EFFECT OF PERFORMANCE CONTRACTING ON EMPLOYEE PERFORMANCE. A CASE OF INSURANCE FIRMS NAIROBI COUNTY

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DECLARATION

This thesis is my original work and has not been submitted for examination in this university or any other university.

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BUS-3-9142-2/2018

We confirm that the work in this thesis was carried out by the candidate under our supervision as university supervisors.

Signed: --------------------------------- Date:-----------------------------

Dr. Susan Nzioki

Signed…………………………. Date…………………………..

Dr.WilsonMuema

DEDICATION

I would like to dedicate this thesis to my family which has accorded me full support during my studies at Kenya Methodist University.

ACKNOWLEGEMENT

ABSTRACT

Although the insurance firms in Kenya are vital for economic and the wealth creation, forming an integral part of the country 's financial sector, survival of this crucial industry is highly threatened as evidenced by collapse of numerous firms and many more being liquidated. The consequence of the industry's collapse on the economy would be devastating. The challenges facing the insurance firms significant threatening its survival are associated with poor employee performance. As a remedy the industry has implemented initiatives which includes comprehensive performance evaluation system and performance incentive system staff training and career development to mitigate the effect of these challenges. However, these measures have yielded any better results in terms of the framework for guiding behavior towards attainment of results or ensured accountability in the use of resources and employee performance. further, empirical literature has not provided consistent findings on the effect of performance contracting on employee performance. It is on this presumption that this study established the effects of performance contracting on individual performance in insurance firms in Kenya. The objectives were to; establish   the role of performance appraisal on employee performance in insurance firms in Nairobi County, investigated the consequence of personal reward on employee performance in insurance firms in Nairobi County, examine the influence of training on employee performance in insurance firms in Nairobi County, access the role of career development on employee performance in insurance firms in Nairobi County. The study was guided by employee performance motivation theories, informed the theoretical framework of the study. A major justification of the study was that employees from insurance firms are motivated by the performance contacting. The research design applied in this study was descriptive survey method. the target population consisted of 49 heads of performance contracting sections of 49 insurance firms in Kenya. Since the target population was readily accessible, the study used census, a non-probability method, in order to collect required data for the study, a standardized questionnaire was used as the main instrument. The obtained data was subjected to both quantitative and qualitative to produce descriptive statistics using the Statistical Package for Social Sciences (SPSS, version 20). The results were presented using tables and figures. Correlation and multiple regression analysis were used to produced inferential statistics. It was found that; performance appraisal affects employee performance among insurance firms in Kenya, personal reward has an effect on employee performance among insurance firms in Kenya. It also found that employee training among insurance firms in Kenya and career development affect employee performance, of these institutions. The study recommends that; insurance firms in Kenya in collaboration with the IRA should structure and review their performance appraisal policy to include their support employee; insurance firms should include in their personal rewards an effective reward management, insurance firms in Kenya should improve their training include provision of academic (educational) training support, and the insurance firms in Kenya should design and develop a career development policy.

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LIST OF ABBREVIATION AND ACRONYMS

ANOVA	-	Analysis of variance
ERS	-	Economic Recovery Strategy
ERS	-	Economic recovery strategy
DV	-	Dependent variable
GoK	-	Government of Kenya
IVs	-	Independent Variables
IRA	-	Insurance Regulatory Authority
MOU	-	Memorandum of understanding
PAR	-	Performance Appraisal Review
PC	-	Performance contracting
PMS	-	Performance Management System
SPSS	-	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Today's organizations seem to change much more rapidly than in the past because of increased competition and the ever-changing business environment. This explains why organizations require managing and improving their performance through performance contracting so as to be competitive. According to Organisation for Economic Co-operation and Development (OECD,1999), performance contract is defined as a written or negotiated agreement between government or its representative agency and the management of public enterprises. It contains quantifiable targets explicitly specified for a given period (one financial year) and performance is measured against targets at the end of the period The use of performance contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments

The objective of introducing performance contracts was to advance on delivery of quality and timely services through better performance by ensuring that managers were accountable for results; maximize national resources through improved performance; reduce reliance on the exchequer; effective utilization of resources by instilling a sense of accountability and transparency, improve effectiveness levels and ensure that public resources were focused on attainment of the key national policy priorities of the government; and institutionalize performance oriented culture in the public service; measure and evaluate performance and reduced misunderstanding resulting from multiplicity of objectives. The major contribution of performance contracting is its focus on achieving results - competitive products and services for customers inside and outside

the organization. Opiyo (2006) notes that performance contracting has facilitated managers to have a change of attitude towards workers which in turn has encouraged innovation and good customer service; improved service delivery and efficiency in resource utilization, institutionalization of a performance-oriented culture in the public service.

Performance contracts or agreements specify standards of performance or quantifiable targets which the insurance firms require its employees to meet over a stated period of time [IRA], 2018).

It first emerged in Europe in 1960s and 1970s in the context of public enterprises. The Performance Contracting was seen as best practices in countries like South Korea, India, China, USA, United Kingdom, China, Malaysia and Morocco but domesticated to suit the local context. As part of the performance orientation in insurance firms in the world the common purposes of performance contracting are to clarify the objectives of service organizations and their relationship with the firms, and to facilitate performance evaluation based on results instead of conformity with bureaucratic rules and regulations. he setting of specific performance targets, in a format that can be monitored, aims at providing a basis for evaluating performance and improving accountability in the public enterprise sector (Development Policy Management Division [DPMD], 2003). This illustrates the shift in emphasis from the input and procedure-oriented controls of the past to the new paradigm of output or results-oriented controls.

In Kenya, performance contracting is a mix system that has borrowed from global best practices and the Balanced Score Card. It also links strategic objectives to long term targets and annual budgets (Government of Kenya [GOK] , 2010). It was introduced in the management of state corporations in 1989 as a way of improving service delivery. The history of signing of performance contract between the government of Kenya and

other agencies can be traced to April 1989 when Kenya Railways signed the first contract and in November 1990 National Cereals Board signed their contract, (Kobia & Mohammed 2006). In 1990, Cabinet Memorandum No. 90 clearly set the stage for performance contracting in public institutions, (Muriu et al., 2013). In 1993 the government of Kenya formulated Public Sector Reforms which focused on containment and rationalization of public service that witnessed massive retrenchment programme for employees in job group A-G and those employees whose services were no longer required, (Opiyo, 2006).

It was then seen to mean agreed performance agreement between Government, organization and employees on one hand and the agency itself. As part of performance management, performance contracting is seen in private sectors as element of new management. It is used widely by insurance companies to ensure that their staffs are constantly efficient and competent to handle the ever-changing economic and social demands of the industry (Muthaura, 2003). In particular is seen as a tool for improving budgeting, promoting a better reporting system and modernizing insurance firms while enhancing efficiency in resource use and effectiveness in service delivery. Performance contracting is one component of broader private sector reforms aimed at cultivating efficiency and effectiveness, while falling total costs (Domberger, 1998).

1.1.1 Concept of Performance Contracts

Kumar (1994) defines performance contract 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 managements and industries by making the autonomy and accountability aspect clearer and more transparent. OECD (1999) defines performance contract as a range of management

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instruments used to define responsibility and expectations between parties to achieve mutually agreed results. While Smith and Kirby (2009) argues that a common definition of performance contracting can be found, there are a considerable variety of uses and forms for quasi-contractual arrangements. The objective of performance contracting is the control and enhancement of employees 'performance and thus the performance of the whole institution. The use of Performance Contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments (IRA, 2018). Essentially, a Performance Contract is an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets.They include a variety of incentive-based mechanisms for controlling public agencies—controlling the outcome rather than the process. The success of Performance Contracts in such diverse countries as France, Pakistan, South Korea, Malaysia, India, and Kenya has sparked a great deal of interest in this policy around the world

1.1.2 Insurance Firms:

Following the stable growth achieved by the insurance sector over the last decade, the sector is expected to transition into a more stable sector on the back of an improving economy and heightened regulations, which will enhance the capacity of the sector to sustain profitability. The following activities were undertaken by the Insurance regulatory Authority (IRA) in line with their mandate of regulating and promoting development of the insurance sector. The insurance sector is booming with mergers and acquisitions mainly with companies trying to protect their market share in a competitive environment. Some of the M&A deals include the acquisition of a 13.8% stake in Britam by Swiss Re,

acquisition of Kenya First Assurance by Barclays Africa Group for $29m and Africa Merchant Assurance seeking to raise $5m – $7m through a stake sale. The insurance sector is likely to experience more mergers and acquisitions with many insurers trying to meet the solvency requirements by June 2021 (IRA, 2018).

The key products in General insurance includes property insurance, Life insurance, Health insurance which is based on medical treatment. Market reports and industry analysis indicates that all risk can be insured and any damage can be mitigated if brought to the attention within the general insurance industry. The state is a regulatory and insuring body. Insurance companies are an important and growing segment of the domestic financial sector in Kenya. Insurance plays a key role in supporting economic and financial development and as a provider of protection from financial loss due to the occurrence of certain contingent events (GOK, 2010). This then allows investors to enter into commitments that they might not have otherwise been prepared to consider. Accordingly, the insurers' efforts at mitigating risk and to make transfer of risk more affordable and manageable contribute to financial development. Hence, the need for insurance companies to have excellent employee performance to win the trust and confidence of its clients.

The importance of technically qualified and competent staff to working in insurance companies is provided for in the legal regulatory framework in Kenya through the Insurance Act. This is because skills and competences are an integral part of an efficient functioning of the insurance industry in Kenya. It is the desire of every employer to have skilled and competent staff if they hope to compete effectively in their areas of operation. Staff should therefore undergo new training and competency requirements to ensure productivity and efficiency of insurance companies (IRA, 2018).

The fact that insurance companies are part of the greater financial industry makes the need for higher accountability and integrity. This is then tied to the effectiveness of their employee performance and HRM practices. The continued growth of the insurance industry has bestowed to it a number of challenges and opportunities of which key among them is the required human resource knowledge, skills and capacities and compliment to drive the growth agenda as set out in the Vision 2030.

The industry is structured and operates in a regulated manner. The insurance products are sold by insurers are divided into two main categories, short term or general insurance products that provide protection for one year and below. Examples of short-term products include health, funeral and motor insurance. Long term or life cover products provide protection for more than one-year life assurance, annuities and endowments insurances (IRA, 2018).

Insurance companies are core players whose role is taking away risks or fears from the public promising to pay for any losses and damages that may affect your property or life. Currently there are 49 registered insurance companies in Kenya, some offering general insurance, some life insurance while composite insurers sell both life and general. The products offered by insurance companies are generally the same although each company has a set of value-added services consumers that enable buyers pay for policies that suit their needs (IRA, 2018).

Reinsurance companies are key players in the industry who enable insurers to buy insurance protection form re-insurers. There are three locally incorporated reinsurers in Kenya which include Kenya Reinsurance Corporation, East Africa Reinsurance and Continental Reinsurance. There are also two regional reinsurers including Africa Reinsurance Corporation and PTA Reinsurance. Insurance intermediaries are engaged in selling products of the insurer. They include insurance agents, insurance brokers and

medical insurance providers. The three have no products of their own they are licensed every year by the regulatory body to sell products on behalf of insurance companies. Agents are only allowed to sell products of the insurance company, while brokers are allowed also allowed to offer professional advice on insurance to their clients. Other players in the industry are the loss adjusters who are specialized in adjusting loss amount on behalf of insurer.

Insurance surveyors are opted by insurers to survey risks mostly properties to be insured against fire in order to advise insurers about the exact risk characteristics.

To enable appropriate underwriting, Motor assessors are appointed by insurers to assess motor vehicles before the insurer can underwrite and insure it (IRA, 2018).

Others players are the while risk managers who are appointed to provide advice on loss prevention mechanism which enable insurers to set terms, conditions and warranties in the policy that must be observed by insured to minimize loss (Insurance Regulatory Authority, 2018).

Insurance investigators investigate loss on behalf of insurers after they have occurred.

Knowledge of the insurance market is very important for the public to enable policy holders know how their insurers are governed. It is known that some intermediaries, Agents and Brokers often refer to themselves as insurance companies. The insured need to understand who actually carry your risk and where the responsibility in case of loss.

The insurance regulatory authority, the regulating body releases quarterly and annual reports providing information and statistical overview of the performance of the industry in Kenya .The common outcome is performance appraisal, reward management, career development and staff training.

1.2 Statement to the Problem

Insurance firms in Kenya seems to revolution much more rapidly than in the past because of increased competition and the ever-changing business environment. It has been noted that without the insurance sector, the economy and the wealth creation associated with it can be adversely affected. The insurance industry forms an integral part of the country 's financial sector and its benefits cannot be over-emphasized. If this crucial sector was to collapse, the consequence on the economy would be devastating, knocking off billions of shillings from the Gross Domestic Product (GDP) index. Over the last one decade, a number of insurance companies have closed shop and eventually liquidated. They include Invesco Assurance Company which was placed under receivership in 2008, Standard Assurance in 2009 and Blue shield placed under statutory management in 2011. The others include: - Kenya National Assurance Company, United Insurance Company, Lake Star Assurance Company, Access Insurance Company and Stallion Insurance, (Mudaki et al., 2012). In the year 2013, Concord Insurance Company became the ninth insurance company to collapse. However, the insurance sector in Kenya and other countries while providing critical interventions and creating wealth through investments, has had a fair share of company collapses.

This explains why they require managing and improving their performance through performance contracting so as to be competitive.The use of performance contracting in

the insurance firms in Kenya was embrace in 2004 since then, it has been applauded as an effective and auspicious means of improving the performance of firms. (Muthaura, 2003) Employees in the insurance firms were for the first time being required to work towards set targets, draw out service charters with their clients and compare their performance with the best in the world. As such, it stipulates the results to be achieved by the contracted party and the commitments of firms as the contracting party (Insurance Regulatory Authority, 2018).

The insurance firms do acknowledge that over the years there has been poor performance especially in the management of resources which has hindered the realization of sustainable economic growth. The insurance firms reiterate in the Economic Recovery Strategy some of the factors that adversely affect the performance of all the firms. To make performance better, the insurance firms have continuously undertaken a number of reform measures. However, these measures have not made any better results in terms of the framework for guiding behavior towards attainment of results or ensured accountability in the use of resources and efficiency in service delivery (Muthaura, (2003). The initiatives to implement includes comprehensive performance evaluation system and performance incentive system staff training and career development.

  It is on this presumption that this study pursued to establish the effects of performance contracting on individual performance in insurance firms in Kenya.

1.3 Objectives of the Study.

1.3.1 General Objective

To investigate effect of performance contracting on employee performance in insurance firms in Kenya

1.3.2 Specific Objectives.

i.   To establish the importance of performance appraisal on employee performance in insurance firms in Kenya.

ii.   To investigate the outcome of personal reward on employee performance in insurance firms in Kenya.

iii. To examine the influence of staff training on employee performance in insurance firms in Kenya.

iv.   To access the role of career development on employee performance in insurance firms in Kenya

1.4 Hypotheses of the Study

H01: performance appraisal has no significant effect on employee performance in insurance firms in Kenya

Ha2: Personal reward has a significant effect on employee performance in insurance firms in Kenya

H03: Staff training need identification has no significant effect on employee performance in insurance firms in Kenya

H04: Career development has no significant effect on employee performance in insurance firms in Kenya

1.5   Significance of the Study

The result of this study is significant in various aspects. It made some conclusions and recognize the difficulties of performance contracting and notify the human resource management of the insurance firms to take corrective action to lessen the prejudice of the assessment of employees for salary increment and promotion. It contributes to the current knowledge in the practice of performance evaluation in insurance firms in Kenya.

This study facilitates researchers in bringing change in the areas of performance contracting among the employers and employees those parties are responsible in the design of the instruments of performance evaluation form that are used to judge the performance of employees. The study gives the researcher the opportunity to gain in-depth knowledge in the practice of performance evaluation. The study provided information on how the process of performance contracting contributes to employee performance in insurance companies in Kenya. The study is of vital importance to organizations effectiveness since the results might be used by organizations in developing effective and efficient Performance plans and programs to aid in attainment of goals. The benefits of this research are to employees and employers.

The study will also form a valuable source of reference to students of management studies who might carry out similar or further research in this area. Performance contracting has its place in the organization to drive individual performance and this is what this study seeks to bring out. The study will help in the identification of factors that influence employee performance. The finding is expected to assist insurance firms in their drive towards building a high-performance culture in regards and in their strategic decision.

1.6 Scope of the Study

This study only investigated four factors affecting performance contracting on employee performance in Nairobi County. These are performance appraisal, personal reward, career development, and training needs. The study concentrated on all insurance firms in Kenya Nairobi County (IRA, 2018). The 49 insurance firms were used and performance contacting managers were purposed to be issued questionnaires. This is because all the 49 registered insurance firms had embraced performance contracting and each can be a good representative. The research was conducted in the month of March /April 2020.

1.7 DEFINITION OF KEY TERMS

Contract - Necessary agreement between two or more parties for performing, or refraining from performing some specified act(s) in exchange for lawful consideration (Lane, 1987)

Leadership - The ability of the top-level management within the organization to provide the strategic direction required to implement the performance contract effectively.

Performance appraisal - Feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers (Cummings & Worley, 2009).

Performance Contract -   Is a management tool for measuring performance against negotiated performance targets. It is a freely negotiated performance agreement between organizations, acting as the owner of the agency, and the management of the agency (Muthaura, 2003).

Performance management - An integrated process of defining, assessing and reinforcing employee work behaviour and outcomes (Aosa, 2000). Stakeholders - Those persons and entities that have an interest in the strategy of an entity. Stakeholders normally include shareholders, customers, staff and the local community

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section contains a review of literature both theoretical and empirical found useful in explaining study variables. It presents a review of literature relevant to the study as offered by various researchers and authors. It summarizes works that have been studied for the purpose of the study with regards to performance contracting on employee performance by critically analyzing the empirical studies useful in identifying the research gaps. The literature covers a review of theoretical literature (theoretical framework), an empirical review and a conceptual framework.

