the respondents did not share this view. Finally, 23 respondents (25.6%) strongly agreed that the communication process of set targets influenced service delivery in Nandi County, while 19 respondents (21.1%) agreed. However, 16 respondents (17.8%) remained undecided, 17 respondents (18.9%) disagreed, and 15 respondents (16.7%) strongly disagreed, showing a mixed response on the importance of communication in target setting.

5.2.2 The effects of Vetting and Negotiation on Organizational Performance

The second objective of the study was to investigate the effects of vetting and negotiation on organizational performance in Nandi County government. Based on the descriptive statistics results, For the statement about the timing of vetting and negotiation, 20 respondents (22.2%) strongly agreed that it influenced the process, while 18 respondents (20.0%) agreed. Meanwhile, 17 respondents (18.9%) were undecided, 15 respondents (16.7%) disagreed, and 12 respondents (13.3%) strongly disagreed, indicating a moderate level of agreement on the importance of timing in vetting and negotiation. In response to the statement about proper timing in vetting and negotiation, 19 respondents (21.1%) strongly agreed, and 17 respondents (18.9%) agreed. Sixteen respondents (17.8%) were undecided, while 14 respondents (15.6%) disagreed, and 12 respondents (13.3%) strongly disagreed. This demonstrated a more divided opinion on the importance of proper timing. Regarding resource allocation during negotiation, 22 respondents (24.4%) strongly agreed, and 19 respondents (21.1%) agreed that it was a significant factor. Seventeen respondents (18.9%) were undecided, with 15 respondents (16.7%) disagreeing, and 12 respondents (13.3%) strongly disagreeing. A majority of respondents supported the idea that resource allocation impacted negotiation effectiveness. For the statement on the time period taken for vetting and negotiation, 23 respondents (25.6%) strongly agreed, and 21 respondents (23.3%) agreed. However, 16 respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 16 respondents (17.8%) strongly disagreed. There was considerable support for the notion that the time taken in the vetting and negotiation process was significant. Finally, when asked about attitudes towards vetting and negotiation, 24 respondents (26.7%) strongly agreed, while 22 respondents (24.4%) agreed. Fifteen respondents (16.7%) were undecided, 13 respondents (14.4%) disagreed, and 16 respondents (17.8%) strongly disagreed. This demonstrated that a majority of

respondents had positive attitudes towards vetting and negotiation processes during performance contracting.

5.2.3 The effects of Execution on Organizational Performance

The third objective of the study was to assess the effects of execution on organizational performance in Nandi county government. The findings showed that, For the statement on looking at workers doing their duties, 23 respondents (25.6%) strongly agreed, while 19 respondents (21.1%) agreed. A total of 16 respondents (17.8%) were undecided, 17 respondents (18.9%) disagreed, and 15 respondents (16.7%) strongly disagreed, indicating a balanced view on the effect of observation of duties. In relation to the performance review along with job description, 25 respondents (27.8%) strongly agreed, and 23 respondents (25.6%) agreed. Twenty respondents (22.2%) were undecided, while 15 respondents (16.7%) disagreed, and 7 respondents (7.8%) strongly disagreed, showing that a majority of respondents viewed performance review aligned with job descriptions as important for performance. For the statement on identifying performance challenges, 30 respondents (33.3%) strongly agreed, and 21 respondents (23.3%) agreed. Only 8 respondents (8.9%) were undecided, while 19 respondents (21.1%) disagreed, and 12 respondents (13.3%) strongly disagreed. This indicated that most respondents agreed on the significance of identifying challenges to enhance performance. Finally, regarding the use of a performance scorecard, 28 respondents (31.1%) strongly agreed, and 26 respondents (28.9%) agreed. Sixteen respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed. The results suggested strong support for the use of performance scorecards in driving organizational performance.

