

**INFLUENCE OF INSTITUTIONAL DYNAMICS ON THE IMPLEMENTATION OF
PERFORMANCE CONTRACTING AMONG PRIVATE UNIVERSITIES IN
NAKURU COUNTY**

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Administration (Human Resource Management) of Kenya Methodist University**

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DECLARATION AND RECOMMENDATION

Declaration

This thesis is the result of original work and has not been submitted for the award of a degree or any other academic qualification at any other university or institution.

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DEDICATION

This study is dedicated to my late mother, Joyce Mwirigi, in recognition of her steadfast support, encouragement, and love. Her memory continues to inspire this academic pursuit. May her soul rest in eternal peace.

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ABSTRACT

Performance contracting is a critical management tool in higher education institutions, designed to enhance accountability, efficiency, and alignment with organizational goals. In Kenya, private universities in Nakuru County have adopted performance contracting to improve service delivery and institutional outcomes, though implementation has faced inconsistencies arising from internal organizational challenges. This study investigated the influence of institutional dynamics leadership commitment, resource availability, governance structure, and organizational culture on the implementation of performance contracting among selected private universities in Nakuru County. Anchored in Transformational Leadership Theory, Resource-Based View, Agency Theory, and Schein's Organizational Culture Theory, the research employed a descriptive cross-sectional design. From a target population of 616 academic and non-academic staff, a sample of 243 respondents was drawn using proportionate simple random sampling. Data were collected through structured questionnaires and analyzed using descriptive and inferential statistics, with diagnostic tests conducted to ensure accuracy and model robustness. Regression analysis showed strong explanatory power, with an adjusted R^2 of 0.784, indicating that 78.4% of the variation in performance contracting implementation was explained by the four institutional dynamics. The model was statistically significant ($F = 10.840$, $p < 0.001$). Individually, leadership commitment ($\beta = 0.241$, $p = 0.016$) improved strategic alignment and staff engagement; resource availability ($\beta = 0.268$, $p = 0.001$) enabled governance structure ($\beta = 0.283$, $p = 0.004$) enhanced accountability and role clarity; and organizational culture ($\beta = 0.705$, $p < 0.001$) had the greatest influence, emphasizing the role of openness, collaboration, and performance orientation. The study concludes that effective performance contracting in private universities depends on aligning and optimizing institutional dynamics. It recommends participatory leadership, sufficient resourcing, strengthened governance mechanisms, and a culture of innovation and accountability. These measures can significantly improve service delivery and institutional performance, offering practical insights for higher education stakeholders seeking to enhance performance contracting systems.

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LIST OF ABBREVIATIONS/ACRONYMS

ICT	Information and Communication Technology
RBV	Resource-Based View Theory
TLT	Transformational Leadership Theory

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Performance contracting has emerged as a pivotal strategy in public and private sector reforms, particularly in higher education, aimed at enhancing efficiency, accountability, and strategic goal alignment. A performance contract is a formal agreement that outlines specific responsibilities, performance indicators, and measurable outcomes between institutional management and staff (Otieno & Kibet, 2021). In private universities, this mechanism is designed to improve institutional performance by setting clear expectations and establishing systems for tracking and evaluating progress toward strategic goals.

The implementation of performance contracting, the dependent variable in this study, refers to the degree to which performance agreements are operationalized within institutions. This includes the clarity of performance targets, establishment of monitoring systems, frequency and quality of performance evaluations, feedback utilization, and stakeholder engagement in the performance process (Mugambi & Musyoka, 2022). Effective implementation is marked by consistent performance reviews, alignment of contract goals with institutional missions, and the active participation of both academic and non-academic staff in meeting deliverables. However, in practice, implementation is often uneven, reflecting a gap between contract design and execution, especially in resource-constrained and institutionally complex environments like private universities in Kenya.

Institutional dynamics such as leadership commitment, governance frameworks, organizational culture, and resource availability play a critical role in shaping the extent and quality of performance contracting implementation.

For instance, leadership that is inclusive, transparent, and feedback-oriented fosters greater ownership of performance objectives among staff, leading to improved monitoring and accountability (Cheruiyot & Koech, 2023). Conversely, autocratic leadership styles and unclear governance structures hinder the tracking of performance indicators and reduce the practical impact of contractual obligations (Maina & Ouma, 2022).

Organizational culture also influences implementation by shaping attitudes toward change, accountability, and continuous improvement. Institutions with strong cultures of performance orientation and shared values around innovation are more likely to adopt and sustain performance contracting practices (Wanjiku & Rotich, 2021). In contrast, bureaucratic inertia and resistance to change can significantly delay or derail implementation efforts.

Moreover, the availability of adequate resources financial, technological, and human determines whether performance contracts can be effectively executed. Institutions lacking ICT systems, evaluation tools, or skilled personnel often face difficulties in collecting performance data or conducting objective appraisals, thereby weakening the implementation process (Otieno & Kibet, 2021). Effective implementation also requires well-established communication systems to disseminate expectations and provide timely feedback to staff.

In Nakuru County, private universities are increasingly adopting performance contracting to respond to stakeholder demands for transparency and results-based management. Despite the potential benefits, many of these institutions continue to experience challenges in fully implementing performance contracts. These challenges are rooted in internal institutional dynamics that affect how well performance systems are integrated into daily operations.

While considerable literature has explored performance contracting in public universities, there is a notable gap in empirical research on how internal institutional dynamics influence the implementation process in Kenya's private university sector. This study addresses that gap by examining how governance structure, leadership commitment, resource availability, and organizational culture influence the implementation of performance contracting in selected private universities in Nakuru County. By focusing on implementation rather than mere adoption this study highlights the importance of internal enablers and barriers in determining whether performance contracts translate into improved institutional outcomes.

1.1.1 Global Perspective on Institutional Dynamics and the Implementation of Performance Contracting

In the United Kingdom, Germany, and France, performance contracting in universities has focused on strategic alignment, decentralized accountability, and funding-linked performance models. Studies highlight that participatory governance, clear reporting structures, and results-based planning enhance program execution, transparency, and compliance. Leadership engagement and a performance-oriented organizational culture have consistently emerged as critical enablers of success.

In Australia, New Zealand, and the United States, institutional dynamics such as leadership commitment, organizational readiness, and staff engagement have been central to contract effectiveness. Evidence shows that collaborative leadership, feedback mechanisms, and robust data systems improved departmental performance and accountability, while weak faculty engagement led to resistance and delays. Effective change management and professional development have also been emphasized as vital to sustaining performance reforms.

Experiences from East Asia, particularly South Korea and Japan, underscore the role of innovation and cultural alignment. Performance-based evaluation tied to funding, graduate employability, and ICT-driven monitoring improved strategic goal attainment, while cohesive work cultures enhanced synchronization between academic and administrative objectives. Across these regions, the success of performance contracting depends on leadership, governance, culture, and communication lessons that offer practical guidance for universities in Nakuru County seeking to build effective, performance-driven systems.

1.1.2 Regional Perspective on Institutional Dynamics and the Implementation of Performance Contracting

Across sub-Saharan Africa, institutional dynamics such as governance structures, leadership, organizational culture, and resource availability have emerged as decisive factors in performance contracting. In Kenya, performance contracting has extended from the public sector into private universities to improve accountability and service delivery, though implementation remains constrained by leadership inconsistencies, resistance to change, and weak monitoring frameworks (Mutua & Mwangi, 2021; Wambua & Njoroge, 2023). Similar challenges are observed in Uganda and Tanzania, where studies highlight that participatory governance, transformational leadership, and collaborative cultures improve performance outcomes, yet limited feedback systems, funding gaps, and misalignment with institutional missions hinder sustainability (Okello & Ssempala, 2022; Msuya & Chambo, 2023).

Other East African countries demonstrate both progress and persistent barriers. In Rwanda, performance contracting has been tied to measurable deliverables such as research output and student retention, with decentralized governance structures proving effective, though issues of weak data systems and staff resistance remain (Uwizeyimana & Mbabazi, 2021).

Ethiopia illustrates how poor communication, limited autonomy, and unclear reporting lines undermine performance reforms despite increasing emphasis on accountability (Bekele & Abate, 2023). These findings underline the importance of internal governance clarity, communication strategies, and leadership responsiveness in sustaining contract implementation.

In West Africa, Ghana and Nigeria provide additional insights. Ghanaian universities have linked funding to academic outputs, with leadership commitment and robust monitoring frameworks driving effectiveness, though challenges persist in stakeholder engagement and bureaucratic inefficiencies (Mensah & Osei, 2022). Nigerian institutions face difficulties tied to weak governance, inadequate leadership training, and resource constraints, which limit monitoring and evaluation (Adebayo & Oladipo, 2021). Overall, experiences across East and West Africa confirm that leadership style, governance mechanisms, and organizational culture shape contract success. For private universities in Nakuru County, Kenya, these regional lessons emphasize the need to strengthen institutional frameworks, enhance communication, and foster leadership accountability to achieve sustainable performance contracting.

1.1.3 Local Perspective on Institutional Dynamics and the Implementation of Performance Contracting

In Kenya, institutional dynamics play a critical role in shaping the implementation and effectiveness of performance contracting, particularly within private universities. In Nakuru County an emerging hub of private higher education universities have become increasingly prominent in offering competitive academic programs.

However, their ability to sustain transparency, accountability, and academic excellence through performance contracting has been inconsistent. This gap highlights the need to investigate how internal organizational factors such as leadership style, governance structures, resource availability, and institutional culture influence contract implementation (Njoroge & Wambua, 2022).

Despite the adoption of performance contracting in private universities, recent studies show that many institutions in Nakuru County face difficulties in translating these contracts into actionable outcomes due to weak monitoring mechanisms, leadership gaps, and limited stakeholder engagement (Gichuki & Waithaka, 2021; Mwangi & Chege, 2023). Without cohesive leadership and participatory governance, performance contracting risks becoming a bureaucratic routine rather than a tool for institutional transformation. Given Nakuru's growing private university sector and its importance in expanding access to higher education, there is a pressing need to understand the institutional dynamics that either enable or hinder effective contract implementation.

This study is therefore justified on both practical and policy grounds. Practically, it addresses the challenges faced by private universities in Nakuru County in aligning contract targets with institutional goals amid limited resources and entrenched bureaucratic cultures. At the policy level, it provides insights for strengthening accountability frameworks and fostering performance-driven cultures in Kenya's higher education sector. By focusing on Nakuru County, the study not only captures a representative context where private universities are expanding rapidly but also offers lessons that can inform broader reforms across the country.

1.2 Statement of the Problem

Performance contracting is a widely recognized management tool aimed at enhancing accountability, operational efficiency, and strategic alignment within institutions of higher learning. Globally, institutions that effectively implement performance contracts experience measurable improvements in service delivery, internal governance, and stakeholder satisfaction. The World Bank (2023) reports that well-executed performance management systems can increase institutional efficiency by 28% and employee productivity by 25%. Similarly, the Organisation for Economic Co-operation and Development (OECD, 2022) found that performance contracting supported by inclusive leadership and clear communication improved institutional transparency by 30% and goal attainment by 27%. Despite these benefits, implementation success heavily depends on internal institutional dynamics governance, leadership style, communication flow, and organizational culture (United Nations Educational, Scientific and Cultural Organization [UNESCO], 2021).