2.2 Theoretical orientation

This study is based on the following theories, McGregor's Theory X and Theory Y, Expectancy Theory, Understanding Theory and goal setting theory

2.2.1 Theory X and Theory Y

McGregor's Theory X and Theory Y is rooted in motivation theory. (McGregor, 1960) Theory X is based on assumptions regarding the typical worker. This management style assumes that the typical worker has little ambition, avoids responsibility, and is individual-goal oriented. In general, Theory X style managers believe their employees are less intelligent, lazier, and work solely for a sustainable income. Management believes employees' work is based on their own self-interest. Managers who believe employees operate in this manner are more likely to use rewards or punishments as motivation. (Mohamed & Nor 2013).

Due to these assumptions, theory X concludes the typical workforce operates more efficiently under a hands-on approach to management. Theory X managers believe all

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actions should be traceable to the individual responsible. This allows the individual to receive either a direct reward or a reprimand, depending on the outcome's positive or negative nature. This managerial style is more effective when used in a workforce that is not essentially motivated to perform (Mohamed & Nor 2013).

According to McGregor, there are two opposing approaches to implementing Theory X: the hard approach and the soft approach. The hard approach depends on close supervision, intimidation, and immediate punishment. This approach can potentially yield a hostile, minimally cooperative workforce that may cause resentment towards management. Managers are always looking for mistakes from employees, because they do not trust their work. Theory X is a "we versus they" approach, meaning it is the management versus the employees

The soft approach is characterized by leniency and less strict rules in hopes for creating high workplace morale and cooperative employees. Implementing a system that is too soft could result in an entitled, low-output workforce (Carson, 2005). McGregor believes both ends of the spectrum are too extreme for efficient real-world application. Instead, McGregor feels that an approach located in the middle would be the most effective implementation of theory x.

Because managers and supervisors are in almost complete control of the work, this produces a more systematic and uniform product or work flow. Theoryx can benefit a work place that utilizes an assembly line or manual labor. Using this theory in these types of work conditions allows employees to specialize in particular work areas which in turn allows the company to mass-produce a higher quantity and quality of work. (Mohamed & Nor, 2013).

Theory y

Theory Y managers assume employees are internally motivated, enjoy their job, and work to better themselves without a direct reward in return. These managers view their employees as one of the most valuable assets to the company, driving the internal workings of the corporation. Employees additionally tend to take full responsibility for their work and do not need close supervision to create a quality product. It is important to note, however, that before an employee carries out their task, they must first obtain the manager's approval. This ensures work stays efficient, productive, and in-line with company standards (Carson, 2005).

Theory Y managers gravitate towards relating to the worker on a more personal level, as opposed to a more conductive and teaching-based relationship. As a result, Theory Y followers may have a better relationship with their boss, creating a healthier atmosphere in the workplace. In comparison to Theory X, Theory Y incorporates a pseudo-democratic environment to the workforce. This allows the employee to design, construct, and publish their work in a timely manner in co-ordinance to their workload and projects. Although Theory Y encompasses creativity and discussion, it does have limitations. While there is a more personal and individualistic feel, this leaves room for error in terms of consistency and uniformity. The workplace lacks unvarying rules and practices, which could potentially be detrimental to the quality standards of the product and strict guidelines of a given company Therefore this theory supports the area of study because one needs to understand type employees are in a firm and hence use appropriate management style in order to implement the performance contracting process.This will allow the employees to plan, hypothesis, and distribute their work in a timely manner in accordance to the performance contracting approach used.

2.2.2 Victor Vroom's Expectancy theory

Expectancy has been defined as the subjective probability (because individuals differ in their estimations of the relationship between behavior and outcomes) for the individual's expectation that behavior would lead to a particular outcome (Vroom, 1964). This theory is explained by Kreitner et al. (2007) is based on the assumption that people are motivated to act in ways that will be followed by valued and desired outcomes. Vroom"s Expectancy Theory tries to explain the motivated behavior as goal oriented. He argues that people tend to act in a hedonistic way preferring the actions that will bring the highest subjective utility (Vroom, 1964). Expectancy theory holds that people are motivated to behave in ways that produce desired combinations of expected outcomes" (Kreitner et al. 2007). Expectancy theory hypothesizes that individuals change their behavior according to their anticipated satisfaction in achieving certain goals (Vroom, 1964). The expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual .Vrooms theory states that the choices made by a person among alternative courses of action are legitimately related to psychological events occurring alongside with the behavior(Vroom, 1964). Expectancy is the strength of a person's belief about whether a particular outcome is possible. An individual will be more willing to engage in work if he believes that his effort will help him reach performance. Expectancy is important because it assumes that behavior depends on a self-estimation of being able to achieve the valued goals.

2.2.3 Equity theory (Adams Stacy)

In the 1960s, John Stacey Adams, a behavioral psychologist, developed the equity theory. This theory describes the relationship between the perception of fairness and worker

motivation. People typically value fair treatment. Successful entrepreneurs recognize this and structure their small-business workplace to reward people according to their contributions (Adams, 1965). They also recognize that people have needs. Other theories help explain how to understand these needs. Psychologist Abraham Maslow's need-hierarchy theory, developed in the 1940s, states five levels of personal needs: physiological, safety, belonging, esteem and self-actualization. Business school professor Victor Vroom developed the expectancy theory in the 1960s, demonstrating that motivated employees produce more. Behaviorist B. F. Skinner also worked in the 1960s to understand how reinforcement works. He concluded that negative reinforcement leads to negative outcomes (Skinner, 1969).Effective small-business managers can apply these observations to managing performance by motivating their employees through positive reinforcement and appraising them fairly on at least an annual basis (Arslan & Staub, 2012).

According to equity theory, an employee's perception of the fairness of his work's input and outcome influences his motivation. Effective performance management systems enable a small-business manager to clarify job responsibilities and expectations, develop an employee's capabilities, and align an employee's behavior to the company's strategic goals and values. An employee typically feels satisfied with the outcome of his effort, including his pay, when the compensation matches what he feels he puts into the job. If an employee perceives that others get more for doing less, he typically becomes less motivated to work hard. Managers create a productive work environment by communicating job requirements clearly and establishing fair and consistent performance objectives for all employees.

Effective small-business managers avoid underpaying and overpaying employees. They monitor performance and compensation regularly to achieve a productive balance. If cuts

need to be made due to economic conditions, they distribute the decreases throughout the company. To remain motivated, employees typically need to be able to provide input to their performance plan, modify their goals if conditions change, and seek career development opportunities (Arslan & Staub, 2012).

It's not easy to make equitable decisions while supporting performance improvement. Managers typically evaluate their employees, calibrate ratings and decide on rewards. These rewards include pay increases, promotions, flexible work schedules or stock options. Justifying these decisions becomes the focus, rather than relaying constructive feedback that can enhance performance and foster career development. Successful small-business managers clearly communicate company goals and make sure employees understand their role in achieving business objectives (Arslan & Staub, 2012). By recognizing the effort, loyalty, commitment, skill and enthusiasm that an exemplary employee displays, an effective manager acknowledges accomplishments, establishes trust and builds a productive workforce. A worker's sense of achievement tends to build loyalty and enables him to feel secure about his future with the company.

The equity theory, is based on a person's perception of fairness. Applying this theory when conducting a company's performance contacting involves balancing the assessment of an employee's contribution to his job with the compensation and other rewards associated with his success. In general, highly-paid and rewarded employees tend to be the most motivated to continue performing well on the job.

2.2.4 Goal-Setting Theory (Edwin Locke)

The prime axiom of goal setting theory is that specific, difficult goals lead to higher performance than when people strive to simply do their best (Locke & Bryan, 1966). The performance benefits of challenging, specific goals lie in the fact that they affect the

performance of individuals, organizational units as well as entire organizations. By providing direction and a standard against which progress can be monitored, challenging goals can enable people to guide and refine their performance. Specific goals can boost motivation and performance by leading people to focus their attention on specific objectives, increase their effort to achieve these objectives, persist in the face of setbacks 10 and develop new strategies to better deal with complex challenges to goal attainment (Wood & Locke, 1987). Challenging goals often lead to valuable rewards such as recognition, promotions, and/or increases in income from one"s work (Locke & Latham, 2002). Working to attain valued goals relieves boredom by imbuing work with a greater sense of purpose. Even though setting high goals sets the bar higher to obtain self-satisfaction, attaining goals creates a heightened sense of efficacy (personal effectiveness), self-satisfaction, positive affect, and sense of well-being (Wiese & Freund, 2005). Specific goals increase the desire to perform even better, and difficult goals, when accepted, result in higher performance than easy goals. The main strands of the goal-setting theory are that there must be optimal level of challenge; goal clarity; and feedback (Locke & Latham, 2002).

2.2.4 Theoretical framework

The theoretical framework in figure 2.1 represents the discussed theories McGregor's Theory X and Theory Y, Expectancy Theory, Understanding Theory and goal setting theory

Figure 2.1

Theoretical Framework

Independent Theory   **Dependent Variable**
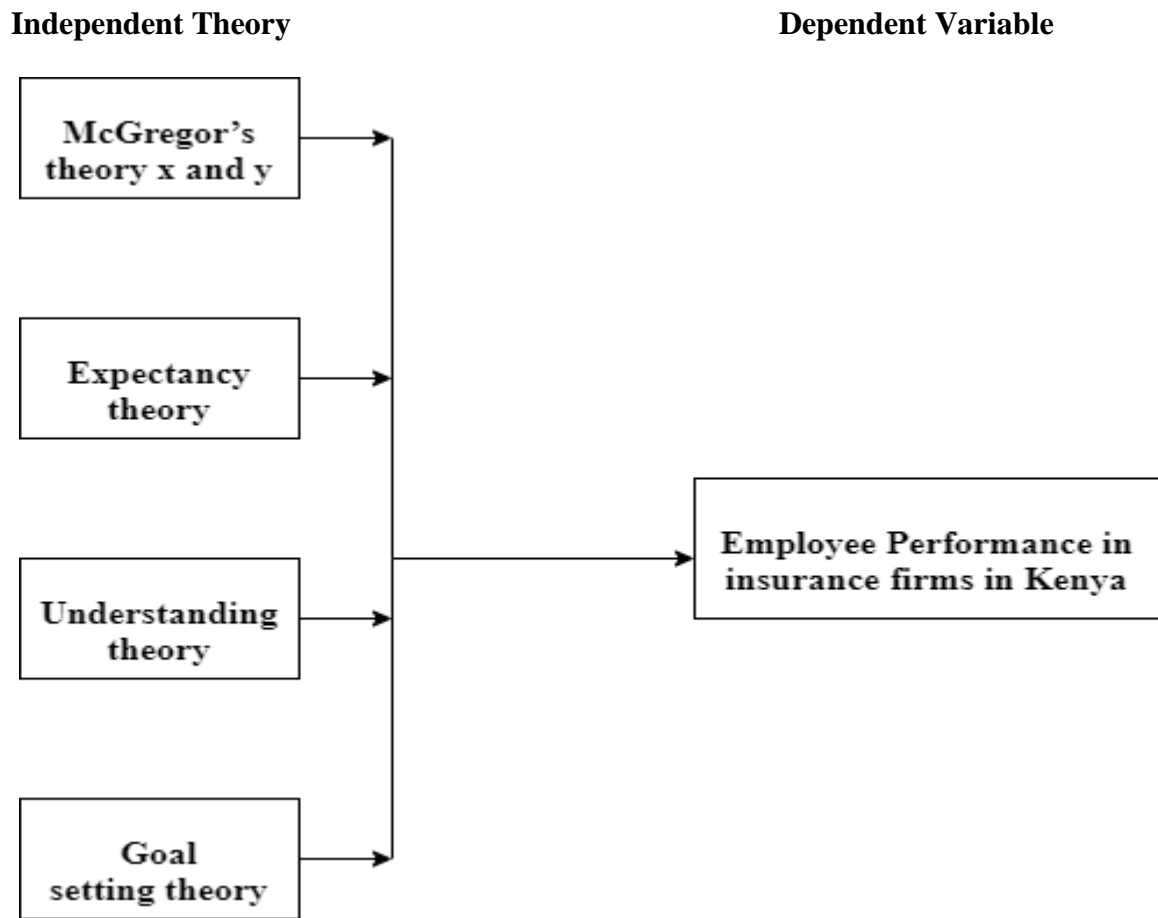
2.3   Empirical review

This section presents a review of empirical literature in regard to performance contracting and how they affect employee performance in insurance firms in kenya.

2.3.1 Performance appraisal

In a study on transforming the public service performance in Kenya through performance contracting Wanyama (2013) discussed whether performance management practices influence performance in public sector institutions in Kenya. The study benchmarked applications that can be adopted in public sector, hybrid approaches to performance management, the emerging constraints/challenges, and lessons learnt. The study sought to establish whether performance contract has reinvented the government institutions in Kenya; from its evolution, whether it has increased efficiency, effectiveness transparency and accountability to justify future allocation of resources making them any attractive. These traced the history of public sector transformation in Kenya and its rationale and implementation of different types of reform interventions to its Ministries, State Corporations, Public Universities, Local Authorities and Tertiary institutions for efficient, effective ethical delivery of services to tax payers. In their study on performance contracting Mbua and Sarisar (2013) explored the challenges faced in the implementation of the concept of performance contracting (PC) in the public sector in Kenya. The study reviewed past literature on performance contracting initiatives, and their implementation and applications across diverse settings in Kenya. The study established that there are a number of challenges facing PC and that sustaining performance gains derived from the PC is central to improving public sector service delivery in Kenya and concerted efforts must be made to inculcate sustainability, while continuously improving public offerings and at the same time addressing the challenges. In examining the role of performance

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contracting in enhancing effectiveness of performance in the civil service in Kenya Muriu et al.,(2013) divided the Department of focus into five heterogeneous divisions (stratum). Then a sample of 108 out of 1072 was obtained through proportionate stratified sampling method. Statistical Package for Social Scientists (SPSS) was used in the descriptive and inferential data analyses to establish meanings and relationships. Correlations revealed a strong relationship between performance contracting and effectiveness of performance. Analysis of variance (ANOVA) established that performance contracting is significant on performance while regression model established that a unit increase in performance contracting resulted to an increase in effectiveness of performance. These results revealed an important aspect bearing the effort and cost the government is putting in the performance contracting tool. It is concluded from the findings that performance contracting leads to effectiveness of performance. In their study Letangule, and Letting (2012) examined the effects of Performance Contract on Organization Performance: Given the impact of performance contracting on the operation and effectiveness of public sectors in Kenya, it is essential that all employees are included in the signing of the performance contract. The study adopted a descriptive research design. Data was analyzed though descriptive statistics and the relationship between the variables established using regression analysis. The findings revealed that performance contracting affected service quality, efficiency, and consistency and employee creativity at the ministry of education to a great extent. In analyzing the factors influencing implementation of performance contracting in state corporations in Kenya with special reference to Kenya Civil Aviation Authority Gathai et al., (2012) used a descriptive research design. The target population was all the employees of Kenya Civil Aviation Authority that have signed Performance Contracts between the period 2008/09 to 2011/12. The study concluded that targets are mutually agreed upon and those targets are

in line with the organizations objectives; performance measurements are used to evaluate, control and improve operations process in order to ensure that the organization achieves its goals and objectives; organization avails requisite resources necessary for implementation of strategy and finally, that strategy implementation evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture. In a study carried out by Akaranga (2008), it was revealed that all government ministries and state corporations in Kenya had formally implemented performance contracts. According to the study, there was clear evidence of improvement in income over expenditure as well as service delivery in the state corporations and government ministries. This is evidenced by results for financial year 2005/6 where majority of state corporations posted excesses of revenue over expenditure. Ketelaar, (2007) identified the following as the challenges of performance contracts; Focusing only on targets can be detrimental to public sector effectiveness if the targets or indicators are not relevant to the desired outcomes. To understand the successes and challenges of implementing performance contracting in Kenya, scholars such Kobia and Mohammed (2006) carried out a survey among the civil servants. They developed a questionnaire from performance contracting literature and administered it to a sample of 280 senior public service course participants at the Kenya Institute of Administration. Data was collected from the course participants who were central in the implementation of performance contract in the government ministries and agencies. To investigate if the participants knew the goal of performance contracting, they asked them to state the goal of performance contracting in their ministries. The responses indicated that majority of the participants were conversant with performance contracting.

Pilbeam and Corbridge ,(2006) identified the following as challenges of the process of appraisal. They are viz. increased bureaucracy; lack of commitment; tension about identifying development needs and allocation of rewards; and bias in judgment. Lack of commitment on the side of the government to the promised incentives was ranked highest by respondents. Similarly, Shirley and Xu (2001) ranked lack of commitment as the highest challenge in China. Bias in judgment was ranked second with a significant difference of 5% level of significance between high management and subordinates.

2.2.2 Personal Rewards

Gesare et al., (2016) researched on reward and recognition programs and their influence on performance contracting in state corporations in Kenya. The study found that reward and recognition programs have positive significant effect on performance contacting in state corporations in Kenya in which case performance contacting could be explained by reward recognition programs. This relationship was significant with ANOVA results indicating a p value of 0.000 and F statistic of 19.058. This was a confirmation of the findings by Parijat and Bagga (2014) T that when employees' performance is recognized and adequate attention is paid to performance based rewards then employees are most likely to exert their efforts towards the realization of organizational objectives since rewards demonstrate to employees that their behavior is appropriate and should be reinforced achieving rewards to which a large value is assigned leads a person to making more intensive.