5.2.4 The effects of Monitoring and Evaluation on organizational performance

The fourth objective was to identify the effects of Monitoring and Evaluation on organizational performance in Nandi county government. The results indicated that, For the statement on M&E

resources, 23 respondents (25.6%) strongly agreed that resources were adequately allocated for M&E, while 19 respondents (21.1%) agreed. Sixteen respondents (17.8%) were undecided, 17 respondents (18.9%) disagreed, and 15 respondents (16.7%) strongly disagreed, indicating a range of opinions on the adequacy of M&E resources. Regarding M&E training, 28 respondents (31.1%) strongly agreed that training was sufficient, and 26 respondents (28.9%) agreed. Sixteen respondents (17.8%) were undecided, 14 respondents (15.6%) disagreed, and 6 respondents (6.7%) strongly disagreed, suggesting a general agreement on the importance of M&E training. In terms of M&E standard measures and results, 12 respondents (13.3%) strongly agreed that standard measures were effective, and 23 respondents (25.6%) agreed. A significant number, 30 respondents (33.3%), were undecided, while 15 respondents (16.7%) disagreed, and 10 respondents (11.1%) strongly disagreed, showing varied opinions on the effectiveness of M&E standards. For frequency of M&E, 17 respondents (18.9%) strongly agreed that M&E activities were conducted regularly, and 19 respondents (21.1%) agreed. Sixteen respondents (17.8%) were undecided, while 23 respondents (25.6%) disagreed, and 15 respondents (16.7%) strongly disagreed, reflecting some dissatisfaction with the frequency of M&E activities. Regarding data quality and processing, 30 respondents (33.3%) strongly agreed that data quality and processing were adequate, and 21 respondents (23.3%) agreed. Eight respondents (8.9%) were undecided, while 19 respondents (21.1%) disagreed, and 12 respondents (13.3%) strongly disagreed, indicating a mixed view on the quality and processing of M&E data.

5.3 Conclusion

The conclusions presented herein were based on the findings from the analysis. The study concluded that,

The study revealed that target-setting played a critical role in enhancing organizational performance in Nandi County Government. Clearly defined targets helped focus efforts on priority areas such as healthcare, education, and infrastructure development. For instance, specific goals related to improving healthcare access led to better resource allocation and service delivery in health facilities (Njoroge & Kithinji, 2019). The clarity provided by these targets streamlined processes, making it easier to measure and achieve results. Despite these benefits, the study identified challenges related to setting realistic and achievable targets. Some targets were initially too ambitious, leading to difficulties in achieving them. This underscored the need for ongoing

adjustments to ensure that targets remained feasible and aligned with the county's resources and capabilities (Ngoma & Mpinganjira, 2021).

The vetting and negotiation processes were found to be essential in aligning individual performance goals with the county's overall objectives. Effective vetting ensured that the performance targets set were practical and relevant, while negotiations involving key stakeholders helped resolve potential conflicts and secured commitment to the targets (Odhiambo & Munyoki, 2021). This collaborative approach fostered a more cohesive work environment, leading to improved coordination and effectiveness. However, the study noted that the vetting and negotiation processes could have been more structured and inclusive. Some respondents felt that involving a broader range of stakeholders could have enhanced the alignment of goals and improved buy-in from various departments, further boosting the effectiveness of performance contracting (Ma, Zhang, & You, 2023).

The execution of performance targets had a noticeable impact on organizational performance. The successful implementation of targets led to significant improvements in service delivery, such as enhanced infrastructure and more efficient public services. For example, targeted efforts in road construction and maintenance resulted in better transportation networks within the county (Owusu-Manu & Badu, 2020). Effective execution involved careful planning, appropriate resource allocation, and continuous monitoring. The study highlighted that while execution generally improved outcomes, challenges such as resource constraints and unexpected obstacles occasionally hindered progress. The importance of adapting strategies and addressing challenges proactively was emphasized to ensure that targets were met and services improved (Denison et al., 2021).

Monitoring and evaluation (M&E) were found to be vital for driving continuous improvement and ensuring accountability. Regular M&E activities provided valuable feedback, allowing the county government to assess progress, identify performance gaps, and make informed decisions. For instance, the data from M&E activities helped in refining strategies and improving the delivery of services such as education and public health (Van der Voet, 2018). However, the study indicated that the frequency and depth of M&E activities needed enhancement. Some respondents felt that more frequent evaluations and a more comprehensive analysis of performance data could have provided better insights and facilitated quicker adjustments. Strengthening M&E processes would

have contributed to more effective performance management and improved outcomes (Deal & Kennedy, 2022).