In developing countries, and particularly in Kenya, private universities continue to face significant institutional barriers that affect the successful implementation of performance contracts. These include centralized decision-making structures, poor feedback mechanisms, limited stakeholder participation, and inadequate leadership development (Mwangi & Chege, 2023). Njoroge and Wambua (2022) noted that only 42% of private universities in Nakuru County have active performance monitoring units, while 58% of staff reported limited awareness of performance contract objectives. Moreover, a lack of clear institutional frameworks often results in inconsistent application of performance targets, leading to reduced compliance and accountability (Otieno & Makori, 2021).

Leadership commitment and organizational culture remain major challenges in private universities, where hierarchical, non-participatory leadership styles hinder employee engagement and compromise performance targets (Kiptoo & Cheruiyot, 2022). Financial constraints and limited training further weaken institutional capacity for effective performance contracting. Gichuki and Waithaka (2021) found that 61% of staff reported inadequate training on contract implementation tools, while 49% cited poor internal communication, inadequate resources and lack of feedback as key barriers. Despite policy frameworks and oversight by the Commission for University Education (CUE), implementation remains inconsistent, with institutions struggling to align targets with strategic plans, monitor staff output, and ensure efficiency ultimately undermining academic excellence and sustainability.

Given Nakuru County's growing status as an educational hub and the strategic importance of private universities in expanding access to higher education, there was a need to investigate how institutional dynamics influenced the implementation of performance contracting. Understanding the internal enablers and constraints was essential for designing strategies that promoted goal congruence, enhanced staff accountability, and improved institutional performance. This study therefore sought to examine the extent to which governance structures, leadership commitment, resource availability, and organizational culture affected the implementation of performance contracting among private universities in Nakuru County, Kenya.

1.3 Research Objectives

1.3.1 General Objective

To establish the influence of institutional dynamics on the implementation of performance contracting among private universities in Nakuru County.

1.3.2 Specific Objectives

The specific objectives for the research were;

- i. To assess the influence of leadership commitment on the implementation of performance contracting among private universities in Nakuru County.
- ii. To determine the influence of resource availability on the implementation of performance contracting among private universities in Nakuru County.
- iii. To examine the influence of governance structure on the implementation of performance contracting among private universities in Nakuru County.
- iv. To evaluate the influence of organizational culture on the implementation of performance contracting among private universities in Nakuru County.

1.4 Research Hypothesis

HO₁ Leadership commitment has no significant influence on the implementation of performance contracting among private universities in Nakuru County.

HO₂ Resource availability has no significant influence on the implementation of performance contracting among private universities in Nakuru County.

HO₃ Governance structure has no significant influence on the implementation of performance contracting among private universities in Nakuru County.

HO₄ Organizational culture has no significant influence on the implementation of performance contracting among private universities in Nakuru County.

1.5 Justification of the Study

Private universities play a critical role in expanding access to tertiary education, supporting regional development, and producing skilled graduates in Kenya. In Nakuru County, where private institutions are increasingly prominent, performance contracting was introduced to strengthen accountability, efficiency, and service delivery. However, its implementation has been uneven, with challenges linked to leadership styles, governance structures, organizational culture, communication mechanisms, and limited resources. These institutional dynamics often prevent alignment between contract targets and operational realities, reducing effectiveness and undermining the intended transformational role of performance contracting (Mwangi & Chege, 2023; Otieno & Makori, 2021).

This study examined how leadership commitment, governance mechanisms, organizational culture, and resource allocation influence performance contracting in private universities within Nakuru County. By identifying enablers and barriers, it provides practical insights for improving compliance, staff engagement, and contract monitoring. The findings offer actionable recommendations for university administrators, policymakers, and regulatory agencies such as the Commission for University Education (CUE) to enhance governance and strategic planning in the private sector. Focusing on Nakuru County captures an emerging educational landscape and generates context-specific lessons applicable across Kenya. Ultimately, the study fills a critical knowledge gap on the role of institutional dynamics in shaping performance contracting outcomes, contributing to reforms that strengthen academic quality, stakeholder trust, and long-term sustainability (Gichuki & Waithaka, 2021; Njoroge & Wambua, 2022).

1.6 Significance of the Study

Private universities are increasingly vital to Kenya's higher education sector, particularly in Nakuru County where they contribute to access, regional development, and human capital growth. Performance contracting was introduced to enhance accountability and efficiency, yet its implementation in private universities remains uneven. Challenges such as centralized leadership, weak governance structures, rigid organizational cultures, poor communication, and inadequate resources continue to limit the effectiveness of performance-based systems (Mwangi & Chege, 2023; Otieno & Makori, 2021). These gaps underscore the need to examine how institutional dynamics influence the success or failure of performance contracting at the county level.

This study addressed that need by analyzing leadership commitment, governance mechanisms, organizational culture, and resource allocation as determinants of contract effectiveness in private universities within Nakuru County. By uncovering both enablers and barriers, the research provides evidence-based insights that extend the limited literature on performance management in private universities, especially in developing countries where most scholarship has focused on public institutions.

The findings offer practical recommendations for strengthening accountability and institutional performance. For administrators, the study emphasizes participatory leadership, staff engagement, and adequate resourcing. For regulators such as the Commission for University Education (CUE), it provides empirical support for oversight and strategic planning. More broadly, the study informs national education reforms by aligning university performance with strategic goals and contributes to building sustainable, results-driven higher education systems.

1.7 Scope of the Study

This study focused on private universities in Nakuru County, Kenya, due to the region's expanding higher education landscape and the strategic importance of institutional accountability. The research explored the implementation of performance contracting, a governance tool aimed at improving service delivery, transparency, and results-based management. Nakuru County provided a dynamic setting where private universities faced unique challenges in adopting and executing performance contracts.

The study examined key institutional dynamics leadership commitment, resource availability, governance structures, and organizational culture and their influence on the effectiveness of performance contract implementation. These factors were considered critical in shaping performance management outcomes, especially within private universities where internal governance and competitiveness significantly impact strategic operations.

A mixed-methods approach was employed, combining quantitative data from structured closed-ended questionnaires with qualitative insights from open-ended responses. The target population included both academic and non-academic staff, ensuring a diverse representation of perspectives. Conducted as a cross-sectional study, data were collected in 2024–2025 to capture the current state of performance contract implementation and the institutional factors influencing it. The findings aimed at informing strategies that enhance institutional performance and strengthen the alignment of performance contracting within the operational frameworks of private universities.

1.8 Limitations and Delimitations of the Study

1.8.1 Limitations

Several factors beyond the researcher's control may have affected the study. First, by restricting the scope to private universities in Nakuru County, the findings may not fully generalize to public universities or private institutions in other regions with different regulatory and cultural contexts (Wamalwa & Kimutai, 2021). Second, the accuracy of responses depended on participants' honesty and willingness to disclose institutional challenges. Although confidentiality and anonymity were assured, response bias could still have influenced results, with some respondents providing socially desirable answers. Third, the sensitive nature of performance contracting may have limited openness in discussing institutional weaknesses. Finally, the cross-sectional design captured data at a single point in time, meaning long-term trends and evolving practices were not observed. Despite these constraints, the study provides valuable, context-specific insights that can guide institutional reforms and inform future longitudinal research in Kenya's private higher education sector.

1.8.2 Delimitations

This study was delimited to private universities in Nakuru County, Kenya, chosen because of the region's expanding higher education landscape and the strategic role of private universities in advancing access and accountability. The study specifically focused on four institutional dynamics: leadership commitment, governance structures, organizational culture, and resource availability since these were considered the most influential factors shaping performance contracting. Other potential influences such as external regulatory frameworks or student perceptions were not included, to maintain focus on internal institutional factors.

Methodologically, the study adopted a descriptive cross-sectional design, collecting data through structured questionnaires supplemented with open-ended items. This approach was selected to capture a broad range of staff perspectives within a defined period while balancing depth and feasibility.

1.9 Assumptions of the Study

This study operated on several key assumptions. Private universities in Nakuru County were considered sufficiently representative of Kenya's wider private higher education sector, making the findings relevant for informing performance contracting practices in similar contexts. The inclusion of institutions with diverse sizes, governance structures, and missions was expected to enhance the applicability of the results beyond the study area.

It was further anticipated that university administrators, academic staff, and non-academic staff would provide honest and accurate information about institutional dynamics and performance contracting. To support this, the study emphasized voluntary participation, guaranteed confidentiality, and assured anonymity to encourage openness in responses.

Finally, the research proceeded on the expectation that the regulatory, economic, and academic environments in Nakuru County would remain relatively stable during data collection. While minor shifts could occur, institutional practices influencing performance contracting were assumed to remain consistent enough to allow for valid analysis. Any notable changes were acknowledged in interpreting the results to ensure accuracy.

1.10 Operational Definitions of Terms

Governance Structure According to Biswas et al. (2021), governance structure refers to the framework of rules, roles, and responsibilities that define how decisions are made, authority is distributed, and accountability is ensured within an institution. It includes organizational hierarchies, committees, and policies that influence operational control and institutional integrity.

In this study, governance structure was operationalized by examining how the policy framework, institutional autonomy, accountability mechanisms, stakeholder involvement, role clarity and change responsiveness in private universities in Nakuru County affect the adoption and functioning of performance contracts. The study explored the extent to which governance arrangements support or hinder effective implementation.

Implementation of Performance Contracting As defined by Mugambi and Musyoka (2022), implementation of performance contracting refers to the process of executing formal agreements between leadership commitment and employees to achieve specific, measurable performance targets. It involves setting goals, monitoring progress, and evaluating outcomes.

In this study, implementation of performance contracting was operationalized by assessing the extent to how objective alignment, target clarity, monitoring systems, performance reviews and evaluation feedbacks, feedback utilization in private universities in Nakuru County.

It also considered the levels of compliance, monitoring mechanisms, and stakeholder engagement in the contracting process.

**Leadership
commitment**

According to Yukl and Gardner (2020), leadership commitment involves the ability of university leaders to influence, guide, and inspire organizational members toward achieving strategic objectives. It includes strategic vision, support for innovation, and responsiveness to internal and external challenges.

In this study, leadership commitment was operationalized by evaluating how university leaders in Nakuru County demonstrate Vision Clarity, clear communication, accountability systems, leadership support, inclusive decision-making and goal responsiveness influence the success of performance contract implementation.

**Organizational
Culture**

Schein and Schein (2021) define organizational culture as the set of shared values, beliefs, norms, and practices that shape behavior and decision-making within an institution. It plays a central role in determining how change is managed and how performance initiatives are embraced.

In this study, organizational culture was operationalized by assessing the prevailing staff engagement, performance orientation, team collaboration, shared values, reward systems, continues improvement in private universities in Nakuru County. The study analyzed how cultural factors such as openness to change, innovation, and performance orientation affect the implementation of performance contracts.