In their study Mbuthia et al., (2014) sought to establish the effectiveness of performance contracting (P.C) in the government institutions. The study established that indeed performance contract was critical for service delivery. The effectiveness of the implementation of PCs in public institutions depended on the knowledge of the

employees and managers on the content of the performance contact and extent of the work done in relation to the performance contract. It was recommended that the government and the leadership of the various government institutions embark on capacity build to enlighten the employees on the genesis and implication of performance contracting. The study found that well performing employees should be rewarded and the uncooperative to face strict penalties.

The study by Maina (2015) which analyzed the impact of Performance Management system on employee performance at Food and Agriculture Organization (FAO)., adopted a descriptive research design. The study findings show that employees felt there is a great need for a performance management system that reward staff who are high performers. It should reward high performers and correct the low performers.

2.2.3 Staff Training

Training is of growing significance to organizations seeking to develop capacity in their employees for and hence gain advantage of competent workforce. Globally there exists a lot of literature on training and development of employees but little efforts have been put particularly on the effect of training on career development of employees in an organization. In Kenya, few studies have covered diverse aspects of training or training and development but none have touched on an analysis of the relationship between training and career development of employees. Training is not simply a means of arming employees with skills they need to perform their jobs, it is often deemed to be representative of an employer‟s commitment to their workforce. In his research on sugar firms in Kakamega County in Kenya, Shiamwama et al., (2014) studied the effect of career training on employee productivity. He says that according to Waweru and Porporato (2008), new employees almost invariably need some form of training before

taking on their new jobs, while the older employees need training to keep them abreast with technological development and ethics. The Federation of Kenya Employers while backing this assertion calls for productivity training which it defines as a standard program on improvements on labour efficiency, work methods, cost income ratio, and assets utilization among other areas (Federation of Kenya Employers, 2010).

In their study Otuko et al., (2013) concluded that it is not enough just to throw training to employees and hoping for the best from them. They found out that most of the training is not tied to the organization's goals as it is often conducted in a vacuum, which is unrelated to the problems faced by the organizations. This means that training results are considered less important than the activity itself because organizations are satisfied as long as the employees attend trainings. These researchers were concerned about the relevance of training offered to employees in an organization and not the effect such training could bring to career growth of the employees within the organizations.

2.3.4 Career development

It is observed that training of employees is vital in enhancing their knowledge and skills for effective development (Jun et al., 2006). Martensen and Grønholdt (2001) established that training programs aid in the development of employee's competencies. In their study on total quality management practice in maquiladora, Jun et al. (2006) ascertained that employee training programs are essential in self-assurance and more so in evolution of employee careers in an organization. In another study, Aktar et al., (2012) established that career advancement opportunities for employees were effective in motivating workers and enhancing performance when they assessed the impact of rewards on employee on performance in commercial banks in Bangladesh.

It is argued that career development affects motivation and performance of employees in an organization (Mwanje, 2010). The author delved into career development and staff motivation focusing on the bank of Uganda. The study used case study research design where the data was collected using self-administered questionnaires. The study found that career advancement significantly influenced staff motivation. There was lack of opportunities concerning career paths despite the existence of career advancement training. The irrelevant training of employees resulted to lack of career advancement. The study recommended that there should be clear and transparent policies that minimize constraints to career advancement and that enhance fair promotion in the bank. Nwokocha and Iheriohanma (2012) on the other hand established that lack of job security was one of the major factors that contributed to employee job dissatisfaction and turnover in Nigeria. A study on the determinants of compensation system among commercial banks in Kenya was conducted by Ombasa (2013). In the study it was noted that constructing an employee development plan that promises employees career track opportunities with the company is one of the most effective ways of compensation that reduces employee turnover. The author further noted that an upward career track should accompany corresponding salary and merit increases. In their study of the determinants of employee engagement in the Kenyan banking sector, Mokaya and Kipyegon (2014) noted that the cooperative bank of Kenya provided relevant training opportunities for its employees that aided them in career development and contributed to employee engagement in the bank. Previously, Cherotich et al., (2015) evaluated the effects of total reward on job satisfaction among bank employees in Nakuru, Kenya. The bank employees were targeted and a sample of 108 employees was obtained through stratified random sampling method. Data was obtained through use of questionnaires. It was noted that banks provided training, career development and promotion and this led to employee

satisfaction. In his study on commercial banks in Kenya, Khalumba (2012) noted that indeed lack of effective training and development and career development programs negatively affected financial performance of commercial banks.

The author underlined the importance of career advance programs, training and development in enhancing improve performance of commercial bank

2.3.6 Employee Performance

A review of literature shows that several studies on performance contract have been carried out. Kobia and Mohammed (2006) conducted a survey on performance contracting in Kenya and found out that a majority of the respondents were conversant with performance contracting. However, 44 % indicated that they did not have an individual work plan, 79.6 % of the respondents had not received any training on performance contract while 26.4 % admitted that their ministries had not signed the 2006/7 performance contracts with the government (Kobia & Mohammed, 2006). Each of these studies has focused on a specific aspect of PC in organizations but none of them specifically could be pointed out to have addressed the challenges on PC design and implementation. Previous studies conducted on performance contracting have concentrated on challenges of implementation (Opiyo, 2006) while one study has tackled the general impact of performance contracting in state corporations (Chepkonga, 2011). However, no known study has been done in Kenya on effects of performance contracting on employees 'performance. A knowledge gap therefore exists regarding the effects of performance contracting implementation on employees 'performance insurance firms in Nairobi County. This study intends to investigate in details the effects of performance contracting on employees 'performance in insurance firms in Nairobi County, Kenya.

According to Chebet (2015) who conducted a study done in Bungoma on of employees' performance in the county governments of Kenya, Findings from the study confirm that a significant association exists between compensation/remuneration, leadership style, employee training and development, working conditions and improved employee performance and there is need for the organization to improve on training and leadership in order to achieve continual improvement.

The study findings established that training improves employee career prospects and enhances the opportunities of employees to advance their careers in the Bank. Training also gives better chances of getting promoted into higher positions of responsibility and employees often attract better salary increments. Training was found helpful to employees" careers when starting work life and in developing the later stages of careers in the Bank. Training had helped employees to achieve their career goals in the bank. The study concluded that Training had improved career prospects in the Bank and enhanced the opportunities of employees to advance their careers. Employees who undergo training have better chances of getting promoted into higher positions of responsibility and attracted better salary increments. Through training employees had received useful work skills and attributes necessary for performance of their work in the bank and training had helped employees to achieve career goals.

2.4 Conceptual Framework

Conceptual Framework is the result of when a researcher conceptualizes the relation between variables in the study and show the relationship graphically or diagrammatically (Mugenda & Mugenda, 2003). A conceptual definition is an element of the scientific research process in which a specific concept is defined as a measurable occurrence or in measurable terms; it basically gives one the meaning of the concept (Musa, 2001).

Independent variables are those variables which are systematically varied by the researcher. On the other hand, dependent variables are those variables whose values are presumed to depend on the effects of the independent variables.

Figure 2.2

Conceptual Framework (adopted from Vroom's Expectancy Theory)

| Performance appraisal |
| Personal reward |
| Staff Training |
| Career development |

Employee Performance in insurance firms in Kenya

Independent Variables   **Dependent Variable**
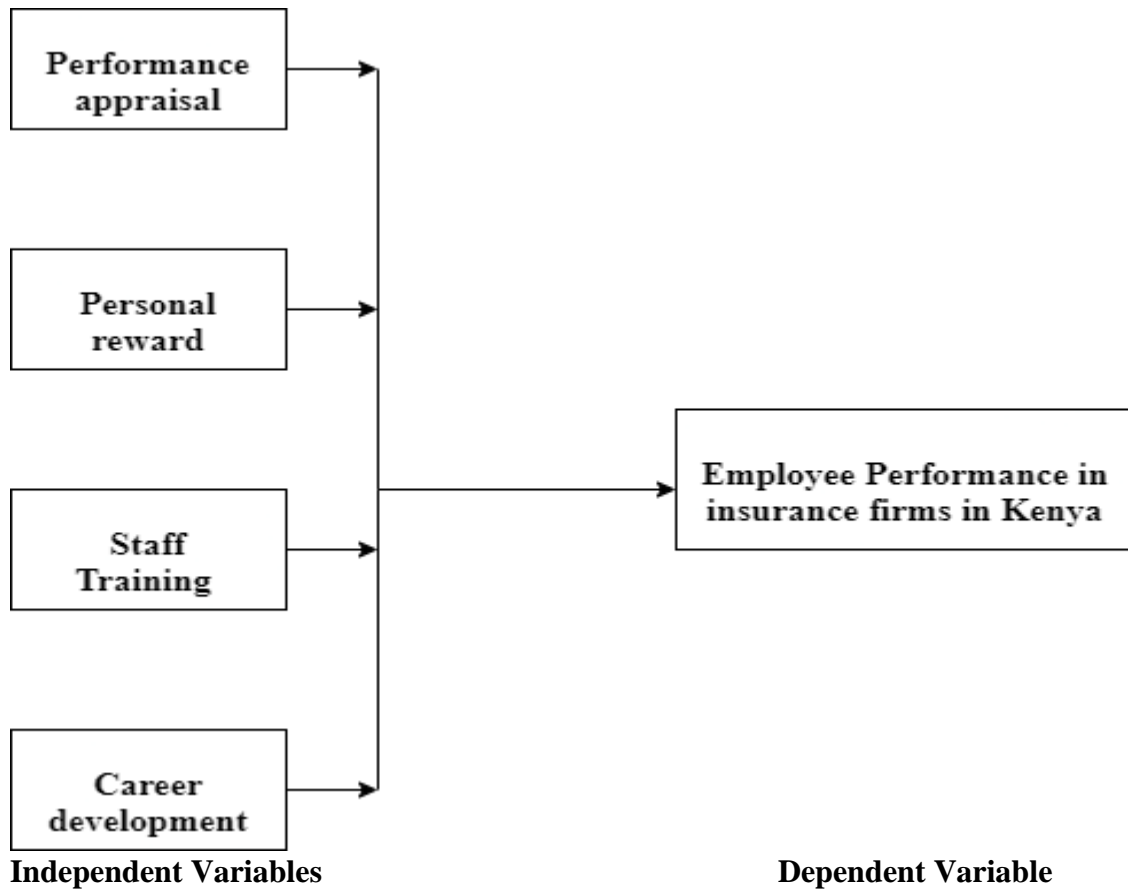
Performance appraisal

It is feedback system that involves the direct evaluation of individual performance by a supervisor, manager or peers. The study proposes that performance appraisal insurance firms would use for improving employee performance feedback, pay administration and in some cases counseling and developing employees. Thus, performance appraisal represents an important link between goal setting and process and reward system. Performance appraisal is a major activity and managers have the responsibility for producing positive results. Performance appraisal represents an important link between goal setting and process and reward system. The reporting systems need also to be improved to enhance accountability and transparency. To increase transparency, performance measurements requires improved external reporting systems and must avoid overloading customers with so many indicators most of which may be difficult to comprehend. To appraise a subordinate and his performance provides an opportunity for the employee to adequately discharge his responsibilities for assisting and training his subordinates. This activity can be coupled with training and development within the organization to ensure that there is evident improvement and progress in the working procedures that is reflected in the kind of service being offered to the customers.

It is often claimed that the best businesses have the best motivated workers. Well-motivated employees are said to be more productive and perform quality work. Thus, an organization's achievement depends on employees' performance. Performances of employees play an important role in the customer's perception about the company. So, it is most important for insurance firms to find out what factors that influence employees' performance. According to Tahir et al. (2014) the way to monitor employee's performance is Performance Appraisal. By performance appraisal, employer can monitor the quality of performance of an employee.

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Personal Reward

This study proposed that personal reward practices are required to ensure that the effective contribution of employees to insurance firms hence improved employee performance. Effective reward management deals with setting processes, policies and strategies. The key factor of reward management is to reward employees fairly, equitably and consistently in relationship to the value of these individuals bring to the organization. A performance with reward motivates the implementers of the contracts. The use of incentives is associated with an increase in quantity performance yet a decrease in quality performance.

Reward system exists in order to make employees work towards achieving strategic goals through enhancing their productivity and performance levels. Reward management is not only concerned with pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, training, development and increased job responsibility. Therefore, with coming up with performance contracting it makes employee work harder in order to achieve their targets hence higher reward. Reward factors have more influence toward employees' performance on employees rather than Extrinsic Reward factors. However, both the reward factors have positive relationship and also influence the employees' performance

Staff Training

This is any learning activity which is directed towards the acquisition of specific knowledge and skills for purposes of an occupation or task. Training is a short-term learning process which is application specific, intended for improving skill or knowledge, which has immediate application to the benefit of the individual as well as the organization. Thus, promoting employee performance. In training, planned effort by a company facilitate employees learning of job-related competencies including;

knowledge, skills, or behaviours that are critical for successful employee performance. Training and development is the framework for helping employees to develop their personal and organizational skills, knowledge and abilities. The focus of all aspects of staff training is one developing the most superior workforce that can accomplish employee performance efficiently and effectively. Once employees understand what needs to be done to improve the organization, they then need all the skills and resources necessary to be able to accomplish these improvements. Thus, empowerment training is more remedial and it prepares for collaboration and higher-level performance.

Training empowers employees to meet objectives set in the Performance Contract, by equipping them with skills and the necessary knowledge. It is based on the belief that everyone is capable of learning more and doing better in his or her job. Personal development plans are particularly important as they provide a learning action for which individuals are responsible for, with the support of their managers. It may include formal training, learning and development activities such as self-managed learning, coaching, mentoring, project work, job enlargement and job enrichment. This training may be to fill performance opportunity and growth gaps. There is a relationship between training and employee thus training impacts positively on employee performance by generating benefits to both the employees and the organization through the development of skills, knowledge, abilities, competencies and behavior.

Career development

Career development tis historically viewed as "upward movement. More and more, workers join organizations with an eye toward making ongoing and increasing contributions in order to climb their career ladder. It's a vital exercise that cannot be ignored, current technological innovations and globalizations with prevailing competitions among corporate organizations have made the world of work excessively

active and requiring up to date altitudes, knowledge and skills, to survive in the world of work, the organization and employees must not leave career development to chance. Career development is a joint activity between the individual employees and organization, both parties should do what is expected to ensure success work climate that will bring maximum productivity.

Employees are career conscious where they can stay in an organization have an opportunity to showcase their talent, grow to the maximum possible level and achieve their objectives. Some may look at it as a fat package, some may want to climb up the ladder in the hierarchy and reach the topmost position while some want to acquire higher skills and competencies along with their growth as a human being.

Individuals need to develop new and better skills so that they are fit for promotion and reach to a higher level in the organization. Organizations likewise need to become proactive in designing and implementing career development programs for their employees to improve their performance. It is the employers' responsibility to provide them with opportunities improve their performance. They need to create that environment and culture for continuous learning and support their employees by motivating and rewarding them. Career development has significant influence on the increase in employee performance because career development which is managed well by a company will provide good spirit for its employees to achieve their expected careers by increasing their motivation.

Employee's Performance

Employees are people who are hired, working on the basis of part time or full time under an employment arrangement, whether it is in written or oral expression. It also includes agreement on the remuneration and the kind of duties expected of the employee within a time frame (Shumen, 2009). Performance is the achievement of a set of assigned tasks

that are anchored to time, with a result indicator that will measure the accomplishment level of the task assigned, which can be measured only when a performance standard has been put in place (Shumen, 2009). Performances are activities that ensure goals are consistently being met in an effective and efficient manner (McNamara et al., 2005). Employee's performance refers to the observable behaviors and actions which explain how a job is done, plus the results that are expected for satisfactory job performance (McNamara et al., 2005). There is relationship on all the independent variables and employee performance.