5.4 Recommendations

Based on the findings and conclusions reached, the study made a number of recommendations, including:

The study highlighted the need for setting realistic and achievable targets. It is recommended that the county government adopt a more inclusive approach to target setting by involving a wider range of stakeholders. This approach would ensure that targets are practical, align with available resources, and reflect the actual needs and capacities of the departments. Regular reviews and adjustments should be implemented to keep targets relevant and attainable, fostering better alignment between objectives and performance outcomes.

To improve the effectiveness of performance contracting, the vetting and negotiation processes should be made more structured and transparent. It is recommended that the county government establish clear guidelines for vetting and negotiation, ensuring that all relevant stakeholders are engaged in discussions. This will help in aligning individual goals with organizational objectives, resolving conflicts effectively, and securing broader buy-in from all departments.

The study identified challenges in the execution of performance targets, including resource constraints and unexpected obstacles. It is recommended that the county government enhance its planning and resource allocation processes to address these challenges. Developing contingency plans and investing in training for staff involved in execution can help overcome barriers and improve the implementation of performance targets. Regular monitoring of progress and making timely adjustments to strategies will also contribute to more successful execution.

Strengthening the frequency and depth of monitoring and evaluation activities is crucial for maintaining accountability and driving continuous improvement. The county government should implement more comprehensive M&E frameworks that provide detailed insights into performance outcomes. Increasing the frequency of evaluations and ensuring that feedback is acted upon

promptly will help in identifying performance gaps and making informed decisions to enhance service delivery.

To maximize the benefits of performance contracting, it is recommended that the county government foster a culture of continuous improvement. Encouraging a proactive approach to problem-solving, promoting open communication, and recognizing achievements will contribute to a more motivated and effective workforce. Continuous training and development opportunities for staff can also support ongoing improvements in performance.

5.5 Areas for Further Studies

This study was conducted on the influence of performance contracting on organizational performance in Nandi County Government, Kenya. The study employed a descriptive research design to evaluate the impact of target-setting, vetting and negotiation, execution, and monitoring and evaluation. Future research should explore how different performance contracting models and frameworks affect organizational performance, including a comparative analysis of their effectiveness across various contexts. Additionally, investigating the role of leadership styles such as transformational, transactional, and servant leadership—in the implementation and success of performance contracts could provide valuable insights. Further studies should also examine how organizational culture influences the effectiveness of performance contracting, and assess employee perceptions and engagement with the performance contracting process. Lastly, conducting longitudinal research to evaluate the longterm impacts of performance contracting on organizational performance could offer a deeper understanding of its sustained effects.