Resource Availability According to Robbins and Coulter (2022), resource availability refers to the accessibility and sufficiency of critical inputs such as financial resources, human capital, infrastructure, and technology necessary for effective organizational functioning and goal achievement. In this study, resource availability was operationalized by evaluating the extent to which private universities in Nakuru County have funding adequacy, staff capacity, ICT access, infrastructure support, budget alignment, time allocation for implementing performance contracts. The study examined how resource constraints or abundance influence implementation outcomes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of both theoretical and empirical literature related to the study. It explores key concepts, frameworks, and past research findings to establish a solid foundation for understanding the influence of institutional dynamics on the implementation of performance contracting. The review aims to identify major themes, highlight relevant methodologies, and analyze findings from previous studies to provide context and insight that guided the current research.

2.2 Theoretical Review

The study is underpinned by four key theories, each aligned with a specific variable, namely Transformational Leadership Theory, Resource-Based View (RBV) Theory, Agency Theory, Schein's Organizational Culture Theory.

2.2.1 Transformational Leadership Theory

Leadership commitment is theoretically underpinned by Transformational Leadership Theory (TLT). James MacGregor Burns proposed transformational leadership theory in 1978, which was further extended by Bernard M. Bass in 1985. According to the thesis, transformational leaders inspire, motivate, and intellectually excite their subordinates to perform at greater levels than expected. The theory's key features are idealized influence, inspiring motivation, intellectual stimulation, and customized consideration. These components are especially important at higher education institutions, where strong leadership is essential for driving

change, defining organizational culture, and improving policy execution, particularly in performance-based programs like performance contracting.

TLT has evolved into a widely accepted leadership model for assessing leadership effectiveness across various sectors, including education. Bass (1990) emphasized that transformational leaders build commitment to organizational goals through a shared vision, trust, and empowerment. In the university setting, these leadership traits are instrumental in aligning institutional members with strategic goals, fostering accountability, and overcoming resistance to change factors that directly influence the implementation of performance contracts (Kilonzo & Ouma, 2022).

Transformational leaders, according to TLT, are role models who explain a compelling vision, stimulate innovation, and give customized assistance to followers (Bass & Riggio, 2006). In the context of private universities in Nakuru County, these traits are critical in guiding institutional members through the process of performance contract implementation. Leaders who inspire a shared vision and engage faculty and staff in strategic planning are more likely to gain buy-in and promote ownership of performance objectives, thereby enhancing execution and monitoring of contract deliverables.

The theory has been further developed by scholars such as Avolio and Bass (2004), who demonstrated its applicability in educational institutions, particularly in improving organizational effectiveness and adaptability. More recent studies by Al Khajeh (2021) reaffirm that transformational leadership is positively correlated with improved organizational performance, staff motivation, and change management capacity. In the

context of performance contracting, such leadership is essential for driving a performance-oriented culture, setting clear expectations, and fostering continuous improvement.

TLT remains foundational in leadership research and practice, particularly in explaining how leadership influences institutional dynamics and outcomes. In the higher education sector, transformational leadership is vital for overcoming hierarchical rigidity, promoting participatory governance, and creating an environment conducive to innovation and performance accountability. Studies by Cheruiyot and Koech (2023) found that universities led by transformational leaders demonstrated higher rates of performance contract compliance, improved communication structures, and greater employee commitment to institutional goals.

Support for TLT is evident across diverse organizational contexts. Research by Mutisya and Wanjohi (2020) highlights that transformational leadership in Kenyan universities enhances staff engagement, goal congruence, and strategic alignment. Additionally, studies by Njoroge and Wambua (2022) reveal that performance contracting is more effectively implemented in institutions where leaders demonstrate clarity of vision, open communication, and active involvement in monitoring performance metrics. In such environments, transformational leadership cultivates trust and fosters a culture of accountability, directly supporting contract execution.

However, TLT has also faced critiques. Some scholars argue that the theory lacks specificity in distinguishing between transformational and charismatic leadership styles, potentially leading to conceptual overlap (Yukl, 2013). Others, such as Tourish (2018), caution that transformational leadership may sometimes promote over-dependence on individual leaders,

limiting organizational resilience. Additionally, critics note that TLT may underestimate the role of structural and contextual factors such as resource constraints or governance limitations which also affect performance contract outcomes.

From the researcher's perspective, while TLT provides a strong conceptual foundation for understanding leadership influence, it may not fully capture the contextual complexities of private universities in Nakuru County. Specifically, the theory tends to assume the presence of enabling structures, institutional autonomy, and supportive cultures—conditions that may not be consistently present in the study area. Many private universities in Kenya operate within resource-constrained environments, where centralized decision-making, insufficient staff involvement, and underdeveloped feedback mechanisms limit the effectiveness of even the most visionary leaders. Therefore, although transformational leadership is a necessary driver of change, it is not in itself sufficient. Complementary theoretical perspectives such as distributed leadership or contingency theory may offer more nuanced insights into leadership effectiveness in such constrained institutional settings.

In relation to this study, the researcher aimed to extend the application of Transformational Leadership Theory by exploring how transformational leadership behaviors affected the implementation of performance contracting in private universities in Nakuru County. Given the challenges of centralized decision-making, limited staff engagement, and weak feedback systems noted in Kenyan private universities, the study investigated how leadership styles influenced clarity of goals, resource allocation, staff involvement, and institutional accountability. By grounding the research in TLT, the study provided critical insights into the leadership dynamics that drove successful performance contracting in the higher education sector.

2.2.2 Resource-Based View Theory

According to the Resource-Based View (RBV) Theory, businesses can obtain a competitive edge by utilizing internal resources that are rare, valuable, unique, and non-replaceable.

In private institutions, the strategic use of resources such as financial capital, human talent, infrastructure, and technology is critical for the successful implementation of performance-based contracts. RBV shifted the focus of strategic management from external factors to internal capabilities (Barney & Clark, 2007). In Nakuru County's private universities, resource availability including staffing, ICT systems, training, and budgets significantly influences the implementation and monitoring of performance contracts.

According to RBV, only resources that meet the valuable, rare, inimitable, and non-substitutable criteria can lead to sustainable institutional success (Barney, 1991). In university settings, this could mean employing highly skilled staff, maintaining modern ICT infrastructure, or having robust performance management software. These internal assets contribute to the operationalization of performance contracts by improving planning, monitoring, and feedback mechanisms (Wambua & Kimutai, 2021). The integration of such resources ensures performance goals are realistic, measurable, and aligned with strategic objectives.

Numerous academics have improved and extended RBV since it was first proposed. RBV was expanded by Teece et al. (1997) to incorporate the idea of dynamic capacities, emphasizing the necessity for businesses to constantly reorganize their resources in order to adjust to shifting conditions. The ability of digital transformation and knowledge-based resources, including performance data systems, to help institutions retain strategic alignment and develop resilience is highlighted in more recent research (Kraus et al., 2022). The idea aids in explaining why

institutions with sufficient internal resources manage performance contracts better than those with less capability.

RBV continues to be widely applied in performance management research, including in academic institutions. Studies by Mutisya and Wanjohi (2020) found that universities with sufficient financial and technological resources demonstrated better implementation of performance contracts through timely monitoring, clear performance targets, and reliable evaluation feedback. Similarly, Gichuki and Waithaka (2021) observed that the availability of qualified personnel and ICT infrastructure enabled more effective compliance with performance benchmarks in Kenyan universities.

Several scholars support RBV's relevance in explaining how internal capabilities affect institutional performance. Kraus et al. (2022) argue that resources such as digital tools, staff competencies, and administrative systems are increasingly critical in performance-driven academic environments. Sirmon et al. (2007) emphasize that the configuration and leveraging of internal resources are essential for achieving institutional goals. In universities, this means not just possessing resources, but integrating them effectively into strategic planning and performance contracting processes.

Despite its strengths, RBV has been critiqued for its static nature and limited attention to external dynamics. Priem and Butler (2001) argue that the theory lacks precision in explaining how resources evolve over time or how they interact with external environments. In the higher education context, Foss and Knudsen (2003) caution that resource abundance alone may not guarantee performance success if institutional culture or leadership is misaligned. Moreover,

universities with similar resource portfolios may still show different outcomes based on how resources are utilized, governed, and integrated into institutional frameworks.

From the researcher's perspective, while RBV provides a useful framework for examining resource-based advantages, it does not fully address the structural and systemic challenges facing private universities in Nakuru County. For instance, even where resources exist, bureaucratic delays, weak financial management systems, or governance bottlenecks may hinder their optimal use. The theory assumes that institutions can effectively deploy resources to gain a competitive advantage, yet in practice, institutional constraints, policy inconsistencies, and leadership inertia may limit resource utilization. Furthermore, RBV tends to overlook the interplay between resource endowment and organizational behavior, such as resistance to change or limited staff capacity to adapt to performance-based systems. Therefore, while RBV is instrumental in explaining variations in performance contract implementation, it should be complemented by institutional or contingency-based frameworks that consider the broader organizational context.

Nevertheless, RBV remains an essential theoretical lens for analyzing the role of resource availability in performance contract implementation. It offers a valuable explanation for why some universities are better positioned to adopt and execute performance-based systems. In the case of private universities in Nakuru County, access to sufficient financial resources, trained staff, and digital infrastructure was key to ensuring successful contract execution, progress tracking, and institutional accountability.

This study applied the Resource-Based View (RBV) to assess how resource availability influenced the implementation of performance contracting among private universities in Nakuru County. While past studies largely focused on public institutions or corporate settings, this research

contributed to extending RBV into the private higher education sector. Specifically, the study explored how universities leveraged resources such as human capital, ICT systems, budget allocations, and training to support performance targets.

The findings offered actionable insights into how resource optimization could enhance institutional performance, compliance, and strategic execution.

2.2.3 Agency Theory

Agency Theory serves as the foundation for governance structures. Agency Theory was first presented by Michael C. Jensen and William H. Meckling in their landmark work *Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure*, published in 1976. In analyzing the relationship between principals (owners or governing bodies) and agents (managers or administrators), the theory draws attention to the possible conflicts of interest that might occur when agents put their own interests ahead of those of the principals (Jensen & Meckling, 1976). This theory offers a critical viewpoint for comprehending governance procedures and performance contracts, which are meant to balance employee accountability with institutional objectives, in the context of private institutions.

Agency Theory posits that agents may not always act in the best interests of principals, especially in the absence of adequate monitoring and incentive systems. This creates agency problems, such as goal misalignment, inefficiency, and reduced accountability (Eisenhardt, 1989). Performance contracting was introduced in many public and private institutions including universities as a governance tool to reduce agency costs by clarifying roles, setting measurable performance targets, and establishing accountability mechanisms. In private universities, effective performance contracts function as formal agreements that hold academic and administrative staff accountable for achieving institutional goals.

Jensen and Meckling (1976) argued that agency problems can be mitigated through contracts, incentives, and performance monitoring. In educational institutions, this translates into performance-based frameworks that align faculty and staff behavior with strategic objectives. According to Eisenhardt (1989), the principal-agent relationship is strengthened when goals are clearly defined, performance is regularly assessed, and outcomes are tied to consequences. For private universities in Nakuru County, this approach enhances transparency, promotes responsible resource use, and supports strategic planning.