2.5 Operationalization

This section provides the measurements of the independent and dependent variables, parameters or indicators that will be able to be used to measure the variables are indicated four dependent variables and one dependent variable are presented in the operationalization framework. The dependent variable in this study is Employee Performance while the independent variables are, Performance appraisal, Personal reward, Staff training, and Career development

Figure 2.3

Operational Framework adopted from Victor Vroom's Expectancy theory

Independent Variables   Dependent Variable

Performance appraisal
    Profit made
    communication

Employee Performance
    Productivity
    employee-employer relation
    motivation

Personal reward
    Salary
    Recognition

Staff training
    coaching
    mentorship
    counseling

Career development
    Promotion
    Demotion

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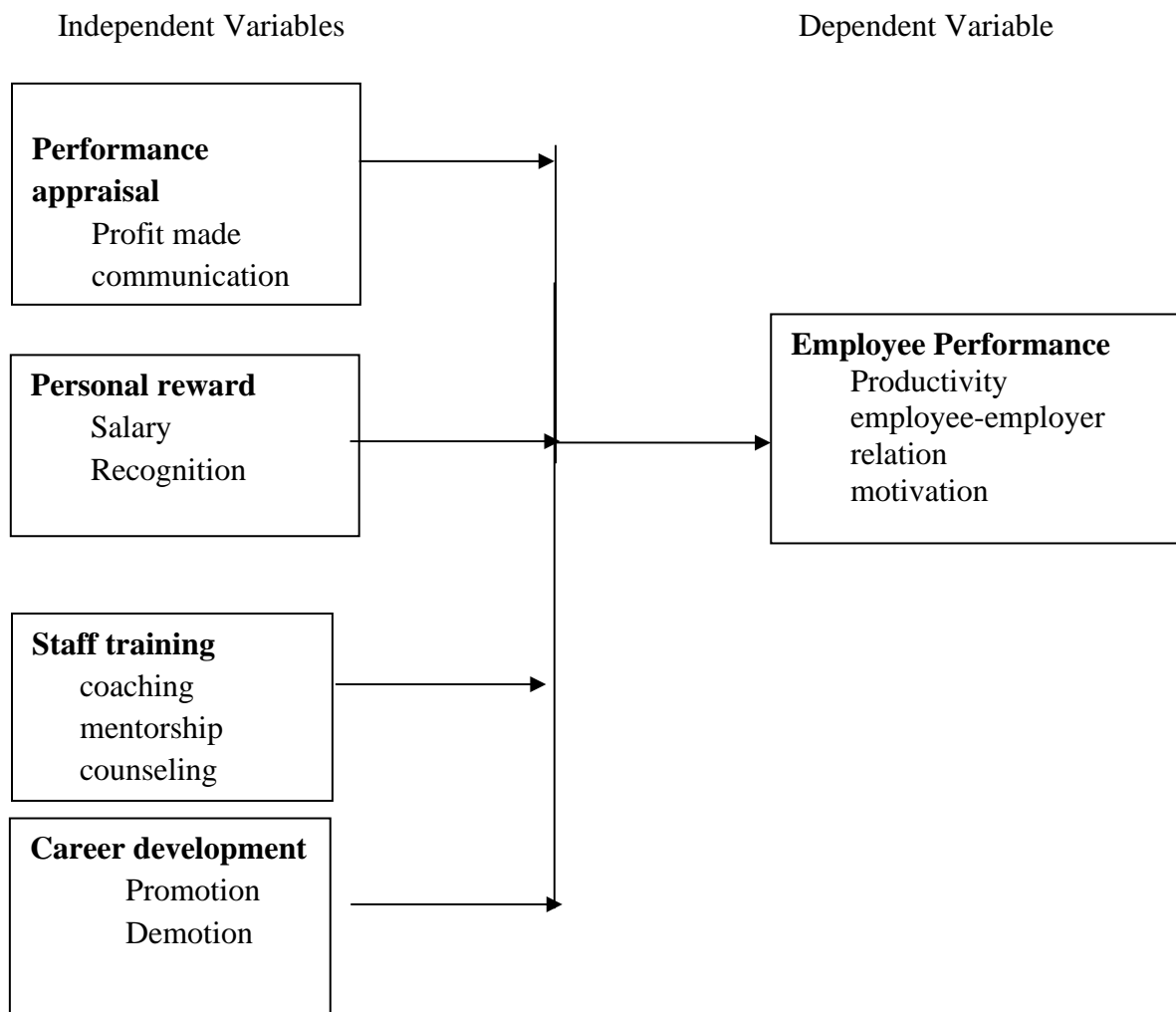
2.6   Summary of literature review Research gaps

The study reviewed various theories which were found useful in informing the concept of the study. These include the McGregor's Theory X and Theory Y, Victor Vroom's Expectancy theory, Equity theory, Equity theory, and Goal-Setting Theory. McGregor's Theory X and Theory Y, rooted in motivation theory, believes employees' work is based on their own self-interest (Theory X) and that believes employees' work is based on their own self-interest (Theory Y). Victor Vroom's Expectancy theory holds that people are motivated to behave in ways that produce desired combinations of expected outcomes. Equity theory. Effective performance management systems enable a small-business manager to clarify job responsibilities and expectations, develop an employee's capabilities, and align an employee's behavior to the company's strategic goals and values (Vroom, 1964). Goal-Setting Theory by Locke and Bryan, (1966) explain that by providing direction and a standard against which progress can be monitored, challenging goals can enable people to guide and refine their performance.

The study also reviewed related empirical studies which explained employee performance in terms of performance contracting and showed the manner in which performance contracting influences the employee performance which was later extended to the insurance firms in Kenya. These studies particularly covered the relationship between each of performance appraisal, personal reward, staff training and career development with employee performance.

While reviewing the empirical studies, this study revealed research gaps associated with these studies. This established that as the studies showed that there was relationship between performance contracting and employee performance, they did not significantly show how this applies to insurance companies in Kenya. That is the there is scanty information on the influence of performance contracting on employee performance

among insurance firms in Kenya which demands for immediate studying on the influence of performance contracting on employee performance among insurance firms in Kenya to help these firm mitigate the prevailing poor employee performance that is highly threatening the survival of these institutions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Introduction

This chapter includes the methods the researcher shall use to collect the data for the study. These include research design, target population, sampling design, data collection instruments, data collection procedure and data analysis procedure

3.2   Research Design

Kothari (2012) describe a research design as a master plan for the study which provided a road map to achieving the stated objective as the research questions in place are answered concurrently. Although the availability of various research designs for consideration, the choice the appropriate design is determined by the nature of the study under investigation. The available research designs include; descriptive (research and survey), exploratory, diagnostic, experimental, and correlational research designs. Due the nature of the study currently being conducted; descriptive research design was adopted. Descriptive research design is a design that is suitably used when explaining a phenomenon (for describing a situation and especially the manner in which independent variables influence the dependent variable). Notably the present study described the manner in which performance contracting is linked to employee performance in insurance firms in Kenya, rendering descriptive research design ideal for it (Gupta & Rangi, 2014).

3.3   Target Population

The target population is defined as entire group of individuals or objects possessing same observable characteristics and from where the findings can be generalized (Mugenda &

Mugenda 2003). Insurance Regulatory Authority (2018) indicates that there are 49 Registered Insurance firms in Kenya. So, in this study, the target population consisted of 49 heads of performance contracting sections of 49 insurance firms in Kenya as captured in the sampling frame (see appendix III). This population was chosen because they were the implementers of the performance contracting in insurance firms in Kenya. So, the respondents to the study were the heads of performance contracting sections of the insurance firms in Kenya while the unit of analysis was the insurance companies.

3.4 Sample and Sampling Technique

A sample consists of all the respondents selected to represent the entire population (Mugenda & Mugenda 2003). Meanwhile Sampling is a technique of selecting a suitable sample size for the purpose of determining parameters of the whole population. The choice of the sample size was guided by Mugenda and Mugenda (2003) who indicate that when the target population does not exceed 100 elements, then census, a non-probability method, was found appropriate. Now that the target population was less than 100 and again that the respondents were readily accessible, the study chose census. Notably, all the headquarters of insurance firms in Kenya re located in Nairobi City

3.5 Data Collection Instruments

3.5.1 Primary Data

The study largely relied on primary data collected from the top managers, middle level managers and first line managers of the selected companies. Data for the study was collected using open and closed ended questionnaire. Cooper and Schindler (2008) explain that questions may be structured in questionnaires therefore presenting participants with a fixed set of choices; often called closed questions. On the other hand,

questions can also be unstructured therefore not limiting the responses but still providing a frame of reference for participants' answers; often called open ended questions. Likert scale which will had interval scale that specifically anchors of strongly disagree, disagree, neutral, agree and strongly agree was used. Likert scale measures the level of agreement or disagreement. These are normally good in measuring perception, attitude, values and behavior (Bell, 2005).

3.6 Data Collection Procedure

The researcher used introduction letter to gain entry into the selected insurance firms. The questionnaire comprised structured questions. The questionnaire was administered through the drop and pick method. The researcher ensured follow ups are made and fully completed questionnaires picked from the respondents later by use of research assistants.

3.7   Pilot Test Study

Pilot study is described by various authors as an exercise that ensures that errors are restricted at a very little cost. The questionnaires was subjected to a pilot test to ensure content reliability and validity. A sample of five (5) respondents for 5 insurance brokers in Kenya, who did not form the sample size and were only used to test the research instrument. The choice of 5 respondents was informed Mugenda and Mugenda (2003) who suggest that the pilot test sample population should be 10% of the entire sample size. That the sample size was 49 then 10% is 4.9 which translates to 5 respondents. A pilot study was conducted in order to verify the validity and reliability of the questionnaire.

3.7.1 Validity

 Mugenda and Mugenda (2003), states that validity is the accuracy and meaningfulness of inferences, which are based on the research results. In other words, validity is the degree

to which results obtained from the analysis of the data actually represent the phenomenon under study. In order to test and enhance the validity of the questionnaire, the study was randomly select ten (5) managers from either of the firms to discuss and improve the contents of the questionnaire. The comments from the interviewees were reviewed and incorporated to enhance the validity of the questionnaire.

3.7.2 Reliability

Reliability is the consistency of a set of measurement items (Cronbach, 1951). Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. A measure is considered reliable if a person's score on the same test given twice is similar. Sekaran and Bougie (2010) states that the size of a sample to be used for piloting testing varies depending on time, costs and practicality, but the same would tend to be 5- 10 per cent of the main survey. According to Cooper and Schindler (2008) the respondents in a pilot test do not have to be statistically selected when testing the validity and reliability of the instruments.

In this study, data collection instrument which is a questionnaire was tested on 5 managers of the sample to ensure that it is relevant and effective. The study was tested using internal consistency measure known as Cronbach's Alpha (α) generated by SPSS. The recommended value of 0.7 was used as a cut–off reliability for this study.

3.8   Data Analysis and Presentation

In order to develop clear, understandable, up-to-date, genuine and reliable results from the analysis, the collected data was scrutinized, assessed and classified accordingly in advance of analysis. The information gathered was carefully verified for mistakes and tabulated.

Data collection methods used in the study comprised of both primary and secondary sources. A structured questionnaire designed on the basis of a Likert scale, with responses categorized on a five-point scale was used for the collection of primary data. The questionnaire included different variables to measure the impact that the independent variables have on employee performance. The participants were asked to provide name and personal information, which was kept confidential, and provided the answers in written form. Secondary data was collected from articles retrieved from journals and thesis relevant to study. The results from the questionnaires were tabulated in excel, and pie charts were derived for illustrative purposes, while the findings for each question was compiled into a different category in percentages.

Quantitative analysis was adopted in analyzing the data acquired for the study. The information was displayed in tables and diagrams (figures). The assessment was based on the descriptive statistics, obtained using quantitative analysis, so that the most helpful statistics can be produced. The percentages and frequencies were included in the descriptive statistics.Correlation and multiple regression analysis were used to produced inferential statistics.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1   Introduction

This chapter presents the findings obtained from analysis of the data collected using a questionnaire to measure the effects of performance contracting on employee performance in insurance firms in Kenya. The contents of the chapter included the analysis on study response, findings on respondents' demographics, analysis on study objectives and inferential analysis. While the quantitative analysis was employed on analysis the properties of the study variables and explain the study objectives to produced related descriptive statistics, correlation and multiple regression analysis were used to produced inferential statistics. The results were presented using tables and figures as appropriate and interpreted using narrations.

4.2   Response Rate

The questionnaire was administered to 49 respondents (heads of performance contracting sections) obtained from the insurance firms in Kenya. However, the study was able to receive 41 fully filled questionnaires, implying a response rate of 83.67% of the sample size. Despite failure of 16.33% to respond, a response rate of 83.67% was very good and good enough to yield accurate results from analysis as indicated by Mugenda and Mugenda (2003) who suggest that a 50% response rate is considered to be adequate, 60% to be good, while a 70% and above rate is considered to be very good. The response rate analysis is shown in Table 4.1

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Table 4.1

Analysis by Response Rate

Population	Statistics
Sample Size	49
Response	41
Response Rate	83.67%

4.3   Respondents' Demographics

4.3.1   Age of Respondents

The study found that 14 (34.15%) of the respondents were 51 years and above as 12(29.27%) of the respondents were between 41 and 50 years while 15 (36.59%) of the respondents were between 31 and 40 years as shown on figure 4.1.

Figure 4.1

Age of Respondents
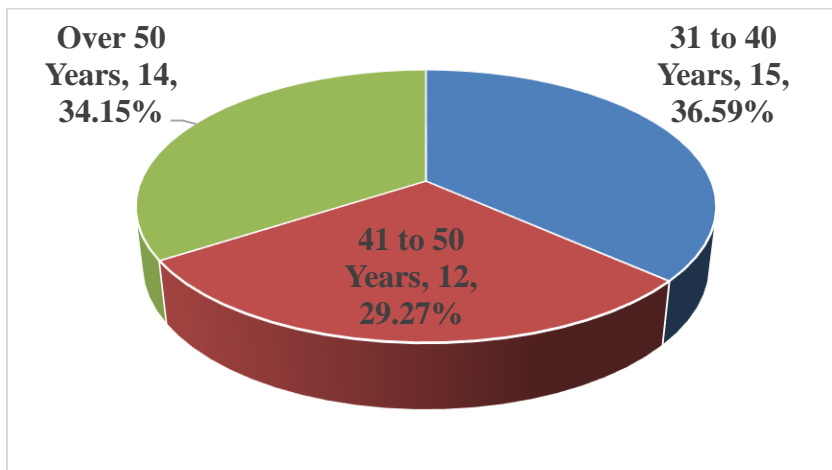
4.3.2 Gender of Respondents

According to the results on gender, 21 (51.22%) of the respondents were female while 20 (48.78%) of the respondents were male as shown on figure 4.2.

Figure 4.2

Gender of Respondent
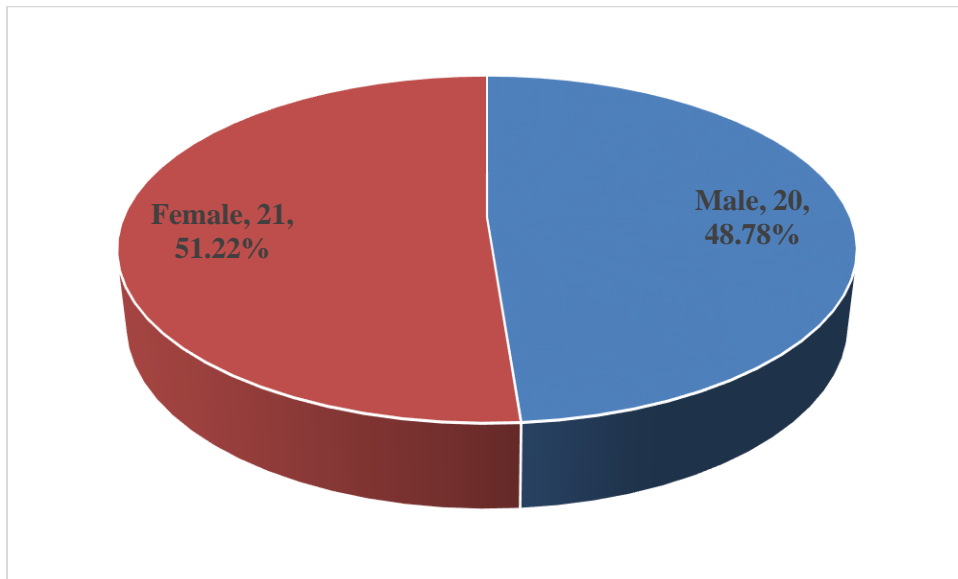
4.3.3 Education Level of Respondents

The study found out that, 32 (78.05%) of the respondents had university degree as their highest qualifications while 9 (21.95%) of the respondents indicated that they had diploma qualifications as their highest educational qualifications. The findings imply that majority of the insurance companies, preferred to engaging university graduates as their senior manager to diploma holders which might be attributed to competitive nature of the businesses that they engage in. these findings are capture in figure 4.3

Figure 4.3

Education Level of Respondents
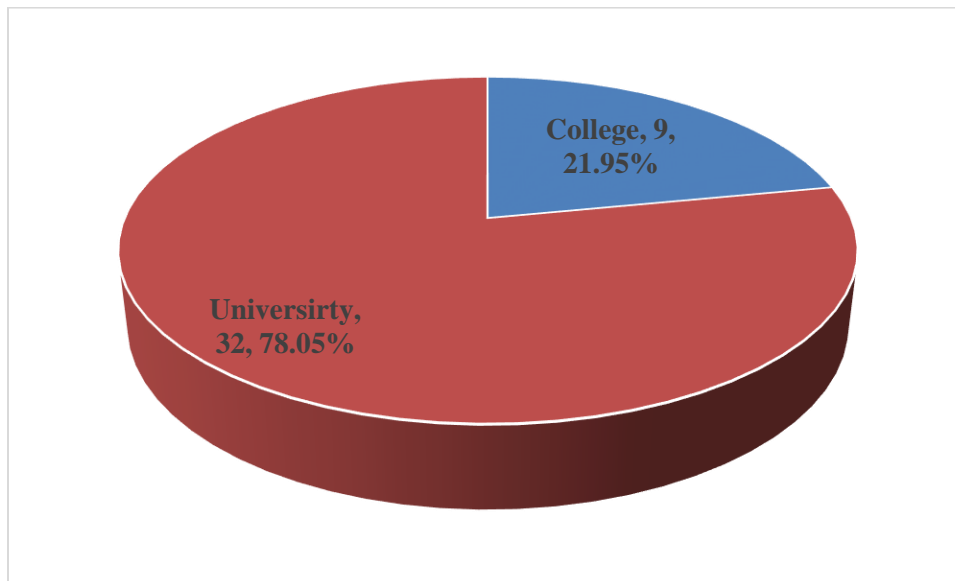
4.3.4 Years Worked

According to figure 4.4, it was revealed that majority of the respondents 23 (56.10%) had worked for a period between 16 years and above, 1 6 (39.02% of the respondents had worked for a period of 6-10 years, while 2 (4.88%) of the respondents had worked for a period of between 11 and 15 years as shown on figure 4.4. These results implies that majority of the employees of insurance companies at the management level have had over 6 years of work experience.