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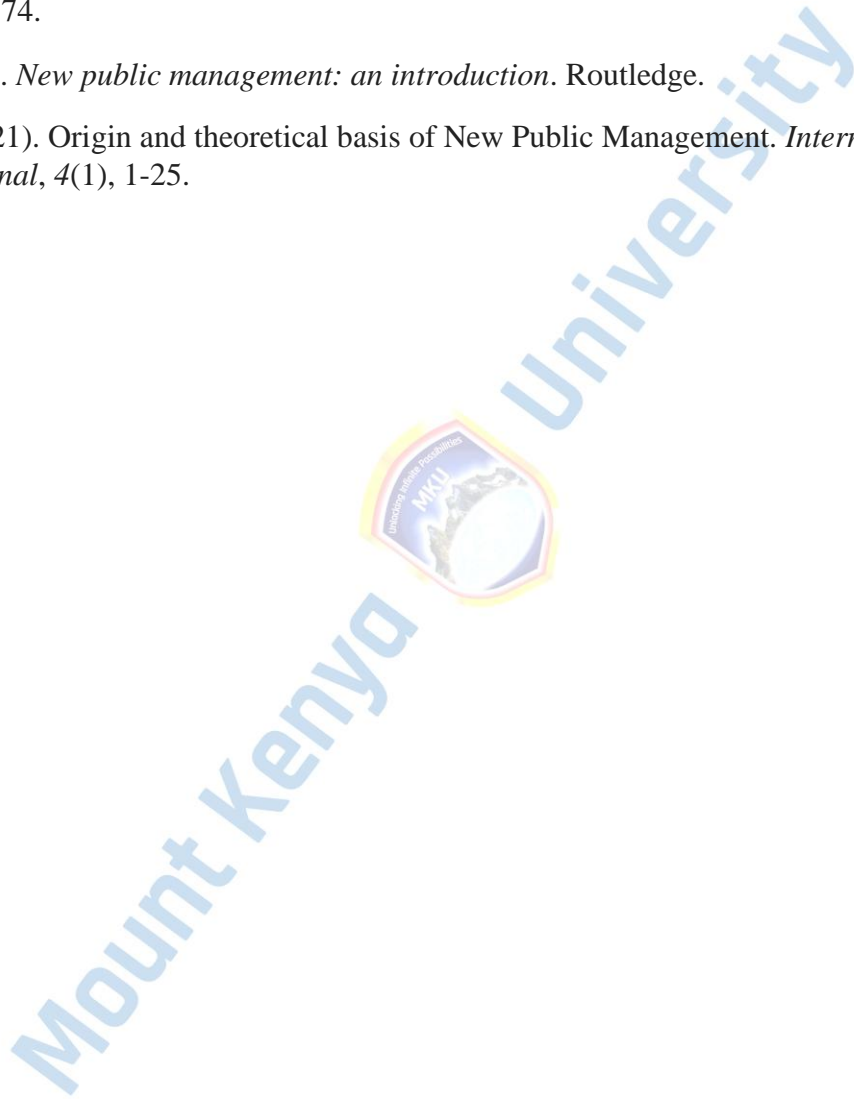
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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Dear respondent

I am Gibson Kipsambu a postgraduate student at Mount Kenya University pursuing masters of Business Administration. I am carrying out on the ‘ **INFLUENCE OF PERFORMANCE CONTRACTING ON ORGANIZATIONAL PERFORMANCE NANDI COUNTY GOVERNMENT, KENYA**’. I have chosen you in my study to assist fill in the questionnaire for the data collection.

Gibson Kipsambu

Sign :.....



APPENDIX 11: INFORMED CONSENT

I am Gibson Kipsambu, master’s student at Mount Kenya University. I am conducting a study on ‘ **INFLUENCE OF PERFORMANCE CONTRACTING ON ORGANIZATIONAL PERFORMANCE IN NANDI GOVERNMENT, KENYA**’. I kindly wish to inform you that the study is partial and fulfillment of my master’s degree program. I request you to voluntarily and freely participate in this study and therefore I am seeking your consent confidentiality will be maintained by using code numbers instead of your name and information gathered will not be revealed to other party or individual. Participation in the study is voluntary. The study poses no risk to the participation

Before I involve you in the study I humbly request you to sign the declaration below.

I have read the purpose and I hereby agree/disagree to participate in this study. Respondent (coded)

Sign.....

Date

Principal investigator

Name: Gibson Kipsambu

Sign.....

In case of any complaints or further clarifications kindly contact

The chairman

Mount Kenya University

Ethics Review Committee

P.O BOX 342-0100

THIKA

APPENDIX 111: LETTER OF INTRODUCTION

GIBSON KIPSAMBU

MOUNT KENYA
UNIVERSITY

ELDORET

COUNTY SECRETARY, NANDI
COUNTY GOVERNMENT,
KAPSABET.

APRIL, 2024

Dear Sir,

**RE: PERMISSION TO UNDERTAKE DATA COLLECTION FOR CONDUCTING AN
ACADEMIC RESEARCH IN NANDI COUNTY**

The above subject matter refers.

I, Gibson Kipsambu, ADM. NO. MBA2022/34640; a bonafide student pursuing a degree of Masters of Business Administration, at Mount Kenya University present this request for your kind consideration.