Over time, Agency Theory has been developed to encompass a broader range of institutional governance issues. Shapiro (2005) expanded the theory's application to include non-profit and academic institutions, emphasizing the importance of monitoring structures and incentive alignment. More recent contributions, such as those by Nyaga and Okeyo (2021), explore how performance contracts address agency challenges in higher education by fostering accountability, enhancing trust, and reducing managerial discretion. In this context, performance contracting serves as a mechanism for aligning institutional interests across multiple organizational levels.

Agency Theory has gained widespread acceptance in the analysis of institutional performance, particularly within governance and management studies. In higher education, where multiple stakeholders are involved—from boards of governors to lecturers and department heads—the principal-agent model helps clarify how performance standards, reporting mechanisms, and feedback systems can mitigate inefficiencies. Studies by Kiptoo and Wanyama (2022) found that private universities with strong monitoring and evaluation frameworks reported higher levels of compliance with performance contracts and improved institutional outcomes.

Support for Agency Theory is widespread among researchers in educational policy and organizational management. For example, Mutisya and Wanjohi (2020) demonstrated that performance contracting reduced information asymmetry and improved staff accountability in Kenyan universities.

Similarly, Maina and Njenga (2023) found that institutional governance structures rooted in agency principles facilitated better communication, clarity of roles, and efficient service delivery. In such cases, aligning agents' actions with institutional objectives proved essential for performance contract implementation.

Despite its significance, Agency Theory is not without critique. Some scholars argue that the theory assumes self-interested behavior in all agents, overlooking intrinsic motivation and professional ethics (Davis et al., 1997). Others point out that the emphasis on control and monitoring can lead to rigid bureaucratic systems that stifle innovation (O'Donnell, 2000). In the academic context, excessive focus on performance metrics may undermine collegiality and academic freedom.

From the researcher's perspective, while Agency Theory offers a compelling lens for understanding governance and accountability, its assumptions may not fully align with the operational realities of private universities in Nakuru County. The theory tends to prioritize hierarchical control and monitoring, yet many institutions operate within fluid and complex administrative environments where trust-based relationships, informal leadership, and professional commitment play critical roles. Moreover, the assumption that all agents are driven by self-interest underrepresents the role of intrinsic motivation, shared values, and ethical leadership, especially within academic institutions. These contextual nuances suggest that while Agency Theory is useful

for structuring governance mechanisms, it should be complemented by stewardship theory or stakeholder theory to provide a more balanced understanding of institutional behavior and performance dynamics.

In this study, Agency Theory was applied to analyze how governance structures influenced the implementation of performance contracting in private universities in Nakuru County. Specifically, the research explored how principal-agent dynamics shaped policy adherence, accountability mechanisms, and institutional performance. It also assessed how governance bodies used performance contracts to align administrative and academic staff behavior with strategic goals. This application of Agency Theory offered practical insights for enhancing institutional effectiveness and addressing governance challenges in the private higher education sector.

2.2.4 Schein's Organizational Culture Theory

Schein's Organizational Culture Theory provides the foundation for understanding organizational culture. Edgar H. Schein introduced the idea in 1985 and expanded it in succeeding editions of his major work, *Organizational Culture and Leadership*. The idea describes organizational culture as a set of shared basic beliefs that a group acquires as it addresses challenges of external adaptation and internal integration (Schein & Schein, 2021). These long-held expectations impact how members see, think, and feel about their workplace. The idea is especially applicable in higher education institutions like private universities, where organizational culture has a substantial impact on decision-making, leadership behavior, communication, and the implementation of reforms such as performance contracting.

Schein (2021) defined culture as having three levels: artifacts (visible organizational structures and procedures), avowed ideals (stated objectives, aims, and philosophies), and fundamental

underlying assumptions. These aspects work together to shape the workplace and govern institutional behavior. In terms of performance contracting, these cultural layers impact how employees comprehend, accept, and execute performance-based systems. A culture that emphasizes innovation, responsibility, and continual improvement is more likely to promote the successful adoption of performance contracts.

Schein's theory assumes that culture forms as organizations deal with challenges and learn from success and failure. Over time, these learned solutions become deeply embedded in organizational routines and assumptions. In private universities, institutional culture affects how policies are developed, how goals are communicated, and how staff respond to performance expectations. For instance, a hierarchical and rigid culture may resist performance monitoring, while a participatory and adaptable culture may embrace performance contracts as tools for institutional growth (Wamalwa & Kimutai, 2021).

Over the years, Schein's framework has been expanded by scholars to analyze organizational culture in education and public administration. Hatch and Cunliffe (2013) emphasized the interaction between organizational culture and leadership, while Cameron and Quinn (2011) developed the Competing Values Framework (CVF) based on Schein's concepts to assess the dominant cultural types: clan, adhocracy, market, and hierarchy. More recently, Gagliardi (2020) reinforced the idea that organizational culture must be actively shaped by leadership to promote change, accountability, and innovation key factors in successful performance contract implementation in academic institutions.

Schein's Organizational Culture Theory remains a foundational framework for understanding how values and assumptions shape institutional behavior. In universities, culture determines how

employees perceive performance targets, how accountability is enforced, and how decisions are communicated. Research by Kilonzo and Ouma (2022) highlights that institutions with a strong culture of openness, communication, and shared values exhibit higher rates of performance contract compliance and improved academic outcomes. Similarly, institutions with a rigid or toxic culture often struggle with resistance, low staff morale, and lack of ownership over institutional goals.

Several scholars have supported the application of Schein's theory in higher education. Alvesson and Sveningsson (2020) argue that cultural alignment is essential for implementing reforms, especially in knowledge-intensive organizations such as universities. Studies by Mutisya and Wanjohi (2020) found that cultural readiness and leadership commitment were critical success factors for performance contracting in Kenyan universities. Furthermore, Iqbal et al. (2022) concluded that understanding institutional culture enables leaders to design strategies that are not only structurally sound but also culturally compatible, reducing resistance and enhancing implementation success.

Despite its utility, Schein's theory has faced critiques. Some scholars argue that the model is too descriptive and lacks predictive power (Martin, 2002). Others contend that its emphasis on shared values may overlook subcultures within organizations, especially in diverse and decentralized institutions like universities (Hatch, 2017). Additionally, critics point out that changing deep-seated cultural assumptions is often a slow and difficult process, particularly in institutions where traditionalism is valued over innovation.

From the researcher's perspective, while Schein's theory offers a rich diagnostic tool for examining cultural influence, it may underemphasize the complexity of organizational politics and

power relations that shape reform efforts such as performance contracting. The theory assumes a degree of cultural coherence that may not exist in fragmented institutions, where competing values and resistance from entrenched interests can stall implementation.

Furthermore, in private universities in Nakuru County, external pressures such as regulatory demands, financial constraints, and leadership turnover interact with internal culture in unpredictable ways. Therefore, while Schein's framework is indispensable for identifying cultural enablers and barriers, its application should be supplemented with contextualized analysis that accounts for political, economic, and structural dynamics unique to each institution.

In this study, Schein's Organizational Culture Theory was applied to assess how cultural dynamics influenced the implementation of performance contracting in private universities in Nakuru County. Specifically, the study examined how shared beliefs, values, and practices affected staff engagement, performance target acceptance, and adherence to monitoring systems. By identifying the cultural enablers and barriers, the study aimed to offer practical strategies for aligning organizational culture with performance-based reforms. In doing so, the research contributed to the ongoing discourse on how institutional culture shapes governance and performance in higher education.

2.3 Empirical Literature

2.3.1 Leadership Commitment on the Implementation of Performance Contracting

For performance contracting to be implemented successfully in private universities, leadership commitment is essential. Good leadership creates a culture of accountability, promotes continual improvement, and guarantees that performance contracts are in line with the institution's strategic goals. Strong leadership commitment is essential for the successful adoption and implementation

of performance contracts, which improves organizational performance, as empirical research has repeatedly shown.

For example, a study conducted in Kenyan public institutions by Chepkoskei et al. (2021) looked at the connection between performance contracting and the accomplishment of strategic goals. According to the study, 74.2% of the changes in strategic implementation were attributable to strong leadership, which was crucial in coordinating performance contracts with strategic objectives. This emphasizes how crucial leadership commitment is to advancing the performance contracting process and achieving the intended results.

Similarly, research conducted by Obong'o (2022) highlighted the significance of leadership in the implementation of performance contracting in Kenyan public service institutions. The study emphasized that political and leadership commitment support was crucial in overcoming resistance to change and ensuring the successful adoption of performance contracts. These findings suggest that leadership plays a key role in facilitating organizational transformation and enhancing service delivery through performance contracting.

In the context of private higher education institutions, Navia and Nasser (2022) explored leadership practices and their effectiveness in achieving institutional goals. The study revealed that transformational leadership practices characterized by innovation, interpersonal skills, and effective management of resources were instrumental in enhancing organizational performance. These findings indicate that leadership approaches that promote adaptability and continuous improvement are vital for the successful implementation of performance contracts in private universities.

Additionally, a study by Ndakanwa et al. (2024) looked into how performance achievement in Burundi's Ministry of Public Service, Labour, and Employment was affected by institutional

performance contracts. The study discovered a strong and positive correlation between organizational performance and institutional performance contracts, emphasizing the importance of leadership in establishing clear objectives, tracking advancement, and cultivating an accountable culture. This emphasizes how crucial dedicated leadership is to advancing performance contracting programs and attaining institutional excellence.

Despite the recognized importance of leadership commitment, challenges persist in the implementation of performance contracting. A study by Kipsang (2022) reviewed performance management approaches in the Kenyan context and identified obstacles such as inadequate leadership commitment, resistance to change, and lack of clear communication channels. Addressing these challenges requires strong and visionary leadership to navigate institutional complexities and foster an environment conducive to successful performance contracting implementation.

In conclusion, empirical evidence underscores the critical role of leadership commitment in the effective implementation of performance contracting within private universities. Leadership commitment ensures alignment with strategic objectives, promotes a culture of accountability, and drives continuous improvement. To overcome implementation challenges, it is imperative for institutional leaders to demonstrate vision, adaptability, and a commitment to fostering organizational excellence through performance contracting.

2.3.2 Resource Availability on the Implementation of Performance Contracting

Resource availability is a critical determinant in the successful implementation of performance contracting within private universities. Adequate financial, human, and material resources ensure that institutions can effectively meet performance targets, enhance service

delivery, and achieve strategic objectives. Conversely, resource constraints can significantly hinder the effectiveness of performance contracting, leading to suboptimal organizational outcomes.

The Resource-Based View (RBV) theory provides a theoretical framework for understanding the importance of resource availability in organizational performance. According to RBV, an organization's internal resources such as financial capital, skilled personnel, and technological infrastructure are pivotal in achieving and sustaining competitive advantage. In the context of private universities, the availability and strategic management of these resources are essential for the effective implementation of performance contracts.