Figure 4.4

Years Worked
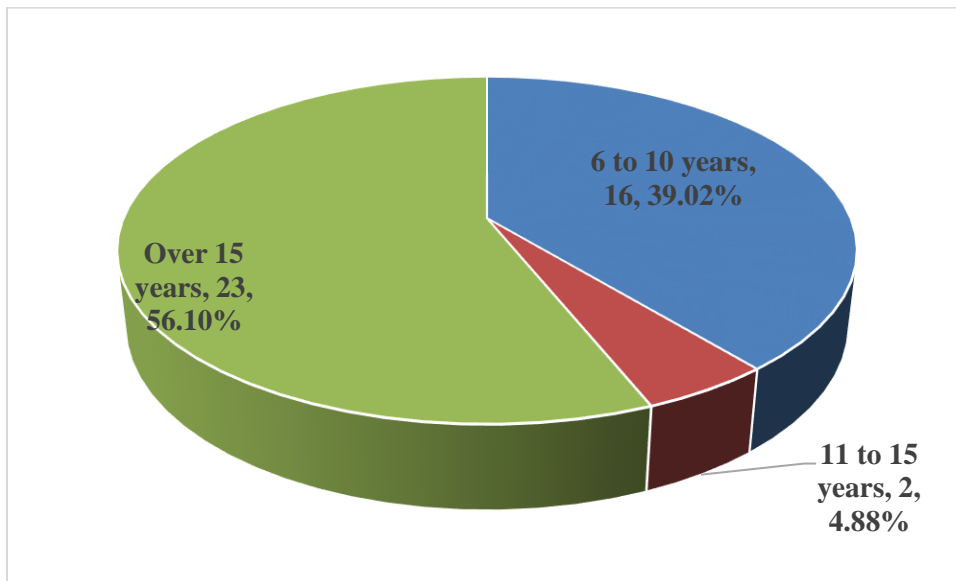
4.4 Descriptive Analysis

Using quantitative analysis, the study yielded descriptive statistics showing the properties of the study variables when assessing the study objective as well as the manner in which the variables affected each other and especially the independent and dependent variables. The results were just direct answers to the questions in the tool which were presented using percentages, frequencies, means and standard deviation

4.4.1 Performance Appraisal and Employee Performance

The study assessed the first objective to establish the importance of performance appraisal on employee performance in insurance firms in Kenya by first seeking to establish the level of goal setting at every performance appraisal. According to the results, 154 (82.93%) of the respondents agreed that they set goals at every performance appraisal, while 34 (17.07%) of the respondents disagreed that they did

not set goals at every performance appraisal as shown on figure 4.5.Majorty of the respondents agreed that the results of the performance   are communicated back to them. Unless the supervisors do the appraising themselves, they cannot adequately discharge their responsibilities of assisting and training the subordinates.

Figure 4.5

Goal Setting
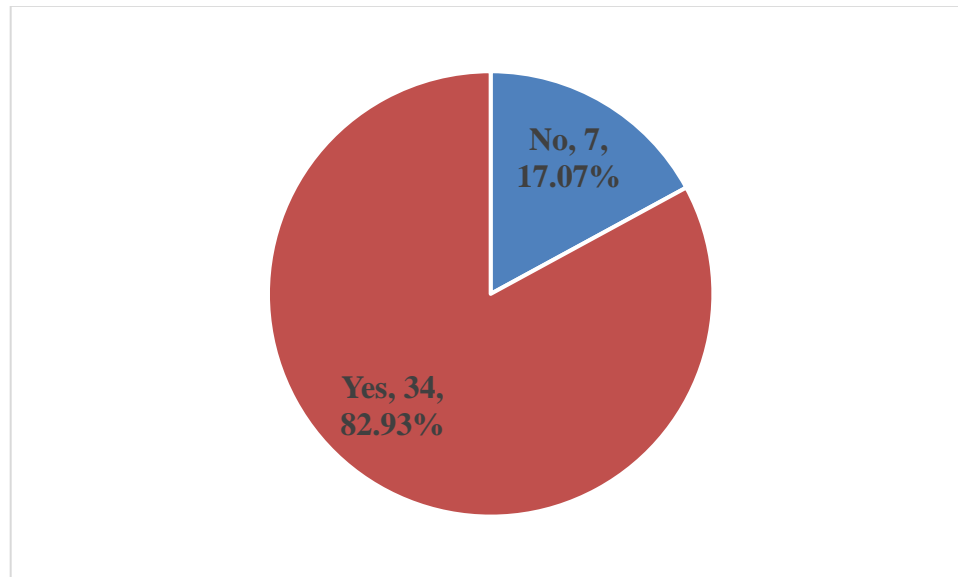
Performance appraisal was used as one of the factors that affect employee performance of insurance firms in Kenya. The respondents were therefore required to rate their responses on a 5-point Likert scale of 1-5; 5= Strongly Agree;4= Agree; 3= Neutral; 2= Disagree; 1=Strongly Disagree as shown on Table 4.2. on average, they strongly agreed that the performance appraisal was high (M = 4.35; SD=0.88).

Table 4.2:

Performance Appraisal

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
My appraiser helps me to understand the process used to evaluate and rate my Performance	0	0.00%	0	0.00%	7	17.07%	22	53.66%	12	29.27%
The performance appraisal review discussion is the only time I get feedback about my performance	0	0.00%	1	2.44%	2	4.88%	25	60.98%	13	31.71%
Employees are provided with feedbacks to help improve their performance	0	0.00%	3	7.32%	8	19.51%	23	56.10%	7	17.07%

The results show that the majority of the respondents forming 22 (53.66%) agreed that the appraisers helped the employees to understand the process used to evaluate and rate their performance. Meanwhile a majority of 25 (60.98%) of the respondents agreed that performance review discussion is the only time they get feedback about their performance while a majority of 23 (56.10%) of the respondents agreed that they were provided with feedback to help them improve their performance. The results showed that the they set goals at every performance appraisal.

These results show that there was high appreciation of performance appraisal among insurance companies in Kenya where they had appraisers who were helping the employees to understand the process used to evaluate and rate their performance while they used performance review discussion is the only time, they get feedback about the employee performance. according to these results, the performance appraisal exercise

ensured employees were provided with feedback to help them improve their performance. Various empirical literature has associated performance appraisal with employee performance with most of the studies showing that performance appraisal affects employee performance as confirmed in this study. In the study by Muriu et al. (2013), it was revealed that performance contracting significantly affects performance while in their Letangule, and Letting (2012) revealed that performance contracting affected service quality, efficiency, and consistency and employee creativity at the ministry of education to a great extent. Although In their study Pilbeam and Corbridge (2006) identified challenges of the process of appraisal as lack of commitment; tension about identifying development needs and allocation of rewards, Gathai et al. (2012) concluded that performance measurements are used to evaluate, control and improve operations process for ensure achievement of organizational goals and objectives.

4.4.2 Personal Reward and Employee Performance

The study assessed the second objective to investigate the outcome of personal reward on employee performance in insurance firms in Kenya by first seeking to establish the whether the company offers incentives to individual/teams and the results shown in

Figure 4.6

Analysis by Company Offering Incentives to Individuals/Teams **Source**
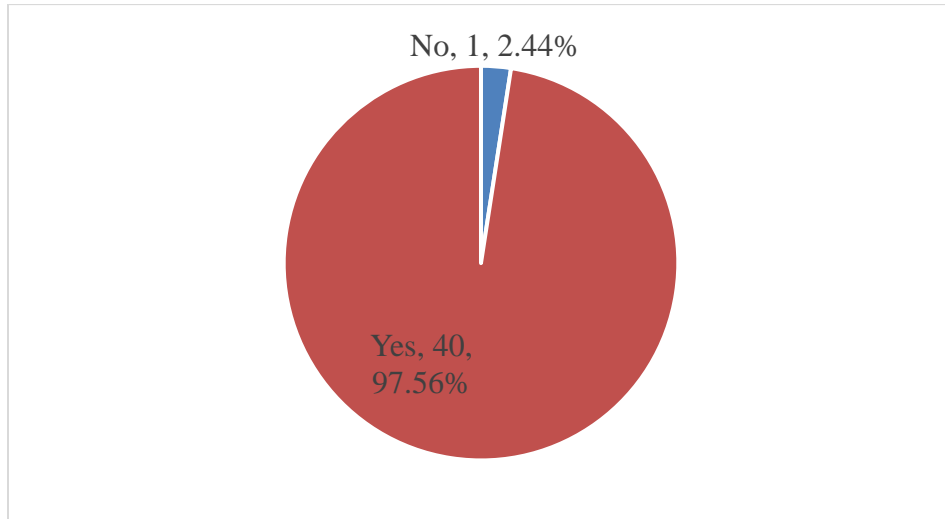
The show that 40 (97.56% of the respondents agreed that the company offers incentives to individuals/teams while 1 (2.44%) of the respondents disagreed that companies offered incentives to individuals/teams.

Then study assed the outcome of personal reward on employee performance in insurance firms in Kenya to obtain results in Table 4.3

Table 4.3

Personal Rewards

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Reward time off with pay	1	2.44%	4	9.76%	9	21.95%	22	53.66%	5	12.20%
Our salary is fixed on the basis of performance	2	4.88%	4	9.76%	8	19.51%	21	51.22%	6	14.63%
Recognition should be given for creative suggestions that improve performance	1	2.44%	3	7.32%	10	24.39%	23	56.10%	4	9.76%
Reward with a certificate on exceptional performance	1	2.44%	1	2.44%	8	19.51%	25	60.98%	6	14.63%

As shown in Table 4.3, it was established that majority of the respondents, 22 (53.66%) agreed that were rewarded time off with pay. Majority of the respondents, 21 (51.22%) agreed that their salaries were fixed on the basis of their performance. According to the study, a majority of 23 (56.10%) of the agreed that recognition ought to be given for creative suggestions that improve performance. Additionally, the majority of respondents, 60.98%) agreed rewards that were given with a certificate on exceptional performance. This is with line with expectancy theory by Victor Vroom's (1964) who conceded that the key role of reward management is to reward employees fairly, equitably and consistently in parallel to the value the individuals bring to the organization.

These results show that the insurance companies in Kenya extended personal rewards to their employees where they rewarded their time off duty with pay. The study established

that their salaries were fixed on the basis of their performance. It was established that the firms recognized creative suggestions for the objective of improving employee performance. when rewarding employees, the firms gave also gave certificate on exceptional performance in addition to the personal rewards. Numerous empirical studies have produced results in agreement to the findings in this study. These findings are in line with Parijat and Bagga (2014) who found that when employees' performance is significantly recognized and adequate attention in terms of rewards such employees are most likely to exert their efforts towards improving their performance. That is personal rewards is a demonstration that the employee behaviour is appropriate and therefore there is need of appreciation reinforced by achieving rewards in which case a large value of the rewards leads a person to making more intensive.

The results agree to Gesare et al., (2016) study which found that reward and recognition programs have positive significant effect on service delivery in state corporations in Kenya and that employee performance could be explained by reward recognition programs. The findings in this study that salaries were fixed on the basis of their performance agrees to those in the study by Maina (2015) which agreed to Parijat and Bagga (2014) show that employees need a performance management system that reward staff who are high performers. It should reward high performers and correct the low performers. All these findings in the current study agree to those in the study Mbuthia et al., (2014) which established that well performing employees should be rewarded and the uncooperative to face strict penalties.

4.4.3 Training and Employee Performance

The study sought to establish the extent in which training needs are met in the organization and produced the results in figure 4.7

Figure 4.7

Analysis by Meeting Training Needs Source: Research data (2020)
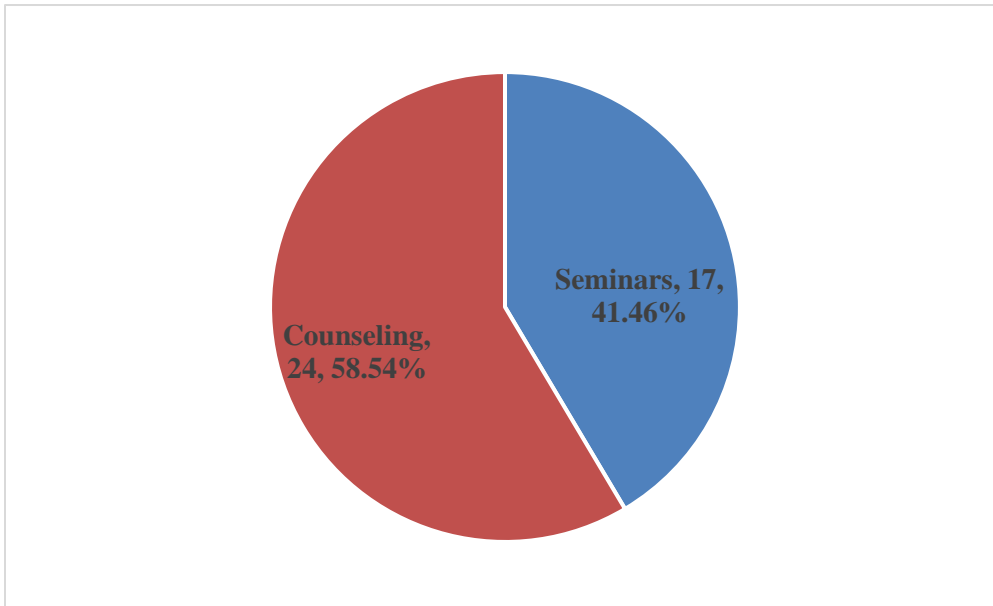
These results show that 17 (41.46%) of the respondents agreed that employee training needs were met through seminars while 28 (58.54%) respondents agreed that employee training needs were met through counseling.

Table 4.4

Training

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Training programs are effective for individual and organizational performance	1	2.44%	3	7.32%	3	7.32%	13	31.71%	21	51.22%
Training need analysis is conducted in the organization	0	0.00%	4	9.76%	3	7.32%	9	21.95%	25	60.98%
The mentoring you are currently receiving from senior peers	0	0.00%	1	2.44%	7	17.07%	14	34.15%	19	46.34%
Management's support for my efforts to improve my weaknesses	0	0.00%	1	2.44%	8	19.51%	12	29.27%	20	48.78%
The management provide employee with counselling for poor performance	0	0.00%	5	12.20%	2	4.88%	11	26.83%	23	56.10%

According to table 4.4, majority of the respondents, 21 (51.22%) strongly alluded to the fact that training programs were effective for individual and organizational performance while a majority of 25 (60.98%) of the respondents also strongly agreed that training need analysis was conducted in the organization. Most of the respondents, 19 (46.34%) strongly agreed that they received mentoring from senior peers as a 20 (49.78%) agreed that Management supported their efforts to improve their weaknesses. A majority of 23(56.10%) of the respondents strongly greed that management provided employee with counseling for poor performance.

According to these results, the level of employee training was very high as the respondents strongly agreed that there was very effective and efficient employee training. All the training efforts were in line with Caudron (2000) who indicated that training propels desired action. Once employees understand what needs to be done to improve the organization, they then need all the skills and resources necessary to be able to accomplish these improvements

Thus, the study found that training programs among insurance companies in Kenya were very effective for individual and organizational performance and the that training need analysis was always conducted in the companies. According to these results, employees received mentoring from senior peers while the management supported their efforts to improve their weaknesses. Further, the management always provided employee with counseling for poor performance. Shiamwama et al., (2014) study indicates that new employees almost invariably need some form of training before taking on their new jobs, while the older employees need training to keep them abreast with technological development and ethics.

However, Otuko et al. (2013) concluded that most of the training is not tied to the organization's goals. This means that training results are considered less important than the activity itself because organizations are satisfied as long as the employees attend trainings. These researchers were concerned about the relevance of training offered to employees in an organization and not the effect such training could bring to career growth of the employees within the organizations.

4.4.4 Career Development

The study analyzed the fourth objective to access the role of career development on employee performance in insurance firms in Kenya by first seeking the establish the nature of career development amongst these firms. The results were captured in Figure 4.8.

Figure 4.8

Structured way of Promoting Employees Source
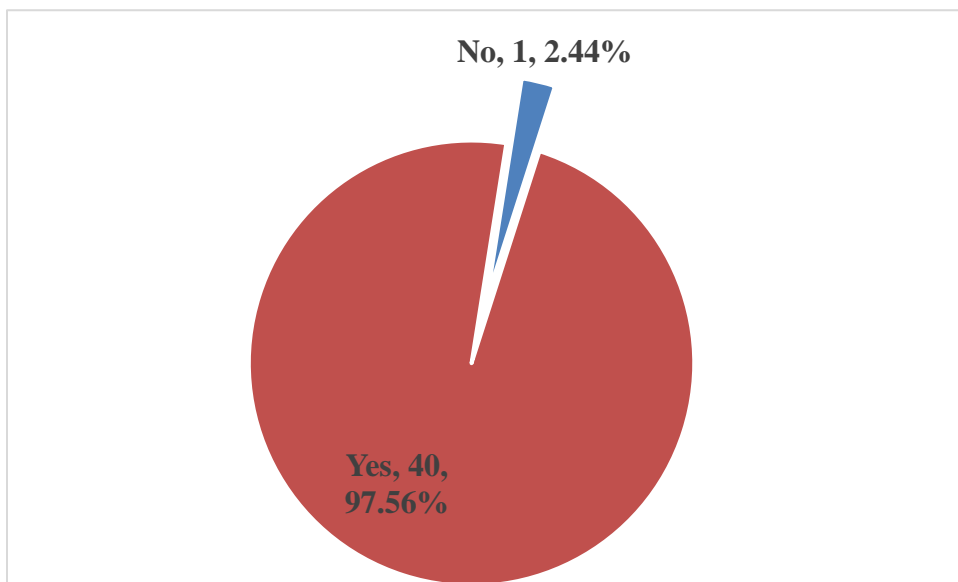
As illustrated in Figure 4.8, 40(97.56%) of the respondents agreed that their company has a structured way of promoting her employees while 1(2.44%) of the respondents disagreed that their company has a structured way of promoting her employees.

The study the assed the role of career development on employee performance in insurance firms in Kenya to obtain results in Table 4.5.

Table 4.5

Career Development Source: Research data (2020)

Career Development	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
Employees are certain of the next position up the ladder	0	0.00%	1	2.44%	8	19.51%	10	24.39%	22	53.66%
Promotion is purely based performance.	0	0.00%	4	9.76%	9	21.95%	19	46.34%	9	21.95%
The firm has a systematic program that identifies and develop employee skills.	0	0.00%	3	7.32%	6	14.63%	24	58.54%	8	19.51%

As demonstrated on Table 4.5, a majority of the respondents, 22 (53.66%) strongly agreed that to a very larger extent employee were certain of the next position up the ladder. Most of the respondents, 19 (6.34%) agreed that promotion was purely based on performance while majority of the respondents, 24 (58.54%) strongly agreed that the firms had a systematic program that identified and developed employee skill. This conforms with Mathias and Jackson, (2011) who found out that career development of employees is the responsibility of organizations, to address the ambitions of employees and to create such job positions where they can accommodate their growing ambitions.