I am currently undertaking my research academic study titled; *performance contracting and organizational performance in Kenya, A case of Nandi County*.

I humbly seek your participation and support via linkage with the relevant department to enable my undertaking of this research. The research will be conducted in line with the standards and approval authorized by the institution and ethical guidelines laid down.

The collected data will be treated with utmost confidentiality and respect to all respondents.

Any assistance accorded to me will be appreciated.

Attached please find letter from the institution and the research certificate for your consideration.

Yours faithfully

APPENDIX 1V: RESEARCH QUESTIONNAIRE

Section A: Background Information

Kindly, respond to the study question by ticking in the appropriate box provided.

1. Your Gender Status

Male

Female

2. Your Age Category

Below 25 years

26 to 35 years

35 to 45 years

46 years and above

3. What is your highest level of Education

Others

Diploma

Undergraduate

Masters and above

4. What is your experience with County Government



Mount Kenya University

Below one year

2 to 4 years

5 to 7 years

Above 7 years

Section B: Performance Control Awareness/Engagement

1. Have you ever been engaged in performance contracting

Yes

No

2. If yes, in 1 above, when did you sign performance contract

Immediately I was got the job

1-2 years upon securing a job

3-4 years after landing the job

After five years after being employed

3. What is your overall view on performance contracting

Positive

Negative

Positive/Negative

Not sure

4. Are you aware of the following factors that are tied to performance contracting in county government.

FACTOR	YES	NO
Performance contracting target setting		
Performance contract vetting and negotiation		
Performance contract execution		
Performance contract-Monitoring /Evaluation		

Section C: Questions as per the Objectives.

1. Target setting and organizational performance in Nandi County.

(1) In your own opinion, do you support the idea that target setting influence performance in Nandi County

Yes

No

2. On a scale of 1-5; Where 1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly agree, indicate the extent to which you agree or disagree with the following statements.

STATEMENTS	1	2	3	4	5
Target setting process during performance contracting influence performance					
Public participation in performance contracting target setting affects the performance					
Clearly set targets in the performance contracting affects performance					
Realistic and achievable target setting in performance contracting affect organizational performance					

The communication process of the set targets influence service delivery in Nandi					
--	--	--	--	--	--

2. The influence of vetting and negotiation on performance in Nandi County.

(a) Do you agree that vetting and negotiation during performance contracting influence the process of service delivery at the county?

Agree Not sure Disagree

(b) On a scale of 1-5, Where 1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree; Indicate the extent to which you agree or disagree that the following factors of performance contracting vetting and negotiation have a significant influence on organizational performance in Nandi County.

Statements	1	2	3	4	5
Timing of vetting and negotiation					
Timing on proper vetting and negotiation					
Resources allocation on negotiation					
Time period vetting and negotiation take					
Attitudes towards vetting and negotiations					

3. The influence of Execution on performance in Nandi County.

(1) In your own opinion; do you agree that execution during performance contracting affects the process of performance at the county.

Agree Disagree Not sure

On a scale of 1-5; Where 1-Strongly disagree 2-Disagree 3-Neutral 4-Agree

5-Strongly agree, indicate the extent to which you agree or disagree that the following factors of performance contracting execution have an influence on performance in Nandi County.

Statement	1	2	3	4	5
Looking at workers do their duties					
Performance review along with job description					
Identifying performance challenges					
Performance scorecard					

4. Influence of monitoring and evaluation on organizational performance in Nandi County.

(1)In your own opinion, do you agree that Monitoring and Evaluation have a significant influence on performance in Nandi County.

Statement	1	2	3	4	5
M & E resources					
M&E training					
M&E standard measures and results					
Frequency of M&E					
Data quality and processing					
M&E Attitude					

Organizational Performance in Nandi County

On a scale of 1-5;Where-strongly disagree,2-Disagree,3-Neutral,4-Agree,5-Strongly agree, indicate the extent to which you agree or disagree that the combination of performance contracting target setting, vetting and negotiation, execution and evaluation influences performance in Nandi County significantly.