Performance contracting implementation relies heavily on the availability of resources, as demonstrated by empirical research. For example, Bula and Omollo's (2020) study looked at how performance contracting affected Kenya's public institutions' performance. According to the study, these institutions' performance was greatly influenced by elements including organizational structure, monitoring and evaluation, staff training, and stakeholder involvement. These results imply that the effective execution of performance contracts depends on the availability of resources, especially the growth of human capital and infrastructure support.

Similarly, research by Chepkoskei et al. (2021) investigated the relationship between performance contracting and the implementation of strategic objectives in Kenyan public universities. The study found that aligning performance contracts with strategic goals, supported by adequate resources, contributed to significant improvements in strategy implementation. This underscores the necessity for sufficient resource allocation to support the objectives outlined in performance contracts.

Despite the recognized importance of resource availability, challenges persist in the implementation of performance contracting due to resource constraints. A study by Amollo (2022) on the challenges of implementing performance contracting strategy at Impact Research and Development Organization in Kisumu County, Kenya, established that inadequate resources were a significant impediment to effective implementation. Addressing these challenges requires strategic resource planning and allocation to ensure that performance targets are achievable.

In conclusion, empirical evidence underscores the critical role of resource availability in the effective implementation of performance contracting within private universities. Adequate financial, human, and material resources ensure that performance targets are met, service delivery is enhanced, and strategic objectives are achieved. To overcome implementation challenges, it is imperative for institutional leaders to prioritize resource allocation and seek innovative financing solutions to support performance contracting initiatives.

2.3.3 Governance Structure on the Implementation of Performance Contracting

Governance structure plays a pivotal role in the successful implementation of performance contracting within private universities. An effective governance framework ensures that performance contracts are aligned with institutional objectives, promotes accountability, and facilitates strategic decision-making. Empirical studies have demonstrated that the nature and efficiency of governance structures significantly influence the adoption and execution of performance contracts, thereby impacting organizational performance.

For instance, a study by Bula and Omollo (2020) examined the role of performance contracting on the performance of public universities in Kenya. The study highlighted that organizational

structure, a key component of governance, significantly affects performance outcomes. It emphasized that a well-defined governance framework enhances the clarity of roles and responsibilities, thereby facilitating effective performance contracting.

The study further recommended that universities should establish clear organizational structures to support the successful implementation of performance contracts.

Similarly, research conducted by Chepkoskei et al. (2021) investigated the relationship between performance contracting and the implementation of strategic objectives in Kenyan public universities. The study found that the alignment of performance contracts with strategic goals, facilitated by robust governance structures, contributed to significant improvements in strategy implementation. This underscores the importance of governance frameworks in ensuring that performance contracting initiatives are effectively integrated into the broader institutional strategy.

In the context of higher education, the governance structure encompasses the policies, regulations, and practices that define the decision-making processes within an institution. A study by Amollo (2022) on the challenges of implementing performance contracting strategy at Impact Research and Development Organization in Kisumu County, Kenya, established that governance-related issues, such as unclear policies and lack of stakeholder involvement, were significant impediments to effective implementation. The study recommended the establishment of transparent governance frameworks to enhance the effectiveness of performance contracting.

Furthermore, the Association of Governing Boards of Universities and Colleges (AGB) emphasizes that effective governance structures should align stakeholders on institutional direction by developing a common understanding of challenges and serving as a system of checks and balances that strengthen institutional operations. This perspective highlights the necessity for

governance frameworks that promote collaboration and accountability in the implementation of performance contracts.

Despite the recognized importance of governance structures, challenges persist in their implementation. A study by Obong'o (2022) on the implementation of performance contracting in Kenya highlighted that resistance to change and lack of clear communication channels within governance frameworks hindered effective adoption. Addressing these challenges requires the development of governance structures that are flexible, transparent, and inclusive.

In conclusion, empirical evidence underscores the critical role of governance structures in the effective implementation of performance contracting within private universities. Robust governance frameworks ensure alignment with strategic objectives, promote accountability, and facilitate strategic decision-making. To overcome implementation challenges, it is imperative for institutional leaders to establish clear, transparent, and inclusive governance structures that support the successful adoption and execution of performance contracts.

2.3.4 Organizational Culture on the Implementation of Performance Contracting

Organizational culture significantly influences the implementation of performance contracting within private universities. Defined as the shared values, beliefs, and norms that shape behavior and practices within an institution, organizational culture affects how performance contracts are perceived, adopted, and executed. Empirical studies have demonstrated that a supportive and adaptive organizational culture enhances the effectiveness of performance contracting, leading to improved institutional performance.

For instance, Nderitu et al. (2023) investigated the effect of organizational culture on the strategy implementation process of private chartered universities in Kenya. Their study revealed that a clan

culture, characterized by a family-like atmosphere emphasizing mentorship, teamwork, and participation, positively influenced strategy implementation.

This suggests that universities fostering a collaborative environment may experience smoother adoption and execution of performance contracts.

Similarly, research by Nderitu et al. (2023) examined the effect of market culture on the implementation of corporate strategy in private chartered universities in Kenya. The study found that a market culture, which focuses on competitiveness and goal achievement, positively impacted strategy implementation. This indicates that universities with a results-oriented culture may be more effective in implementing performance contracts.

Furthermore, a study by Indiya et al. (2023) explored the effect of organizational culture on the performance of public universities in Kenya. The research highlighted that organizational culture directly impacts performance outcomes, including customer satisfaction and business growth. This underscores the importance of cultivating a strong organizational culture to support performance contracting initiatives.

Despite the recognized importance of organizational culture, challenges persist in aligning cultural attributes with performance contracting objectives. A study by Mathangani and Sije (2020) assessed the influence of organizational culture on performance contracting in public secondary schools in Kenya. The findings indicated that cultural factors, such as resistance to change and lack of shared values, hindered the effective implementation of performance contracts. Addressing these challenges requires deliberate efforts to align organizational culture with performance contracting goals.

Empirical evidence underscores the critical role of organizational culture in the successful implementation of performance contracting among private universities. Cultivating a supportive,

adaptable, and results-oriented culture facilitates the adoption and execution of performance contracts, thereby enhancing institutional performance. To overcome implementation challenges, university leaders should assess and, where necessary, transform

2.4 Summary Research gaps

Previous studies have largely focused on public universities, isolated dynamics, or short-term outcomes, with limited emphasis on private universities in Nakuru County. This study addresses these gaps by offering localized, integrative, and sustainability-focused evidence, while also examining the role of digital tools in performance contracting.

Table 2.1

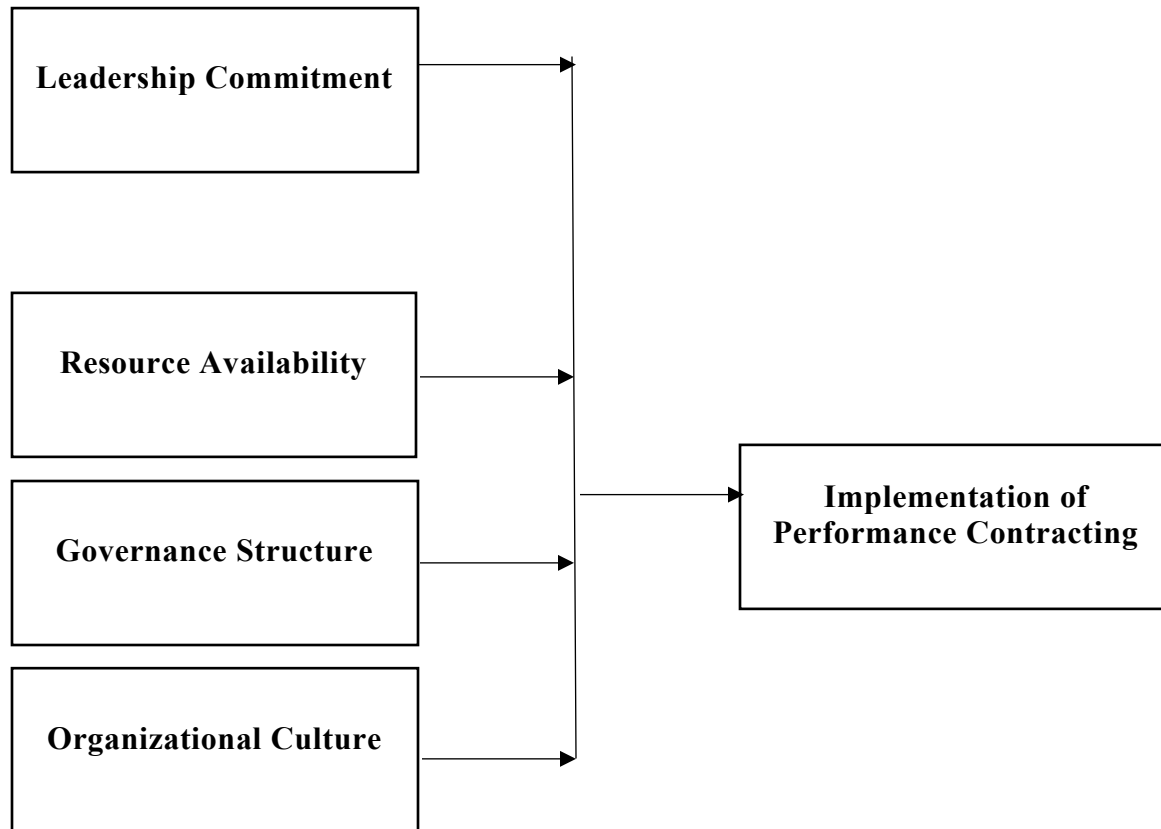
Summary of Research Gaps

Study	Focus	Gap Identified	Contribution of Current Study
Chepkoskei et al. (2021); Bula & Omollo (2020)	Performance contracting in public institutions and general higher education contexts	Limited localized evidence on how governance, leadership, culture, and resources affect performance contracting in private universities in Nakuru	Provides county-specific, empirical evidence on institutional dynamics in Nakuru's private universities
Ndakanwa et al. (2024)	Examined institutional dynamics such as governance or leadership independently	Lack of integrative analysis on the cumulative and interactive effects of multiple dynamics	Investigates combined influence of governance, leadership, culture, and resources on performance contracting outcomes
Amollo (2022)	Short-term outcomes of performance contracting such as compliance and alignment	Limited focus on long-term sustainability, adaptability, and continuous improvement	Assesses both immediate and potential long-term implications of institutional dynamics on performance contracting
Teshome & Bekele (2024)	Role of digital tools in enhancing contract monitoring and transparency (global focus)	Limited exploration of technological integration in Kenyan private universities	Examines how digital infrastructure and innovations are applied or constrained in private universities in Nakuru