The study found that the insurance firms in Kenya ensure that to a very larger extent employee were certain of the next position up the ladder in which case promotion was purely based on performance. These firms were found to have had systematic programs that identified and developed employee skill. The findings on career development agree to those in the study by Aktar et al. (2012) which established that career advancement

opportunities for employees were effective in motivating workers and enhancing performance when they assessed the impact of rewards on employee on performance. Also, Ombasa's (2013) study found that constructing an employee development plan that promises employees career track opportunities with the company is one of the most effective ways of compensation that reduces employee turnover. Upward career track should accompany corresponding salary and merit increases. The study by Mokaya and Kipyegon (2014) revealed that providing relevant training opportunities for its employees aided them in career development and contributed to employee engagement.

4.4.5 Employee Performance

The study sought to establish whether employee performance increased as a result of performance contracting as shown on figure 4.9 below.

Figure 4.9

Increased Performance as a result of Performance Contracting Source
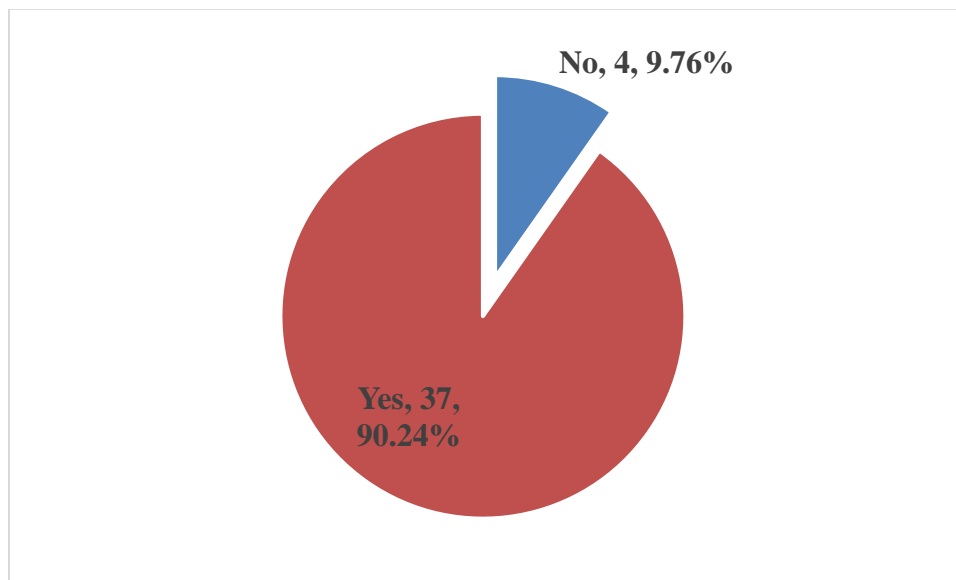
While 37 (90.24%) of the respondents agreed that performance increased as a result of performance contracting, 4 (9.76%) showed that that performance did not increased as a

result of performance contracting.

Then the study assed the status of employee performance to obtain results in Table 4.10.

Table 4.6

Analysis by employee performance levels Source

Employee performance	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	%	N	%	N	%	N	%	N	%
There is high level of Service delivery in our firm due to provision of performance contracting	0	0.00%	7	17.07%	22	53.66%	10	24.39%	2	4.88%
The employees are always motivated to delivery their service effectively	1	2.44%	10	24.39%	19	46.34%	10	24.39%	1	2.44%
Our customers are always satisfied by serviced delivery from our employees	1	2.44%	7	17.07%	20	48.78%	9	21.95%	4	9.76%
Employee are fully commitment to their jobs due to the performance contracting	1	2.44%	10	24.39%	18	43.90%	8	19.51%	4	9.76%
Our employees are regularly promoted due to their high-level performance	1	2.44%	11	26.83%	17	41.46%	9	21.95%	3	7.32%
Performance contracting highly influences the employee satisfaction in our company.	2	4.88%	8	19.51%	19	46.34%	9	21.95%	3	7.32%

According to the Table 4.10 results majority of the respondents, 22 (53.66%), were neutral on assertion that there was high level of Service delivery in our firm due to provision of performance contracting while most of the respondents, 19 (46.34%) showed that they were neutral on assertion they were always motivated to delivery their

service effectively. Most of the respondents, 20 (48.78% were neutral on the assertion that their customers were always satisfied by serviced delivery from our employees while 18 (43.90%) were neutral on assertions that employee were fully commitment to their jobs due to the performance contracting. As 17 (41.46%) showed that they were neutral on assertion that employees were regularly promoted due to their high-level performance, 19 (46.34%) were natural on assertion that pperformance contracting highly influences the employee satisfaction in our company.

Based on these results, then nit was found that employee performance among insurance firms in Kenya was moderate. Majority of the indicators of employee performance were moderate. Specifically, there level of service delivery was moderate and as well employees moderately motivated to delivery their service effectively. Employees ensured that customers were fully satisfied. Employee are fully commitment to their jobs and that all employees were not always regularly promoted for high-level performance and employee satisfaction is moderate. This confirms Chebet's (2015) study confirm that a significant association exists between compensation/remuneration, leadership style, employee training and development, working conditions and improved employee performance and there is need for the organization to improve on training and leadership in order to achieve continual improvement.

4.5 Inferential Analysis

The study used ordinal logistics regression to explain the relationship between the dependent variable and the independent variables. The dependent variable had six indicators; service delivery, employees' motivation, customers satisfaction, employee commitment, employee's promotion, and performance contracting influence on employee

satisfaction, in which case the study tested the relationship between each of the six indicators of the dependent variable to all the indicators of each independent variable.

4.5.1   Performance appraisal and employee performance in insurance firms in Kenya

The study tested the null hypothesis

H_{01}: Performance appraisal has no significant effect on employee performance in insurance firms in Kenya

To produce the results in Table 4.7

Table 4.7

Analysis by Responses against predicted responses

Predicted responses categories		Count	%within
My appraiser helps me to understand the process used to evaluate and rate my Performance	Neutral	7	17.07%
	Agree	22	53.66%
	Strongly Agree	12	29.27%
The performance appraisal review discussion is the only time I get feedback about my performance	Disagree	1	2.44%
	Neutral	2	4.88%
	Agree	25	60.98%
	Strongly Agree	13	31.71%
Employees are provided with feedbacks to help improve their performance	Disagree	3	7.32%
	Neutral	8	19.51%
	Agree	23	56.10%
	Strongly Agree	7	17.07%
Total		41	100.00%

According to these results, the model seems to be doing good of predicting outcome categories, for My appraiser helps me to understand the process used to evaluate and rate my Performance (agree) the models correctly classifies 53.66%， the performance

appraisal review discussion is the only time I get feedback about my performance (agree) classifies 60.98%, and Employees are provided with feedbacks to help improve their performance (neural) classifies 56.10%.

The regression results are captured in table 4.8

Table 4.8

Logistic Results for Performance appraisal and Service delivery

	Regression coefficient	p-value	Model p-value	Model Chi-Square	Nagelkerke R^2
Service delivery			0.890	3.612	0.094
Appraiser help	-0.267	0.566			
Appraisal review	0.150	0.725			
Feedbacks	-0.003	0.996			
Employees' motivation			0.659	5.897	0.147
Appraiser help	-0.112	0.802			
Appraisal review	0.444	0.280			
Feedbacks	-0.882	0.117			
Customers satisfaction			8.163	0.418	8.163
Appraiser help	1.863	0.007			
Appraisal review	-0.575	0.170			
Feedbacks	0.401	0.471			
Employee commitment			6.273	0.617	0.152
Appraiser help	2.189	0.001			
Appraisal review	0.066	0.870			
Feedbacks	0.383	0.480			
Employee's promotion			12.050	0.149	0.274
Appraiser help	2.708	0.000			
Appraisal review	2.620	0.039			
Feedbacks	1.811	0.046			
Performance contracting			11.835	0.159	0.269
Appraiser help	2.575	0.001			
Appraisal review	0.031	0.938			
Feedbacks	0.722	0.193			

The model fitting information show the p-value was 0.890 indicating that there is no significant reduction in the chi-square statistics (p>.005). The chi-square statistic (3.612) indicates that the model does not give a significant improvement over the baseline

intercept-only model, implying that the model does not give better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.094) indicates the model can account for 9.4% of the variance in service delivery. The test of parallel lines rejects the null hypothesis of the assumption that across response categories". So, the model does not fit the data well since the observed significant level is very small.

These results show that :my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.566), "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.725), "employees are provided with feedbacks to help improve their performance" (p-value = 0.996) are not significant with service delivery.

The model fitting information show the p-value was 0.659 indicating that there is no significant reduction in the chi-square statistics (p>.005). The chi-square statistic (5.897) indicates that the model does not give a significant improvement over the baseline intercept-only model, implying that the model does not give better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to

conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.149) indicates the model can account for 14.90% of the variance in service delivery. The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that :my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.802), "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.280), "employees are provided with feedbacks to help improve their performance" (p-value = 0.117) are not significant with employees motivation.

Table 4.9

Logistic Results for Performance appraisal and customers satisfaction

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	75.514			
Final	67.350	8.163	8	0.418
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	46.505	60	0.899	
Deviance	47.778	60	0.873	
Pseudo R-Square				
Cox and Snell	0.181			
Nagelkerke	0.195			
McFadden	0.076			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	67.350			
General	39.422b	27.928c	24	0.263
Explanatory variables associated with high level of customers satisfaction				
Item name	Regression coefficient	p-value		
My appraiser helps me to understand the process used to evaluate and rate my Performance	1.863	0.007		
The performance appraisal review discussion is the only time I get feedback about my performance	-0.575	0.170		
Employees are provided with feedbacks to help improve their performance	0.401	0.471		

The model fitting information show the p-value was 0.419 indicating that there is no significant reduction in the chi-square statistics (p>.005). The chi-square statistic (8.163) indicates that the model does not give a significant improvement over the baseline intercept-only model, implying that the model does not give better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.195) indicates the model can account for 19.50% of the variance in service delivery. The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that :my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.007)was significant with customers satisfaction while "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.170), "employees are provided with feedbacks to help improve their performance" (p-value = 0.471) are not significant with customers satisfaction.

Table 4.10

Logistic Results for Performance appraisal and Employee commitment

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	70.263			
Final	63.990	6.273	8	0.617
Goodness-of-Fit				
	Chi-Square	Df	Sig.	
Pearson	41.329	60	0.969	
Deviance	41.627	60	0.966	
Pseudo R-Square				
Cox and Snell	0.142			
Nagelkerke	0.152			
McFadden	0.057			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	63.990			
General	41.548b	22.442c	24	0.553
Explanatory variables associated with high level of Employee commitment				
Item name	Regression coefficient	p-value		
My appraiser helps me to understand the process used to evaluate and rate my Performance	2.189	0.001		
The performance appraisal review discussion is the only time I get feedback about my performance	0.066	0.870		
Employees are provided with feedbacks to help improve their performance	0.383	0.48		

The model fitting information show the p-value was 0.617indicating that there is no

significant reduction in the chi-square statistics (p>.005). The chi-square statistic (6.273)

indicates that the model does not give a significant improvement over the baseline

intercept-only model, implying that the model does not give better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.152) indicates the model can account for 15.20% of the variance in service delivery. The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that :my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.001) was significant with employee commitment.while "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.870), "employees are provided with feedbacks to help improve their performance" (p-value = 0.480) are not significant with employee commitment.

Table 4.11

Logistic Results for Performance appraisal and Employees promotion

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	68.694			
Final	56.643	12.050	8	0.149
Goodness-of-Fit				
	Chi-Square	Df	Sig.	
Pearson	30.169	60	1.000	
Deviance	34.045	60	0.997	
Pseudo R-Square				
Cox and Snell	0.255			
Nagelkerke	0.274			
McFadden	0.110			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	56.643			
General	41.364b	15.280c	24	0.912
Explanatory variables associated with high level of Employees promotion				
Item name	Regression coefficient	p-value		
My appraiser helps me to understand the process used to evaluate and rate my Performance	2.708	0.000		
The performance appraisal review discussion is the only time I get feedback about my performance	2.62	0.039		
Employees are provided with feedbacks to help improve their performance	1.811	0.046		

The model fitting information show the p-value was 0.149 indicating that there is no

significant reduction in the chi-square statistics (p>.005). The chi-square statistic

(12.050) indicates that the model gives a moderate significant improvement over the baseline intercept-only model, implying that the model gives better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.274) indicates the model can account for 27.40% of the variance in service delivery. The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that :my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.000), "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.039), "employees are provided with feedbacks to help improve their performance" (p-value = 0.046) are significant with employees promotion.

Table 4.12

Logistic Results for Performance appraisal and Performance contracting

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	70.655			
Final	58.820	11.835	8	0.159
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	32.966	60	0.998	
Deviance	36.458	60	0.993	
Pseudo R-Square				
Cox and Snell	0.251			
Nagelkerke	0.269			
McFadden	0.107			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	58.820			
General	118.528b	.c	24	.
Explanatory variables associated with high level of Performance contracting				
Item name	Regression coefficient	p-value		
My appraiser helps me to understand the process used to evaluate and rate my Performance	2.575	0.001		
The performance appraisal review discussion is the only time I get feedback about my performance	0.031	0.938		
Employees are provided with feedbacks to help improve their performance	0.722	0.193		

The model fitting information show the p-value was 0.15 indicating that there is no significant reduction in the chi-square statistics (p>.005). The chi-square statistic (11.835) indicates that the model give a moderate improvement over the baseline intercept-only model, implying that the model gives a better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.269) indicates the model can account for 26.90% of the variance in service delivery. The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that :My appraiser helps me to understand the process used to evaluate and rate my performance" (p-value = 0.001) was significant with performance contracting while "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.938), "employees are provided with feedbacks to help improve their performance" (p-value = 0.193) are not significant with Performance contracting.

According to these results, while all other relationship were significant;

a. my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.007) was significant with customers satisfaction

b. my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.001) was significant with employee commitment

c. my appraiser helps me to understand the process used to evaluate and rate my Performance" (p-value = 0.000), "the performance appraisal review discussion is the only time I get feedback about my performance (p-value = 0.039), "employees

are provided with feedbacks to help improve their performance" (p-value = 0.046) are significant with employees promotion

d. my appraiser helps me to understand the process used to evaluate and rate my performance" (p-value = 0.001) was significant with performance contracting

4.5.2   Personal reward and employee performance in insurance firms in Kenya

The null hypothesis was

H_{02}: Personal reward has a significant effect on employee performance in insurance firms in Kenya

The study was only interested in those relationship which were significant

Table 4.13

Logistic Results for Personal reward and customers satisfaction

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	100.444			
Final	62.661	37.783	15	0.001
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	86.708	109	0.943	
Deviance	57.927	109	1.000	
Pseudo R-Square				
Cox and Snell	0.602			
Nagelkerke	0.650			
McFadden	0.354			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	62.661			
General	.000b	62.661	45	0.042
Explanatory variables associated with high level of customers satisfaction				
Item name	Regression coefficient	p-value		
Reward time off with pay	-3.264	0.002		
Our salary is fixed on the basis of performance	1.023	0.312		
Recognition should be given for creative suggestions that improve performance	-1.222	0.179		
Reward with a certificate on exceptional performance	-0.156	0.852		

The model fitting information show the p-value was 0.001 indicating that there is a significant reduction in the chi-square statistics ($p<.005$). The chi-square statistic (37.783) indicates that the model gives a significant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.650) indicates the model can account for 65.00% of the variance in customers satisfaction. The high value of Nagelkerke statistics indicates that the fitting model is good according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that : reward time off with pay" (p-value = 0.002) was significant with customers satisfaction while "our salary is fixed on the basis of performance" (p-value = 0.312), recognition should be given for creative suggestions that improve performance" (p-value = 0.179), and reward with a certificate on exceptional performance" (p-value = 0.852) were not significant with customers satisfaction.

Table 4.14

Logistic Results for Personal reward and Employee commitment

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	105.888			
Final	72.375	33.513	15	0.004
Goodness-of-Fit				
		Chi-Square	df	Sig.
Pearson		86.708	109	0.943
Deviance		57.927	109	1.000
Pseudo R-Square				
Cox and Snell		.558		
Nagelkerke		.599		
McFadden		.305		
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	62.661			
General	.000b	62.661	45	0.042
Explanatory variables associated with high level of customers satisfaction				
Item name	Regression coefficient	p-value		
Reward time off with pay	-2.315	.011		
Our salary is fixed on the basis of performance	2.521	.020		
Recognition should be given for creative suggestions that improve performance	-.213	.795		
Reward with a certificate on exceptional performance	-1.179	.178		

The model fitting information show the p-value was 0.004 indicating that there is a significant reduction in the chi-square statistics (p<.005). The chi-square statistic (33.513) indicates that the model gives a significant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.599) indicates the model can account for 59.90% of the variance in customers satisfaction. The high value of Nagelkerke statistics indicates that the fitting model is good according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that : reward time off with pay" (p-value = 0.011) and "our salary is fixed on the basis of performance" (p-value = 0.020) significant with employee commitment while, recognition should be given for creative suggestions that improve performance" (p-value = 0.795), and reward with a certificate on exceptional performance" (p-value = 0.178) were not significant with employee commitment.