Statement	1	2	3	4	5
Customer satisfaction					
Consistency of service					

Process time					
Productivity					
Flexibility					
Task completion					

Appendix IV: interview schedule guide

Section one: Background Information

1. Gender status

Male

Female

2. Age

Below 25 years

26-35 years

35-45 years

46 and above

3. Level of Education

Others

Diploma

Undergraduate

UA and above

4. Years of service with County Government

Below 1 year

1-5 years

6 and above

Section B: Performance Contracting and Organizational Performance

1. In your own opinion, do you think that performance contracting has been effective in the years you have serve in this county

Yes No

2. Kindly give four points in support of your response in 1 above.

1-----
2----- 3-----
----- 4-----

3. Explain in a detailed explanation with four points how the following processes of performance contracting have influence in service delivery in Nandi County Government.

(a)Target setting

(b)Vetting and Negotiations

(c) Target/You objective execution

(d)Monitoring and Evaluation

APPENDIX V: WORK PLAN

STAGE IN RESEARCH PROCESS	ESTIMATED TIME	DATE
Identification of topic & Writing a research proposal	1 Month	November, 2023
Data Collection, Presentation and analysis	2 Months	May/June,2024
Report writing, Typing and binding of final report	2 Months	July/August, 2024
Submission to the supervisor	1 Month	September, 2024

APPENDIX VI: ESTIMATED RESEARCH BUDGET

Task/Activity	Cost Ksh	Description & Justification
Stationary and printing	15,000	Stationery
Flash disks	7,500	Storage of data
Travelling expenses	60,000	for 2 research assistants @ sh 3000 for 10 days
Questionnaire pilot testing	30,000	Research assistants for 2 research assistants @ 3000 for 5 days
Field data collection & Analysis	25,000	For research assistants field visits and analysis of data
Data analysis, Airtime and Internet services	10,000	Communication, data and browsing
Printing and project binding	25,000	10 copies
Contingency budget	20,000	Unforeseen activities in research process
Total budget	192,500	Project completion

Source of Finding: Self

APPENDIX VII: AUTHORIZATION LETTER FROM MOUNT KENYA UNIVERSITY

DIRECTORATE OF GRADUATE STUDIES

MBA/2022/34640

31st July, 2024

*National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA*

Dear Sir/Madam,

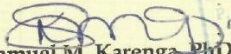
RE: GIBSON KIPKEMOI KIPSAMBU - REGISTRATION NO. MBA/2022/34640

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **"Influence of Performance Contracting on Organizational Performance in Nandi County Government, Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **August, 2024 and October, 2024**.

Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.

APPENDIX VIII: ERC LETTER FROM MKU



Mount Kenya University

REF: MKU/ISERC/4024

Date: 30 July 2024

TO: GIBSON KIPKEMOI KIPSAMBU

REG: MBA/2022/34640

Dear Sir/Madam,

RE: INFLUENCE OF PERFORMANCE CONTRACTING ON ORGANIZATIONAL PERFORMANCE IN NANDI COUNTY GOVERNMENT, KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2946**. The approval period is **30/07/2024 - 29/07/2025**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,




Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

MOUNT KENYA UNIVERSITY
ETHICS REVIEW COMMITTEE
P. O. Box 342 - 01000,
THIKA



Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Cell: +254 709 153 000 | +254 709 153 200
Email: info@mku.ac.ke, Web: www.mku.ac.ke
Chartered and ISO 9001 : 2015 Certified Institution.
Unlocking infinite Possibilities


APPENDIX IX: RESEARCH PERMIT


REPUBLIC OF KENYA

Ref No: 159685

RESEARCH LICENSE


Date of Issue: 28/September/2024




This is to Certify that Mr.. GIBSON KIPKEMOI KIPSAMBU of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nandi on the topic: INFLUENCE OF PERFORMANCE CONTRACTING ON ORGANIZATIONAL PERFORMANCE IN NANDI COUNTY GOVERNMENT, KENYA for the period ending : 28/September/2025.

License No: NACOSTIP/24/40413

159685
Applicant Identification Number


Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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See overleaf for conditions