2.5 Conceptual Framework

Figure 2.1

Conceptual Framework



Independent Variable

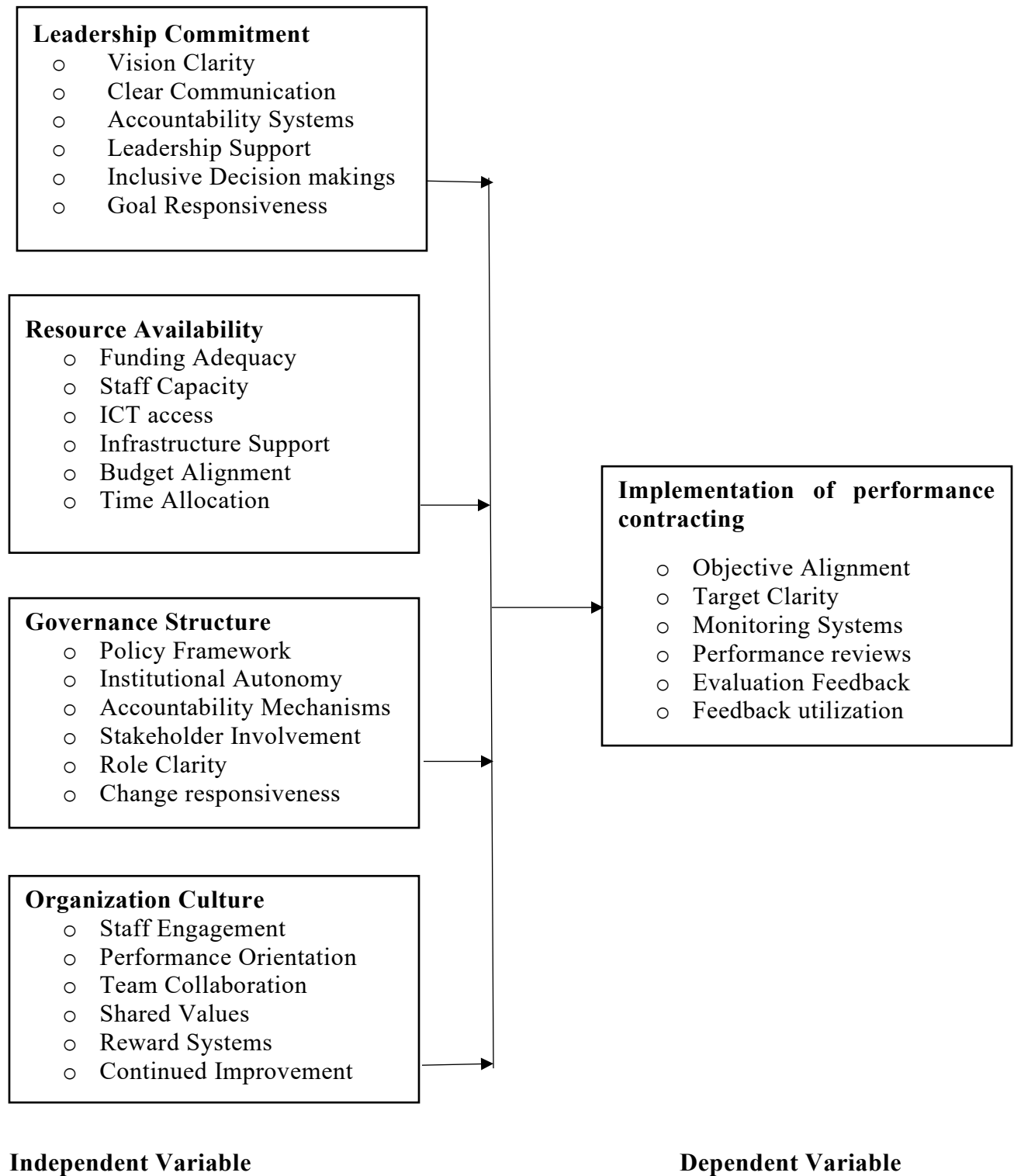
Dependent Variable

2.6 Operational Framework

The process of operationalization involves the systematic transformation of theoretical constructs into quantifiable variables. This critical step ensures that the research study is capable of collecting data in a manner that is both efficient and accurate, thereby facilitating a thorough evaluation of the influence exerted by the explanatory variables on the dependent variable. The measurement of these variables is illustrated as outlined in Figure 2.2.

Figure 2.2

Operational Framework



2.6.1 Explanation of Variables

Governance structure refers to the systems, rules, and practices that guide how decisions are made and authority is exercised within an institution. In the context of private universities, an effective governance structure ensures accountability, strategic alignment, and efficient resource utilization, all of which are essential for successful implementation of performance contracting. A decentralized and participatory governance model enhances transparency and responsiveness, enabling departments to take ownership of performance targets (Beyene & Geda, 2021). Empirical studies have shown that universities with well-defined governance frameworks perform better in contract execution due to clearer role allocation and institutional checks and balances.

The implementation of performance contracting involves the process through which institutions set performance targets, monitor progress, and evaluate results against agreed indicators. In private universities, effective implementation requires strategic planning, stakeholder engagement, and continuous performance reviews. According to Muthoni and Kinyua (2023), successful performance contracting implementation is strongly influenced by institutional support mechanisms, employee awareness, and alignment of goals with national higher education objectives. Evidence shows that institutions that embed performance targets in their operational culture achieve better service delivery, academic excellence, and administrative efficiency.

Leadership commitment encompasses the capacity of university leaders to inspire, guide, and influence the actions of their teams toward achieving institutional goals. In the context of performance contracting, visionary leadership plays a critical role in mobilizing support, allocating responsibilities, and sustaining implementation momentum. Leaders who foster participative decision-making, accountability, and innovation create an enabling environment for performance-based management systems. As argued by Tefera and Teshome (2022), leadership commitment

and integrity are positively associated with staff motivation and compliance with performance indicators in higher education institutions.

Organizational culture refers to the shared values, beliefs, and practices that shape behavior within an institution. A performance-driven culture fosters continuous improvement, openness to feedback, and alignment with institutional objectives. In private universities, a supportive culture enhances adaptability and readiness for change, which is essential for the adoption and sustainability of performance contracts. According to Ochieng and Omollo (2023), universities that nurture a culture of accountability, transparency, and collaboration exhibit higher success rates in performance contract implementation. Culture also affects how performance data is utilized to inform decisions and improve outcomes.

Resource availability refers to the adequacy of financial, human, and physical resources required for effective implementation of institutional strategies, including performance contracting. Sufficient resources enable institutions to meet performance targets by facilitating staff training, technology adoption, and timely project execution. A study by Wanjiku and Chege (2021) found that resource constraints in private universities limit the scope and impact of performance contracting, while well-resourced institutions achieve better monitoring and reporting standards. Effective budgeting and resource mobilization are therefore critical enablers of success.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the approaches used for data collection and analysis. It covered the research design, target population, sample size determination, sampling techniques, data collection instruments, and ethical considerations.

3.2 Location of Study

The study was conducted in Nakuru County, Kenya, where it investigated the influence of institutional dynamics on the implementation of performance contracting among private universities. Nakuru County, one of Kenya's fastest-growing urban centers and a key educational hub, hosted a growing number of private higher education institutions. These universities operated in a competitive and dynamic policy environment shaped by national education reforms, performance-based funding models, and increasing demands for institutional accountability. According to Njeru and Kamau (2022), the implementation of performance contracting in Kenya's higher education sector experienced varying outcomes, largely influenced by local institutional contexts, governance practices, and resource capacities. Nakuru's private universities offered a diverse institutional landscape that reflected both challenges and innovations in performance management systems. Studies such as that by Kiptoo and Keter (2021) emphasized the role of localized institutional culture and leadership styles in determining the success or failure of performance contracting initiatives in counties like Nakuru. Thus, this location provided a relevant and practical setting for analyzing how internal organizational factors affected policy implementation in the private university context.

3.3 Research Design

A research design provides the blueprint for conducting a study, detailing the methods used to collect, measure, and analyze data in alignment with the study's objectives (Khaldi, 2021). For this research on the influence of institutional dynamics on the implementation of performance contracting among private universities in Nakuru County, a descriptive research design was employed. This design is appropriate because it allows the researcher to capture current practices, perceptions, and relationships among variables without manipulating the study environment.

Descriptive research design is especially effective in educational and organizational settings, where the aim is to examine real-world conditions, identify patterns, and offer insights for policy or managerial decisions (Ng'ang'a & Kimani, 2022). According to Mutunga and Wambua (2023), descriptive research is ideal for assessing institutional dynamics, such as leadership behavior, governance practices, and cultural factors, as it enables researchers to explore their impact on policy implementation outcomes.

3.4 Target Population

The concept of target population is central to empirical research design and denotes a defined group of individuals who possess specific attributes relevant to a study (Saunders et al., 2019). In performance-related research within higher education institutions, the target population typically includes both academic and non-academic staff, as they represent the primary agents and recipients of institutional policies such as performance contracting (Mohamed & Wekesa, 2022).

Performance contracting implementation in universities requires the involvement of diverse personnel, from administrators to lecturers, who are directly influenced by institutional dynamics such as leadership structure, resource availability, and organizational culture

(Omwenga & Nassiuma, 2021). These categories of employees play varying roles in setting, executing, and evaluating performance goals aligned with strategic institutional mandates. As noted by Gudo and Olel (2023), non-academic employees are often responsible for administrative and support functions that are crucial to the success of performance contracts, while academic staff influence core outputs such as research and teaching quality.

For the present study, the target population comprised all academic and non-academic employees of three private universities located in Nakuru County namely, Kabarak University, Mount Kenya University (Nakuru Campus), and St. Paul's University (Nakuru Campus). The selection of these universities was based on their active participation in higher education development and their known engagement in structured performance management frameworks. The population is considered homogeneous with respect to their involvement in performance management systems, thereby justifying their inclusion as the primary focus of the study.

As shown in Table 3.1 below, the total target population consists of 616 employees, with 278 being academic staff and 338 non-academic employees. This stratification enables an in-depth exploration of how institutional dynamics differentially influence performance contracting implementation across functional categories.

Table 3.1*Target Population*

University	Academic Employees	Non-Academic Employees	Total Employees
Kabarak University	210	248	458
Mount Kenya University (Nakuru)	36	48	84
St. Paul's University (Nakuru)	32	42	74
Total	278	338	616

3.5 Sampling Techniques and Sample Size**3.5.1 Sampling Techniques**

In sampling, a subset of the population must be chosen that is large enough to allow for valid conclusions about the entire population (Frankel & Wallen, 2023). This study employed simple random sampling, ensuring that each individual in the population had an equal and independent chance of being selected. Respondents were chosen randomly from different categories, ensuring fairness and preventing bias toward any specific category.

3.5.2 Sample Size

The sample size referred to a representative subset of the population that reflected the broader perspectives of the entire group (Kothari, 2020). An adequate sample size was essential to ensure the accuracy and reliability of the research findings. In this study, the sample size was determined using Yamane's (1967) simplified formula for finite populations, which is widely recognized for its ease of application in social science research.

Yamane's formula is given as:
$$n = \frac{N}{1 + Ne^2}$$

Where:

n = sample size,

N = total population size,

e = margin of error

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{616}{1 + 616 (0.05)^2}$$

$$n \approx 242.52$$

Thus, the calculated sample size is approximately 243 respondents.

This sample size ensured a representative distribution of academic and non-academic staff, reducing sampling error and enhancing the generalizability of the study findings. The proportionate simple random sampling method was applied to ensure fair representation across the different universities and staff categories.