Table 4.15

Logistic Results for Personal reward and Performance contracting

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	100.499			
Final	82.467	18.033	15	0.261
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	97.520	109	0.777	
Deviance	75.771	109	0.994	
Pseudo R-Square				
Cox and Snell	0.356			
Nagelkerke	0.382			
McFadden	0.163			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	82.467			
General	44.476b	37.990c	45	0.761
Explanatory variables associated with high level of performance contracting				
Item name	Regression coefficient	p-value		
Reward time off with pay	-1.776	0.049		
Our salary is fixed on the basis of performance	0.303	0.711		
Recognition should be given for creative suggestions that improve performance	-0.986	0.247		
Reward with a certificate on exceptional performance	0.187	0.794		

The model fitting information show the p-value was 0.261 indicating that there is a no significant reduction in the chi-square statistics (p>.005). The chi-square statistic (18.033) indicates that the model gives a significant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.382) indicates the model can account for 39.20% of the variance in performance contracting. The moderate value of Nagelkerke statistics indicates that the fitting model is moderately good according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that : reward time off with pay" (p-value = 0.049) was significant with performance contracting while "our salary is fixed on the basis of performance" (p-value = 0.711), recognition should be given for creative suggestions that improve performance" (p-value = 0.247, and reward with a certificate on exceptional performance" (p-value = 0.794) were not significant with performance contracting.

Based on the results obtained all the other relationship between the indicators of personal wards and those of the employee performance were insignificants except that; reward time off with pay" (p-value = 0.002) was significant with customers satisfaction while both reward time off with pay" (p-value = 0.011) and "our salary is fixed on the basis of performance" (p-value = 0.020) significant with employee commitment; and reward time off with pay" (p-value = 0.049) was significant with performance contracting

4.5.3 Staff training and employee performance in insurance firms in Kenya

The null hypothesis was

H_{03}: Staff training need identification has no significant effect on employee performance in insurance firms in Kenya

Table 4.16

Logistic Results for Staff training and Service delivery

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	77.084			
Final	52.193	24.891	14	0.036
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	46.374	70	0.987	
Deviance	42.229	70	0.997	
Pseudo R-Square				
Cox and Snell	0.455			
Nagelkerke	0.508			
McFadden	0.269			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	65.927			
General	44.797b	21.130c	42	0.997
Explanatory variables associated with high level of Service delivery				
Item name	Regression coefficient	p-value		
Training programs are effective for individual and organizational performance	-0.606	0.244		
Training need analysis is conducted in the organization	-0.216	0.704		
The mentoring you are currently receiving from senior peers	0.341	0.554		
Management's support for my efforts to improve my weaknesses	1.433	0.023		
The management provide employee with	0.788	0.158		

The model fitting information show the p-value was 0.036 indicating that there is a significant reduction in the chi-square statistics (p<.005). The chi-square statistic (24.891) indicates that the model gives a significant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.508) indicates the model can account for 50.80% of the variance in service delivery. The high value of Nagelkerke statistics indicates that the fitting model is good according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that : "training programs are effective for individual and organizational performance" (p-value = 0.244), training need analysis is conducted in the organization" (p-value = 0.704, the mentoring you are currently receiving from senior peers (p-value = 0.554) and the management provide employee with counselling for poor performance " (p-value = 0.158) were not significant with service delivery while

management's support for my efforts to improve my weaknesses" (p-value = 0.023) was

significant with service delivery

Table 4.17

Logistic Results for Staff training and Employees motivation

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	80.195			
Final	65.927	14.269	14	0.430
Goodness-of-Fit				
	Chi-Square		df	Sig.
Pearson	51.452		98	1.000
Deviance	51.568		98	1.000
Pseudo R-Square				
Cox and Snell	0.294			
Nagelkerke	0.322			
McFadden	0.142			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	52.193			
General	88.832b	.c	28	.
Explanatory variables associated with high level of Service delivery				
Item name	Regression coefficient	p-value		
Training programs are effective for individual and organizational performance	-0.782	0.111		
Training need analysis is conducted in the organization	-1.666	0.009		
The mentoring you are currently receiving from senior peers	0.297	0.518		
Management's support for my efforts to improve my weaknesses	0.005	0.992		
The management provide employee with counselling for poor performance	0.17	0.734		

The model fitting information show the p-value was 0.430 indicating that there is insignificant reduction in the chi-square statistics (p>.005). The chi-square statistic (14.269) indicates that the model gives a significant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.322) indicates the model can account for 50.80% of the variance in Employees motivation. The moderate value of Nagelkerke statistics indicates that the fitting model is moderately good according to these measures.

 The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that : "training programs are effective for individual and organizational performance" (p-value = 0.111), the mentoring you are currently receiving from senior peers (p-value = 0.518), management's support for my efforts to improve my weaknesses" (p-value = 0.992) and the management provide employee with counselling for poor performance " (p-value = 0.734) were not significant with employees motivation while training need analysis is conducted in the organization" (p-value = 0.009 was significant with Employees motivation

Table 4.18

Logistic Results for Staff training and customers satisfaction

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	92.256			
Final	70.583	21.673	14	0.086

Goodness-of-Fit			
	Chi-Square	df	Sig.
Pearson	68.485	98	0.990
Deviance	60.854	98	0.999

Pseudo R-Square	
Cox and Snell	0.411
Nagelkerke	0.443
McFadden	0.203

Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	70.583			
General	33.178b	37.405c	42	0.673

Explanatory variables associated with high level of Staff training		
Item name	Regression coefficient	p-value
Training programs are effective for individual and	-3.096	0.016

88

organizational performance

Training need analysis is conducted in the organization	-1.872	0.002
The mentoring you are currently receiving from senior peers	3.08	0.005
Management's support for my efforts to improve my weaknesses	0.47	0.375
The management provide employee with counselling for poor performance	-2.837	0.048

The model fitting information show the p-value was 0.086 indicating that there is insignificant reduction in the chi-square statistics (p>.005). The chi-square statistic (21.673) indicates that the model gives a significant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.443) indicates the model can account for 44.3% of the variance in Staff training. The moderate value of Nagelkerke statistics indicates that the fitting model is moderately good according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large.

These results show that : "training programs are effective for individual and organizational performance" (p-value = 0.016), training need analysis is conducted in the organization" (p-value = 0.002), the mentoring you are currently receiving from senior peers (p-value = 0.005), and management provide employee with counselling for poor performance " (p-value = 0.048) were significant with Staff training while management's support for my efforts to improve my weaknesses" (p-value = 0.378 were not significant with Staff training.

Table 4.19

Logistic Results for Staff training and Employee commitment

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	93.304			
Final	80.173	13.132	14	0.516
Goodness-of-Fit				
	Chi-Square		df	Sig.
Pearson	78.431		98	0.927
Deviance	68.822		98	0.989
Pseudo R-Square				
Cox and Snell	0.274			
Nagelkerke	0.294			
McFadden	0.119			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	80.173			
General	60.671b	19.502c	42	0.999

Explanatory variables associated with high level of Employee commitment		
Item name	Regression coefficient	p-value
Training programs are effective for individual and organizational performance	-0.539	0.245
Training need analysis is conducted in the organization	-1.803	0.003
The mentoring you are currently receiving from	0.645	0.208

90

senior peers		
Management's support for my efforts to improve my weaknesses	-0.234	0.636
The management provide employee with counselling for poor performance	-0.963	0.062

The model fitting information show the p-value was 0.516 indicating that there is insignificant reduction in the chi-square statistics (p>.005). The chi-square statistic (13.132) indicates that the model gives an insignificant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.294) indicates the model can account for 29.40% of the variance in employee commitment. The low value of Nagelkerke statistics indicates that the fitting model is low according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large. These results show that : "training programs are effective for individual and organizational performance" (p-value = 0.245), the mentoring you are currently receiving from senior peers (p-value = 0.554) Management's support for my efforts to improve my weaknesses (p-value = 0.636) and the management provide employee with counselling for poor performance " (p-value = 0.062) were not significant with service delivery

while training need analysis is conducted in the organization (p-value = 0.003) was

significant with employee commitment

Table 4.20

Logistic Results for Staff training and Employees promotion

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	92.546			
Final	76.759	15.787	14	0.327
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	75.101	98	0.959	
Deviance	65.408	98	0.995	
Pseudo R-Square				
Cox and Snell	0.320			
Nagelkerke	0.343			
McFadden	0.144			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	76.759			
General	51.955b	24.804c	42	0.984

Explanatory variables associated with high level of Employee Promotion		
Item name	Regression coefficient	p-value
Training programs are effective for individual and organizational performance	-0.824	0.086
Training need analysis is conducted in the organization	-1.732	0.004
The mentoring you are currently receiving from senior peers	0.779	-0.242
Management's support for my efforts to improve my weaknesses	-0.661	0.195
The management provide employee with counselling for poor performance	-1.037	0.05

The model fitting information show the p-value was 0.327 indicating that there is insignificant reduction in the chi-square statistics (p>.005). The chi-square statistic (15.787) indicates that the model gives an insignificant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.343) indicates the model can account for 34.3% of the variance in employee promotion. The low value of Nagelkerke statistics indicates that the fitting model is low according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large. These results show that : "training programs are effective for individual and organizational performance" (p-value = 0.086), the mentoring you are currently receiving from senior peers (p-value = 0.242) Management's support for my efforts to improve my weaknesses (p-value = 0.195) and the were not significant with employee promotion while training need analysis is conducted in the organization (p-value = 0.004), and management provide employee with counselling for poor performance " (p-value = 0.050) were significant with employee promotion

Table 4.21

Logistic Results for Performance appraisal and performance contracting

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	92.546			
Final	76.759	15.787	14	0.327
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	75.101	98	0.959	
Deviance	65.408	98	0.995	
Pseudo R-Square				
Cox and Snell	0.320			
Nagelkerke	0.343			
McFadden	0.144			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	76.641			
General	49.828b	26.813c	42	0.967
Explanatory variables associated with high level of Employee Promotion				
Item name	Regression coefficient	p-value		
Training programs are effective for individual and organizational performance	-0.232	0.624		
Training need analysis is conducted in the organization	-2.925	0.000		
The mentoring you are currently receiving from senior peers	1.345	0.018		
Management's support for my efforts to improve my weaknesses	0.24	0.640		
The management provide employee with counselling for poor performance	-0.277	0.588		

The model fitting information show the p-value was 0.327 indicating that there is insignificant reduction in the chi-square statistics (p>.005). The chi-square statistic (15.787) indicates that the model gives an insignificant improvement over the baseline intercept-only model, implying that the model gives a significant prediction than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.343) indicates the model can account for 34.3% of the variance in performance contracting. The low value of Nagelkerke statistics indicates that the fitting model is low according to these measures.

The test of parallel lines accepts the null hypothesis of the assumption that across response categories". So, the model fits the data well since the observed significant level is large. these results show that : training programs are effective for individual and organizational performance (p-value = 0.624), management's support for my efforts to improve my weaknesses (p-value = 0.640) and management provide employee with counselling for poor performance " (p-value = 0.588) were not significant with performance contracting while training need analysis is conducted in the organization (p-value = 0.004), the mentoring you are currently receiving from senior peers (p-value = 0..018) were significant with performance contracting.

According to these results;

- management's support for my efforts to improve my weaknesses" (p-value = 0.023) was significant with service delivery

- training need analysis is conducted in the organization" (p-value = 0.009 was significant with Employees motivation

- "training programs are effective for individual and organizational performance" (p-value = 0.016), training need analysis is conducted in the organization" (p-

value = 0.002), the mentoring you are currently receiving from senior peers (p-value = 0.005), and management provide employee with counselling for poor performance " (p-value = 0.048) were significant with Staff training

- raining need analysis is conducted in the organization (p-value = 0.003) was significant with employee commitment

- training need analysis is conducted in the organization (p-value = 0.004), and management provide employee with counselling for poor performance" (p-value = 0.050) were significant with employee promotion

- training need analysis is conducted in the organization (p-value = 0.004), the mentoring you are currently receiving from senior peers (p-value = 0..018) were significant with performance contracting

4.3.4 Career development and employee performance in insurance firms in Kenya

The null hypothesis was

H_{04}: Career development has no significant effect on employee performance in insurance firms in Kenya

During the analysis, the study only captured in this report the statistics that have significant relationships.

Table 4.22

Logistic Results for Career development and Service delivery

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	59.402			
Final	49.778	9.624	9	0.382
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	23.027	45	0.997	
Deviance	28.044	45	0.978	
Pseudo R-Square				
Cox and Snell	0.209			
Nagelkerke	0.234			
McFadden	0.104			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	49.778			
General	.000b	49.778	18	0.000
Explanatory variables associated with high level of Employee Promotion				
Item name	Regression coefficient	p-value		
Training programs are effective for individual and organizational performance	-0.785	0.151		
Training need analysis is conducted in the organization	-0.422	0.408		
The management provide employee with counselling for poor performance	-1.327	0.024		

The model fitting information show the p-value was 0.382 indicating that there is no significant reduction in the chi-square statistics (p>.005). The chi-square statistic (9.624) indicates that the model does not give a significant improvement over the baseline intercept-only model, implying that the model does not give better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.234) indicates the model can account for 23.4% of the variance in service delivery. The low value of Nagelkerke statistics indicates that the fitting model is low according to these measures

The test of parallel lines rejects the null hypothesis of the assumption that across response categories". So, the model does not fit the data well since the observed significant level is very small.

These results show that : training programs are effective for individual and organizational performance" (p-value = 0.151), "and training need analysis is conducted in the organization" (p-value = 0.408) are not significant with service delivery while the management provide employee with counselling for poor performance (p-value = 0.024) is significant with service delivery

Table 4.23

Logistic Results for Career development and Employees motivation

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	72.453			
Final	52.470	19.983	9	0.018
Goodness-of-Fit				
	Chi-Square	df	Sig.	
Pearson	36.999	63	0.996	
Deviance	34.084	63	0.999	
Pseudo R-Square				
Cox and Snell	0.386			
Nagelkerke	0.422			
McFadden	0.199			
Test of Parallel Linesa				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	52.470			
General	24.486b	27.985c	27	0.412
Explanatory variables associated with high level of Employee Promotion				
Item name	Regression coefficient	p-value		
Training programs are effective for individual and organizational performance	-1.951	0.002		
Training need analysis is conducted in the organization	-0.191	0.704		
The management provide employee with counselling for poor performance	-1.629	0.039		

The model fitting information show the p-value was 0.018 indicating that there is significant reduction in the chi-square statistics (p<005). The chi-square statistic (19.982) indicates that the model gives a moderately significant improvement over the baseline intercept-only model, implying that the model gives better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.429) indicates the model can account for 42.9% of the variance in employees motivation. The moderate value of Nagelkerke statistics indicates that the fitting model is moderate according to these measures

The test of parallel lines rejects the null hypothesis of the assumption that across response categories". So, the model does not fit the data well since the observed significant level is very small.

These results show that : training need analysis is conducted in the organization" (p-value = 0.704) is not significant with Employees motivation while training programs are effective for individual and organizational performance" (p-value = 0.002), " and the management provide employee with counselling for poor performance (p-value = 0.039) are significant with Employees motivation

Table 4.24: Logistic Results for Career development and customers satisfaction

The model fitting information show the p-value was 0.018 indicating that there is significant reduction in the chi-square statistics (p<005). The chi-square statistic (19.982) indicates that the model gives a moderately significant improvement over the baseline intercept-only model, implying that the model gives better predictions than just guessing based on the marginal probabilities for the outcome categories.

The Goodness-of-Fit, which contains Pearson's chi-square statistic for the model and chi-square statistic based on the deviance for testing inconsistencies of observed data with the

fitted model, shows that these statistics not significant. However, they are large enough to conclude that the data and the model predictions are similar. So, the model is a good one. The Nagelkerke R^2 (0.429) indicates the model can account for 42.9% of the variance in employee's motivation. The moderate value of Nagelkerke statistics indicates that the fitting model is moderate according to these measures

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These results show that management provide employee with counselling for poor performance (p-value = 0.024) is significant with service delivery as training programs are effective for individual and organizational performance" (p-value = 0.002), " and the management provide employee with counselling for poor performance (p-value = 0.039) are significant with employees motivation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter was to present summary, draw conclusions and recommendations on the findings of the main objective of the study which was to examine to investigate effect of performance contracting on employee performance in insurance firms in Kenya In particular the study sought to answer the following research question: what is the relationship between performance contracting and performance in the Insurance Firms?

5.2 Summary of the Findings

This section contains a summary research findings as guided by the specific objective of the study that is to; establish the importance of performance appraisal on employee performance in insurance firms in Kenya, investigate the outcome of personal reward on employee performance in insurance firms in Kenya, examine the influence of staff training on employee performance in insurance firms in Kenya and access the role of career development on employee performance in insurance firms in Kenya. The findings explain the manner in which the IVs; performance appraisal, personal reward, training and career development relate to the DV; employee performance.

5.2.1 Performance appraisal

The found that performance appraisal has relationship with employee performance among insurance firms in Kenya. It was further found that there is very high level of goal setting at every performance appraisal among insurance firms in Kenya where these companies set goals at every performance appraisal. The appraisers help employees understand the process used to evaluate and rate their performance while the performance review discussion is the only time the companies get feedback about employee performance. the study found that the employees are provided with feedback to help them improve their performance. notably, there is high performance appraisal among insurance firms in Kenya which spurs the employee performance of these institutions.

5.2.2 Personal Reward

According to the results obtained, it was established personal reward has effect on employee performance among insurance firms in Kenya. The study found that these companies offers incentives to individual/teams which ensure high levels of personal rewards. In ensuring that there is sufficient personal rewards to enhance employee performance, insurance firms in Kenya were found to be rewarding employees with time off with pay while employee salaries are fixed on the basis of their performance. the study found that insurance firms in Kenya highly recognize employee's creative suggestions for the goal of improve performance. the insurance firms in Kenya encourage employees by giving them rewards with accompanying certificate on exceptional performance.

5.2.3   Staff Training

The study found that employee training among insurance firms in Kenya affect employee performance of these institutions positively where companies always meeting training needs of their employees usually through counseling and other time through seminars. The results show that there are very effective and efficient employee training among insurance firms in Kenya which has contributed significantly to the employee performance of the companies. The study established that the insurance firms in Kenya have effective training programs appropriate for individual and organizational performance enhanced by conducting training need analysis and ensuring that the employees received mentoring from senior peers. It was further established that the insurance firms in Kenya support employees' efforts in improving their weaknesses.

5.2.4   Career development

The study found that care development significantly affects employee performance of insurance firms in Kenya have structured way of promoting her employees which renders career development as a prominent factor affecting employee performance. accordingly, the employees of insurance firms in Kenya are extremely certain of the next position up the ladder since promotion is purely based on performance and insurance firms in Kenya have systematic program for identifying and developing employee skills.

5.2.5   Employee's Performance

The study found that employee performance among insurance firms in Kenya has been increasing as a result of performance contracting. Thus, insurance firms in Kenya have been registering employee performance due to improved effectiveness and efficiency of performance contracting. It was found that performance contracting process has been

helping insurance firms in Kenya; establish their employee performance levels, obtain feedback on employee performance, and identify employees' strengths and weaknesses.

5.3   Conclusion

Based on the study findings, the researcher drew conclusions on the manner in which performance contracting relates to employee performance among insurance firms in Kenya as guided by the study objective; establish the importance of performance appraisal on employee performance in insurance firms in Kenya, investigate the outcome of personal reward on employee performance in insurance firms in Kenya, examine the influence of staff training on employee performance in insurance firms in Kenya and access the role of career development on employee performance in insurance firms in Kenya.

The study concludes that there is effect of performance appraisal on employee performance among insurance firms in Kenya. The performance appraisal is necessary for helping employees understand the process used to evaluate and rate their performance, assisting the firm to get feedback about employee performance and providing employees with feedback which helps employee improve their performance.

It is also concluded that personal reward has an effect on employee performance among insurance firms in Kenya which is based on the companies offering adequate incentives to individual/teams for ensuring sufficient personal rewards to enhance employee performance. The insurance firms in Kenya increase the levels of personal rewards by rewarding employees with time off with pay, basing salaries on employee performance, recognizing employee's creative suggestions, and appreciating employee performance by awarding rewards with accompanying certificate on exceptional performance.

The study findings leading to concluding that employee training among insurance firms in Kenya has effect on employee performance of these institutions. The companies design training programs for ensuring that employee training need are always met through counseling, seminars, and support employees' efforts in improving their weaknesses. Effectiveness and efficiency of employee training among insurance firms in Kenya contributes significantly to the employee performance at individual and hence the organizational performance

The study concludes that there is effect on employee performance of career development significantly on employee performance pegged on structuring way of promoting her employees. Career development programs assure employees certainty of their next position up the ladder since promotion is purely based on performance and insurance firms in Kenya have systematic program for identifying and developing employee skills.

The study reveals that ss regards performance appraisal and employee performance in insurance firms in Kenya, the study revealed that appraiser helping understand the process used to evaluate and rate performance was significant to customers satisfaction (p-value = 0.007), employee commitment (p-value = 0.001 employees promotion (p-value = 0.000) and performance contracting (p-value = 0.001) while performance appraisal review discussion and getting feedback about my performance (p-value = 0.039) and employees provided with feedbacks to help improve their performance (p-value = 0.046) were significant to employees promotion With regards to personal reward and employee performance in insurance firms in Kenya, reward time off with pay" (p-value = 0.002) was significant with customers satisfaction while both reward time off with pay" (p-value = 0.011) and "our salary is fixed on the basis of performance" (p-value = 0.020) significant with employee commitment; and reward time off with pay"

(p-value = 0.049) was significant with performance contracting On staff training and employee performance in insurance firms in Kenya, management's support for my efforts to improve my weaknesses" (p-value = 0.023) was significant with service delivery while training need analysis is conducted in the organization" was significant to employees motivation (p-value = 0.009, employee commitment (p-value = 0.003), employee promotion (p-value = 0.004), and performance contracting (p-value = 0.004), and Staff training" (p-value = 0.002. training programs are effective for individual and organizational performance" (p-value = 0.016), training need analysis is conducted in the organization" (p-value = 0.002), the mentoring you are currently receiving from senior peers (p-value = 0.005), and management provide employee with counselling for poor performance " (p-value = 0.048) were significant with Staff training management provide employee with counselling for poor performance" (p-value = 0.050) were significant with employee promotion.

The mentoring you are currently receiving from senior peers (p-value = 0..018) were significant with   employee promotion .On   Career development and employee performance in insurance firms in Kenya, the study revealed that at 0.05 significance level, management provide employee with counselling for poor performance (p-value = 0.024) is significant with service delivery as training programs are effective for individual and organizational performance" (p-value = 0.002), " and the management provide employee with counselling for poor performance (p-value = 0.039) are significant with employees motivation.

5.4   Recommendation for Policy

The study made related policy recommendation as informed by the findings. Firstly, the study recommends that insurance firms in Kenya in collaboration with the IRA should structure and review their performance appraisal policy to include their support employee (low level staff) through representatives into the performance contacting team. These representatives are vital for informing the performance contacting team on issues bedeviling the employees as it also makes the employees clearly understand the evaluation process. Inclusion of the se of employees will also release the tension that builds between the different levels of employees in organization's and hence create conducive performance appraisal process.

Secondly, the insurance firms should include in their personal rewards an effective reward management for ensuring effectiveness and fairness in their reward system. such a system should keenly observe the different areas work equitably. Thus, the worker, cleaners, gardeners and the like should be treated just like the senor financial mangers during the rewarding

Thirdly, insurance firms in Kenya should improve their training include provision of academic (educational) training support for their employees. The company should provide for their employee to also acquire academic as well as professional training through getting adequate tie for training and even funding. Thus, training should as well be associated with personal growth and development.

Lastly, the study recommends in career development, the insurance firms in Kenya should design and develop a career development policy that touches all areas employment including those who seem to have reached a dead end such as the primary

school drop outs. There should be equal chances of developing and building each and every employee carrer.

5.5   Recommendations for Further Research

The study used primary data which is mainly opinions of the respondents. So other study should be conducted to asses effect of performance contracting on employee performance in insurance firms in Kenya using secondary data

Further, the scope of the study was limited to investigate effect of performance contracting on employee performance in insurance firms in Kenya, limiting applicability of the findings to insurance companies while ignoring other stakeholder such the broker, re-insurers and the regulatory body. So, other studies should be done of the effect of performance contracting on employee performance in the entire insurance sector in Kenya.

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APPENDIX I: INTRODUCTION LETTER

TABITHA GACHERI MURERWA

BUS-3-9142-2-2018

Kenya Methodist University

Dear Respondent,

I am a student at Kenya Methodist University undertaking a master's degree in business administration and have chosen you to participate in this study on effect of performance contracting on employee performance among insurance firms in Kenya. Your responses will only be used for the purpose of the study. All information received from the respondents will be held confidentially. Kindly respond sincerely to the issues in the questionnaire. Please read and answer the questions by ticking the correct answer (choice) to the questions given. Where required, write brief answer in the spaces provided.

Thanking you in advance for your cooperation and participation.

Yours truly,

TABITHA GACHERI MURERWA

APPENDIX II: RESEARCH QUESTIONNAIRE

Thank you for taking your time to fill this questionnaire. Your response to the questions herein will be treated confidentially. Please answer all the questions as best as you can. Please Tick as appropriate

PART ONE: DEMOGRAPHIC INFORMATION

1. Company Name   …………………………

2. Gender of respondent

      Male   [ ]   Female [ ]

3. Age of respondent

      Less than 30   [ ] Between 31-40 [ ] Between 41-50 [ ]   Above 50 [ ]

4. How many years have you worked in the Insurance industry?

      Less than 5 years   [ ]   6 to 10 years   [ ]

      11to 15 years   [ ] More than 15 years [ ]

5. What is your management position in the company?

      Top manager [ ]

      Middle level manager   [ ]   frontline manager   [ ]

6. Please indicate your highest level of education

   Primary [   ]   College [   ]   University [   ]

PART TWO: PERFORMANCE APPAISAL

    1. Are the results of your performance appraisal communicated back to employees?

               Yes   [ ]   No [ ]

2. Does your organization have individual performance level projection?

             Yes [ ]   No [ ]

    2. Did you set goals during your last performance appraisal?

    Yes [ ]   No [ ]

4. In your opinion, kindly indicate the level of agreement or disagreement with the following statements in regards to performance appraisal in your firm, by ticking (√) the space corresponding to the correct answer?

Scale: Strongly Agree = 5: Agree= 4: Neutral = 3: Disagree = 2: Strongly disagree = 5

	Statement	5	4	3	2	1
1	My appraiser helps me to understand the process used to evaluate and rate my Performance					
2	The performance appraisal review discussion is the only time I get feedback about my performance					
3	Employees are provided with feedbacks to help improve their performance					

PART THREE: PERSONAL REWARD

1. Does your company offer incentives to individuals/teams?

    Yes   [ ]   No   [ ]

2. If yes in [1] above, please indicate the type of Reward

    i. Salary   [ ]

    ii. Bonus   [ ]

    iii. Allowances [ ]

    iv. Others specify ………………………

3. In your opinion, kindly indicate the level of agreement or disagreement with the following statements in regards to personal reward in your firm, by ticking (√) the space corresponding to the correct answer?

    Scale: Strongly Agree = 5: Agree= 4: Neutral = 3: Disagree = 2: Strongly disagree = 5

Statement	5	4	3	2	1

1	Reward with time off with pay					
2	Our salary if fixed on the basis of performance					
3	Recognition should be given for creative suggestions that improve performance					
4	Reward with a certificate on exceptional performance					

PART FOUR: STAFF TRAINING

1. Indicate how your training needs are met in your organization

    i. By advice

    ii. Counseling

    iii. Seminars

    iv. Conferences

    v. Symposiums

    vi. Any other specify ……………………

2. Does the organization invest in training of employees?

    Yes   [ ]   No   [ ]

3. In your opinion, kindly indicate the level of agreement or disagreement with the following statements in regards to staff training in your firm, by ticking (√) the space corresponding to the correct answer?

Scale: Strongly Agree = 5: Agree= 4: Neutral = 3: Disagree = 2: Strongly disagree = 5

	Statement	5	4	3	2	1
1	Training programs are effective for individual and organizational performance					
2	Training needs analysis is conducted in the organization					
3	The mentoring you are currently receiving from senior peers					
4	Management's support for my efforts to improve my weaknesses					

5	The management provide employee with counseling for poor performance					

PART FIVE: CAREER DEVELOPMENT

1. Does your company have a structured system of promoting employees?

    Yes   [ ]   No   [ ]

2. In each of the following, indicate whether you agree or disagree with the statement.

3. Does your company provide opportunities to better your personal career?

    Yes   [ ]   No   [ ]

    If yes explain how--

4. In your opinion, kindly indicate the level of agreement or disagreement with the following statements in regards to career development in your firm, by ticking (√) the space corresponding to the correct answer?

Scale: Strongly Agree = 5: Agree= 4: Neutral = 3: Disagree = 2: Strongly disagree = 5

	Statement	5	4	3	2	1
1	Employees are certain of the next position up the ladder					
2	Promotion is purely based performance.					
3	The firm has a systematic program that identifies and develop employee skills.					

PART SIX: EMPLOYEE PERFORMANCE

1. Do you meet your organizational/personal goals?

> Yes [ ] No [ ]

2. In your opinion, kindly indicate the level of agreement or disagreement with the following statements in regards to employee performance in your firm, by ticking ($\sqrt{}$) the space corresponding to the correct answer?

Scale: Strongly Agree = 5: Agree= 4: Neutral = 3: Disagree = 2: Strongly disagree = 5

Statement	1	2	3	4	5
There is high level of Service delivery in our firm due to provision of performance contracting					
The employees are always motivated to delivery their service effectively					
Our customers are always satisfied by serviced delivery from our employees					
Employee are fully commitment to their jobs due to the performance contracting					
Our employees are regularly promoted due to their high-level performance					
performance contracting highly influences the Employee Satisfaction in our Company.					

3. Have you achieved the projected performance level as a result of implementation of performance Contracting?

> Yes [ ] No [ ]

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APPENDIX III: LIST OF REGISTERED INSURANCE COMPANIES IN KENYA

No.	Company	Address
1.	AAR Insurance Kenya Limited	P.O Box 41766 – 00100, NBI
2.	A P A Insurance Limited	P.O Box 30065 – 00100, NBI
3.	Africa Merchant Assurance Company Limited	P.O Box 61599 – 00200, NBI
4.	Apollo Life Assurance Limited	P.O Box 30389 – 00100, NBI
5.	AIG Kenya Insurance Company Limited	P.O. Box 49460– 00100, NBI
6.	British-American Insurance (Kenya) Limited	P.O Box 30375 – 00100, NBI
7.	Cannon Assurance Limited	P. O. Box 30216 -00100, NBI
8.	Capex Life Assurance Company Limited	P. O. Box 12043–00400, NBI
9.	CFC Life Assurance Limited	P.O. Box 30364–00100, NBI
10.	CIC General Insurance Limited	P.O. Box 59485–00200, NBI
11.	CIC Life Assurance Limited	P.O. Box 59485 –00200, NBI
12.	Continental Reinsurance Limited	P.O. Box 76326-00508, NBI
13.	Corporate Insurance Company Limited	P.O. Box 34172 –00100, NBI
14.	Direct line Assurance Company Limited	P.O. Box 40863–00100, NBI
15.	East Africa Reinsurance Company Limited	P.O. Box 20196–00200, NBI
16.	Fidelity Shield Insurance Company Limited	P. O. Box 47435–00100, NBI
17.	First Assurance Company Limited	P.O. Box 30064 –00100,NBI
18.	GA Insurance Limited	P.O. Box 42166 –00100, NBI
19.	Gateway Insurance Company Limited	P.O. Box 60656 –00200, NBI
20.	Geminia Insurance Company Limited	P.O. Box 61316–00200, NBI
21.	ICEA LION General Insurance Limited	P.O. Box 30190 –00100, NBI
22.	ICEA LION Life Assurance Company Limited	P.O. Box 46143 –00100, NBI
23.	Intra Africa Assurance Company Limited	P.O. Box 43241–00100, NBI
24.	Invesco Assurance Company Limited	P.O. Box 52964-00200, NBI
25.	Kenindia Assurance Company Limited	P.O. Box 44372 –00100, NBI
26.	Kenya Orient Insurance Limited	P.O. Box 34530-00100, NBI
27.	Kenya Reinsurance Corporation Limited	P.O. Box 30271 –00100, NBI
28.	Madison Insurance Company Kenya Limited	P.O. Box 47382 -00100, NBI
29.	Mayfair Insurance Company Limited	P.O. Box 45161 –00100, NBI
30.	Mercantile Insurance Company Limited	P.O. Box 20680 –00200, NBI

31. Metropolitan Life Insurance Kenya Limited   P.O. Box 46783 –00100, NBI

32. Occidental Insurance Company Limited   P.O. Box 39459 –00623, NBI

33. Old Mutual Life Assurance Company Limited   P.O. Box 30059 –00100, NBI

34. Pacis Insurance Company Limited   P.O. Box 1870 –00200, NBI

35. Pan Africa Life Assurance Limited   P.O. Box 44041 00100, NBI

36. Phoenix of East Africa Assurance Limited   P.O. Box 30129 –00100, NBI

37. Pioneer Assurance Company Limited   P.O. Box 20333 -00200, NBI

38. Real Insurance Company Limited   P.O. Box 40001-00100, NBI

39. Resolution Insurance Company Limited   P.O Box 4469 –00100, NBI

40. Shield Assurance Company Limited   P.O. Box 25093-00100, NBI

41. Takaful Insurance of Africa Limited   P.O Box 1811 –00100, NBI

42. Tausi Assurance Company Limited   P.O. Box 28889-00200, NBI

43. The Heritage Insurance Company Limited   P.O. Box 30390 -00100, NBI

44. The Jubilee Insurance of Kenya Limited   P.O. Box 30376-00100, NBI

45. The Monarch Insurance Company Limited   P.O. Box 44003–00100, NBI

46. Trident Insurance Company Limited   P.O. Box 55651 –00200, NBI

47. UAP Insurance Company Limited   P.O. Box43013-00100, NBI

48. UAP Life Assurance Limited   P.O. Box 23842–00100, NBI

49. Xplico Insurance Company Limited   P.O Box 38106 –00623, NBI

APPENDIX IV: NACOSTI PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 822261

Date of Issue: 15/May/2020

RESEARCH LICENSE

This is to Certify that Dr.. Tabitha Gacheri Murerwa of Kenya Methodist University, has been licensed to conduct research in Nairobi on the topic: EFFECT OF PERFORMANCE CONTACTING ON EMPLOYEE PERFORMANCE IN SELECTED INSURANCE FIRMS IN KENYA for the period ending : 15/May/2021.

License No: NACOSTI/P/20/4983

822261

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document,
Scan the QR Code using QR scanner application.

APPENDIX V: KEMU RESEARCH PERMIT

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30160
Email: info@kemu.ac.ke

Our ref: NAC/ MBA/1/2020/10

11th MAY 2020

Commission Secretary,
National Commission for Science, Technology and Innovations.
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/ Madam,

RE: TABITHA MURERWA (BUS-3-9142-2/2018)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, undertaking masters in Business Administration. She is conducting a research titled: EFFECT OF PERFOMANCE CONTRACTING ON EMPLOYEE PERFORMANCE IN SELECTED INSURANCE FIRMS IN NAIROBI COUNTY.

We confirm that this thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable her collect data for her masters dissertation.

Any assistance accorded to him will be appreciated.

Yours faithfully,

PROF. Evangeline Gichunge, PhD.
ASS DIRECTOR POSTGRADUATE STUDIES

Encl.