Table 3.2

Sample Size

University	Academic Employees	Non-Academic Employees	Total Employees
Kabarak University	82	96	178
Mount Kenya University (Nakuru)	14	19	33
St. Paul's University (Nakuru)	14	18	32
Total	110	133	243

3.6 Research Instrumentation

The main tool for gathering data for this study was a self-administered questionnaire. To aid with statistical analysis, the questions were mostly closed-ended and employed a five-point Likert scale, with Strongly Disagree to Strongly Agree as the extremes. To enable responders to add more details and comment on their answers, an open-ended question was also added.

3.7 Pilot Study

A pilot study is an essential step in research, aimed at pre-testing the research instrument to ensure its effectiveness and accuracy in capturing the desired data. As Cooper and Schindler (2023) emphasize, a pilot study helps identify flaws in the research tool, ensuring that the final version is well-refined and aligned with the research objectives. It allows the researcher to assess the validity and reliability of the questionnaire, thereby enhancing the quality and credibility of the data collected. In this study, the pilot test was conducted using a simple random sampling technique on 10% of the total sample size of 243 respondents, which amounted to 24 participants drawn from a selected private university. The researcher was able to address any ambiguities, improve the questionnaire in response to feedback, and verify that the items accurately reflected the constructs being studied thanks to this pre-test procedure.

3.7.1 Validity

In order to ensure that the results accurately represent the phenomenon being studied, validity refers to the degree to which an instrument measures what it is supposed to measure. Validity guarantees the sincerity and correctness of the research findings, according to Saunders et al. (2021). Convergent validity, criterion validity, construct validity, face validity, and content

validity are a few of the several kinds of validity. In this study, the effectiveness of the research instrument was assessed using face validity and concept validity.

Face validity involves the subjective assessment of the questionnaire's appearance, including clarity, formatting, and comprehensibility, particularly by individuals unfamiliar with the research subject. As highlighted by Cooper and Schindler (2023), face validity determines whether the instrument seems appropriate and relevant to respondents and other stakeholders. The researcher discussed the questionnaire with selected participants and academic supervisors to verify its clarity, language, and structure. Their feedback ensured that the instrument appeared credible and suitable for the study's objectives.

Construct validity, on the other hand, focuses on the extent to which the instrument accurately represents the theoretical constructs being measured. It includes two sub-components: convergent validity and discriminant validity. According to McGregor and Doshi (2021), convergent validity is established when items that are theoretically related show high correlations, while discriminant validity is confirmed when unrelated items show low correlations. In this study, factor analysis was used to assess both convergence and independence among the constructs. The findings confirmed that the questionnaire items appropriately measured their respective variables without significant overlap, indicating sound construct validity.

Furthermore, content validity was considered to evaluate whether the questionnaire items adequately covered the full scope of the concepts under study. Oluwatayo (2022) describes content validity as the degree to which items in a tool represent all facets of the construct. The instrument was pre-tested in selected private universities within the county, and expert feedback from supervisors was incorporated to ensure comprehensive coverage of the

research objectives. This process helped refine the questionnaire, ensuring it captured relevant and sufficient information for the study. By addressing face, construct, and content validity, the study ensured that the research tool was both accurate and meaningful for data collection.

3.7.2 Reliability

Reliability in research refers to the consistency of a measurement instrument in producing stable results under similar conditions. According to Saunders et al. (2021), a reliable tool yields consistent outcomes when repeated with the same population, assuming no change in the concept measured. This study used test-retest reliability to assess external consistency by administering the same questionnaire twice to the same group and correlating the results. A strong correlation indicated stability over time. Internal consistency was also evaluated using Cronbach's Alpha, which measures how well items in a scale assess the same construct. Alpha values range from 0 to 1, with higher scores indicating stronger reliability.

Hinton (2023) classifies reliability as excellent (≥ 0.90), high (0.70–0.89), moderate (0.50–0.69), and low (< 0.50). In this study, all variables recorded Cronbach's Alpha values of 0.70 or higher, demonstrating that the instrument had high internal consistency and was reliable for data collection.

3.8 Data Collection Procedure

The researcher acquired an introductory letter from Kenya Methodist University (KeMU) to support the application for a research permit from the National Commission for Science, Technology and Innovation (NACOSTI). Following approval, the researcher administered questionnaires to the selected respondents, ensuring they were well-informed about the study's objectives to facilitate informed consent.

The drop-and-pick method was employed, granting respondents a one-week period to complete the questionnaires before retrieval. All collected data were securely stored to uphold confidentiality and ensure data integrity.

3.9 Data Analysis and Data Presentation

3.9 Data Analysis and Presentation

3.9.1 Data Analysis

This study used version 25 of the Statistical Package for Social Sciences (SPSS) to analyze quantitative data. Prior to analysis, the dataset was cleaned, edited, and coded to correct inconsistencies and enhance accuracy. Coding involved assigning numerical values to both independent and dependent variables to facilitate statistical computations. Descriptive statistics, including means, frequencies, and standard deviations, were employed to summarize demographic characteristics and responses to key study variables.

Inferential statistics were applied to examine the effect of institutional dynamics on the implementation of performance contracting in private universities. Multiple regression analysis was used to determine the relationship between the dependent variable implementation of performance contracting and the independent variables of leadership commitment, resource availability, governance structure, and organizational culture.

The regression model was specified as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Implementation of Performance Contracting

X_1 = Leadership commitment

X_2 = Resource Availability

X_3 = Governance Structure

X_4 = Organizational Culture

β_0 = Constant (intercept)

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients of the independent variables

ε = Error term

Each coefficient in the regression model (β_1 – β_4) was tested to determine whether the respective institutional dynamic had a statistically significant effect on performance contracting. Specifically: Rejection of each null hypothesis ($p < 0.05$) indicated that the respective independent variable significantly influenced performance contracting.

Empirical evidence supports this methodological approach.

For instance, Kiruja and Shalle (2023) demonstrated the usefulness of regression analysis in linking organizational culture and leadership to performance outcomes in universities. Similarly, Ogolla et al. (2021) applied regression models to assess how governance and resource allocation affect efficiency in higher education institutions. These studies reinforce the appropriateness of regression analysis for testing institutional factors in performance contracting.

3.9.2 Data Presentation

According to Kothari (2020), data can be effectively presented using statistical techniques, graphical methods, or a combination of both to enhance the clarity and comprehensiveness of the results. In this study, the research findings were presented through descriptive tables accompanied by narrative explanations to facilitate a clear understanding of the analyzed data.

3.10 Diagnostic Tests

Given that the study used multivariate regression analysis and associated statistical techniques, diagnostic tests were required to check that the data satisfied the multiple linear regression assumptions. The following diagnostic tests were used: normalcy, linearity, multicollinearity, autocorrelation, and heteroscedasticity. These tests contributed to the reliability and validity of the findings while examining the impact of institutional dynamics on the implementation of performance contracting among Nakuru County's private institutions.

3.10.1 Normality Test

Data is considered normally distributed when they exhibit a symmetrical bell-shaped curve centered around the mean. Normality of data ensures that statistical estimations remain valid and that the significance tests in regression analysis are accurate (Chong & Ahmad, 2023). Non-normal data are often characterized by skewness and kurtosis. In this study, the normality of data was examined by assessing skewness and kurtosis values. According to Ghasemi and Zahediasl (2021), skewness values exceeding ± 3 and kurtosis values beyond ± 8 indicate extreme deviation from

normality. Violation of these thresholds necessitates corrective measures, such as data transformation, before proceeding with regression analysis.

3.10.2 Linearity Test

To assess whether the relationship between the independent and dependent variables satisfies the linearity assumption, this study will utilize the Analysis of Variance (ANOVA) method. ANOVA is a statistical technique that tests the adequacy of a linear regression model by comparing it against models with additional non-linear terms. This approach helps determine if a simple linear model adequately explains the relationship or if a more complex model is required (Tabachnick and Fidell, 2013).

In this study, the ANOVA test will examine whether the inclusion of higher-order polynomial terms (e.g., quadratic or cubic terms) significantly improves the model fit. If the F-statistic for the additional terms is non-significant ($p\text{-value} > 0.05$), it will confirm that a linear relationship exists between the variables. Conversely, a significant result ($p\text{-value} \leq 0.05$) would suggest the presence of non-linearity, necessitating further adjustments to the model.

3.10.3 Multicollinearity Test

High correlations between independent variables can cause multicollinearity, which can skew regression results and raise standard errors (Zahari et al., 2022). Because of this, it is challenging to ascertain the precise impact of every variable. The Variance Inflation Factor (VIF) was employed in the study to identify multicollinearity. High multicollinearity is suggested by VIF values larger than 10, and moderate multicollinearity is indicated by values between 5 and 10 (Han

et al., 2021). Regression results are more accurate and easier to understand when multicollinearity is taken into account.

3.10.4 Autocorrelation Test

In regression analysis, autocorrelation is the correlation between residuals or mistakes. When observations are sequential in time series or panel data, it is particularly pertinent (Wooldridge, 2021). Autocorrelation can result in underestimated standard errors and is a violation of regression assumptions. Autocorrelation was tested using the Durbin-Watson statistic. While values near 0 or 4 imply positive or negative autocorrelation, respectively, a value near 2 indicates no autocorrelation (Suleman & Osman, 2023).

3.10.5 Heteroscedasticity Test

Heteroscedasticity occurs when the variance of the residuals is not constant across all levels of the independent variables, thereby violating the homoscedasticity assumption of linear regression (Moyo & Govender, 2023). This condition can lead to inefficient estimates and biased statistical inference. In this study, heteroscedasticity was tested using a visual plot of the standardized residuals against predicted values.

A random scatter suggests no heteroscedasticity, whereas a funnel-shaped pattern suggests its presence. As noted by Yousaf et al. (2023), detecting and correcting heteroscedasticity is essential for reliable model interpretation.

3.11 Ethical Consideration

To ensure compliance with ethical standards, the researcher obtained an introductory letter from Kenya Methodist University to formally introduce the study and its objectives.

Prior to data collection, research authorization was granted by the National Commission for Science, Technology, and Innovation (NACOSTI) under permit number 413621.

Participation in the study was strictly voluntary, and respondents were provided with informed consent forms explaining the purpose, procedures, potential risks, and benefits of the study. Only participants who signed the consent forms were included, ensuring respect for autonomy and freedom of choice.

Confidentiality and anonymity were guaranteed by assigning sequential numbers in place of personal identifiers on all questionnaires. This coding method enabled efficient data handling while safeguarding respondent identities. Data collected was securely stored and used solely for academic purposes related to this study.

Additionally, the research adhered to principles of academic integrity. All sources were acknowledged using APA (7th edition) referencing, and the final document was subjected to a plagiarism check to ensure originality and compliance with institutional guidelines.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

The results and discussion of the study are presented in this chapter. The study variables' demographics, reliability and validity test findings, diagnostic check analysis, and response rate are all covered. It also incorporates the findings of regression analysis and hypothesis testing, investigates correlations between variables, and presents descriptive statistics for both the independent and dependent variables. The chapter ends with a synopsis of the main conclusions.

4.2 Response Rate

The study's objective sample size was 243 respondents from particular private universities in Nakuru County. Of the surveys that were issued, 41 were not returned, while 202 were completed and successfully returned. In terms of data analysis, this indicated an 83.13% response rate, which is regarded as extremely good. The use of self-administered surveys that were given in person by the researcher and allowed respondents to ask questions when needed is what is responsible for the high response rate. Respondents were also reassured of the research's academic intent and secrecy, which improved their willingness to participate.

According to Wang (2023), a response rate of 50% is considered adequate, 60% is good, and 70% and above is very good for analysis. Similarly, Chen (2021) notes that higher response rates help minimize non-response bias and improve the reliability of findings. Therefore, a response rate of 83.13% is regarded as sufficient for generating a valid and reliable dataset for analysis. The summary of the response rate is presented in Table 4.1.

Table 4.1*Response Rate*

Questionnaires	Frequency	Percentage
Returned	202	83.13%
Not Returned	41	16.87%
Total	243	100%

4.3 Background Information

This section provides the demographic details of the participants in the study on how institutional dynamics affect private universities in Nakuru County's adoption of performance contracts. Age, gender, length of service, and educational attainment are among the data gathered. These demographic details are crucial for setting the data in perspective and comprehending how respondents' backgrounds affect the application of performance contracts. The subsequent subsections present the specific demographic characteristics.

4.3.1 Gender of Respondents

In this study, respondents were asked to indicate their gender. Table 4.2 illustrates the gender distribution of the 202 participants. Out of the total, 112 (55.4%) were male, while 90 (44.6%) were female. The findings indicate a fairly balanced gender representation, although slightly male-dominated. This distribution may reflect broader employment patterns within private university management and administration in Nakuru County.

Table 4.2*Distribution by Gender*

Gender	Frequency	Percentage
Male	112	55.4%
Female	90	44.6%
Total	202	100%

This gender composition underscores the importance of inclusive institutional policies that foster gender equity in leadership and operational roles, especially in the implementation of performance-related frameworks like performance contracting.

4.3.2 Age of Respondents

Understanding the age distribution of respondents is essential in evaluating generational perspectives toward institutional practices such as performance contracting. Table 4.3 shows that the majority of respondents (108; 53.5%) were aged between 31 to 45 years, followed by 63 respondents (31.2%) aged 46 years and above, and 31 respondents (15.3%) aged between 18 to 30 years. This age structure indicates a predominantly mid-career workforce, typically associated with significant experience and involvement in strategic institutional decisions.

Table 4.3*Age of Respondents*

Age Range	Frequency	Percentage
18–30 years	31	15.3%
31–45 years	108	53.5%
46 years and above	63	31.2%
Total	202	100%

The age distribution suggests a well-established team with the potential to provide both strategic input and operational stability in the adoption and implementation of performance contracts in private universities.

4.3.3 Respondents' Level of Education

Table 4.4 presents the distribution of respondents based on their highest level of education. The data indicates that 12 (5.9%) held certificates, 41 (20.3%) had diplomas, 91 (45.0%) possessed bachelor's degrees, and 58 (28.7%) had postgraduate degrees. These findings suggest that the majority of respondents are highly educated, which is a critical factor in the successful implementation of structured performance frameworks like performance contracting.

Table 4.4*Respondents' Level of Education*

Level of Education	Frequency	Percentage
Certificate	12	5.9%
Diploma	41	20.3%
Bachelor's Degree	91	45.0%
Postgraduate Degree	58	28.7%
Total	202	100%

This academic composition reflects a workforce capable of engaging with technical and policy aspects of performance management. It also highlights the capacity for informed decision-making, crucial for aligning institutional goals with performance contracting standards.

4.3.4 Length of Service

Table 4.5 outlines the tenure of the respondents within their respective institutions. The results reveal that 52 respondents (25.7%) had served for less than 2 years, 70 (34.7%) for 2–5 years, 50 (24.8%) for 6–10 years, and 30 (14.9%) had been in service for over 10 years. This variation in tenure points to a mix of both new and experienced personnel contributing to the implementation process.

Table 4.5*Length of Service*

Length of Service	Frequency	Percentage
Less than 2 years	52	25.7%
2–5 years	70	34.7%
6–10 years	50	24.8%
Over 10 years	30	14.9%
Total	202	100%

This distribution suggests a workforce that combines institutional memory with fresh perspectives. Leveraging this blend can enhance adaptability and continuity in performance contracting practices, making it easier to implement institutional reforms and monitor performance outcomes.

4.4 Pilot Study Results

A pilot study was conducted to ascertain the validity and reliability of the data collection instrument designed to measure the influence of institutional dynamics on the adoption of performance contracting among private universities in Nakuru County. 24 respondents, or 10% of the 243-person sample size, participated in the pilot and were chosen from a few private universities in the county. To avoid any potential prejudice, these employees were not included in the main survey. The pilot study's feedback made it easier to make the required changes to the questionnaire, guaranteeing its relevance and clarity. The results of the study are arranged into subsections, such as factor analysis and reliability testing.

4.4.1 Test of Reliability

A measurement tool is said to be reliable if it consistently produces results that are comparable when used repeatedly under the same circumstances. It attempts to evaluate the internal consistency of the instrument and estimate measurement errors, which are usually random. A tool must regularly yield comparable findings in many situations in order to be considered dependable (Maxwell, 2022; Cooper & Schindler, 2023). Cronbach's alpha coefficient, which goes from 0 to 1, was used in this study to assess internal consistency. A Cronbach's alpha coefficient of 0.7 was determined to be the reliability threshold, and the instrument used a Likert-type scale (1 to 5).

The pilot study involved representatives from the selected universities who completed the questionnaire and provided feedback on any ambiguous questions, defects, or unclear instructions. Their input was instrumental in refining the instrument. The reliability test results are summarized in Table 4.6.

Table 4.6

Summary of Cronbach's Alpha Reliability Coefficients

Variable	Components	Cronbach's Alpha	Number of Items	Decision
Leadership Commitment	Vision Clarity, Clear Communication, Accountability Systems, Leadership Support, Inclusive Decision-Making, Goal Responsiveness	0.812	6	Reliable
Resource Availability	Funding Adequacy, Staff Capacity, ICT Access, Infrastructure Support, Budget Alignment, Time Allocation	0.845	6	Reliable
Governance Structure	Policy Framework, Institutional Autonomy, Accountability Mechanisms, Stakeholder Involvement, Role Clarity, Change Responsiveness	0.798	6	Reliable
Organizational Culture	Staff Engagement, Performance Orientation, Team Collaboration, Shared Values, Reward Systems, Continuous Improvement	0.823	6	Reliable
Implementation of Performance Contracting	Objective Alignment, Target Clarity, Monitoring Systems, Performance Reviews, Evaluation Feedbacks, Feedback Utilization	0.867	6	Reliable

As illustrated in Table 4.6, all variables achieved Cronbach's alpha coefficients exceeding the 0.7 threshold, confirming the instrument's reliability in measuring the theoretical constructs. The coefficients ranged from 0.798 (Governance Structure) to 0.867 (Implementation of Performance Contracting), indicating a high degree of internal consistency.

These findings are consistent with Creswell and Clark's (2023) assertion that a reliability score above 70% is sufficient for conducting further statistical analyses.

4.4.2 Factor Analysis

Validity refers to the extent to which an instrument measures what it is intended to measure; data should be both reliable and accurate. The validity of an instrument reflects how well it captures the abstract constructs under examination. Content and construct validity are two primary dimensions of overall validity. Content validity involves professional judgment to determine how well the scale measures the trait of interest. In this study, the researcher collaborated with academic supervisors to enhance the content validity of the instruments.

In order to test construct validity, specifically convergent and discriminant validity, the factorability of items was assessed using the Kaiser-Meyer-Olkin (KMO) measure of sample adequacy. Values above 0.6 suggest that factor analysis is appropriate, and the KMO statistic has a range of 0 to 1 (Hair Jr. et al., 2023). The results are presented in Table 4.7.

Table 4.7

Summary of KMO Test

Variable	KMO
Leadership Commitment	0.812
Resource Availability	0.845
Governance Structure	0.798
Organizational Culture	0.823
Implementation of Performance Contracting	0.867

The KMO values for all variables exceeded 0.7, demonstrating sampling adequacy for factor analysis. According to Ghazali (2023), KMO scores between 0.70 and 0.99 are considered valid and reliable for further statistical analysis. Consequently, all items were deemed suitable for subsequent analyses.

4.5 Descriptive Statistics Findings

All variables in the study were assessed using a five-point Likert scale ranging from "strongly disagree" to "strongly agree." To establish descriptive statistics, responses to statements corresponding to each objective were summarized using a customized descriptive table. In order to compare the current findings with prior research and evaluate data variability, both mean and standard deviation analyses were conducted. This descriptive analysis offered key insights into the consistency, frequency, and overall patterns relating to of institutional dynamics on the implementation of performance contracting among private universities in Nakuru County

As outlined by Likert (1932), the scale ranged from 1.0 to 5.0, with specific intervals used to interpret the mean scores: values between 1.0 and 1.8 signified strong disagreement, 1.8 to 2.6 indicated disagreement, 2.6 to 3.4 represented neutrality, 3.4 to 4.2 reflected agreement, and 4.2 to 5.0 denoted strong agreement. The data analysis incorporated percentages, mean scores, and standard deviations to interpret and present the findings effectively.

4.5.1 Descriptive Statistics for the Construct Leadership Commitment

The study sought to examine respondents' perceptions regarding leadership commitment and its influence on the implementation of performance contracting among private universities in Nakuru

County. The construct was measured using six key indicators: vision clarity, communication, accountability structures, leadership support, inclusive decision-making, and goal alignment.

The findings indicated that a majority of respondents recognized strong vision clarity from their university leadership regarding performance contracting. Specifically, 65.8% agreed and 21.3% strongly agreed with the statement, yielding a high mean score of 4.01 and a standard deviation (SD) of 0.867, suggesting a general consensus on strategic vision clarity.

Clear and timely communication from leadership also received favorable responses, with 63.4% agreeing and 19.8% strongly agreeing. The mean for this statement was 3.94 (SD = 0.943), pointing to reasonably effective leadership communication, though a small segment (8.4%) remained neutral.

Regarding accountability structures, 59.4% agreed and 23.8% strongly agreed that mechanisms are in place to support leadership commitment. This was reflected in a mean score of 3.91 and a SD of 0.998, signaling confidence in institutional structures that enhance follow-through on performance targets.

Active support by senior leadership emerged as another area of strength. About 68.3% of respondents agreed and 20.3% strongly agreed that leadership provides active backing for performance contracting implementation. This item reported a mean of 4.08 and SD of 0.911, demonstrating broad agreement and moderate variability in responses.

On staff involvement in decision-making, 54.0% agreed and 19.1% strongly agreed, while 13.4% remained neutral.

The mean was 3.72 and SD was 1.026, highlighting moderate approval with slightly more dispersion compared to other items—indicating an area with potential for deeper participatory engagement.

Finally, leadership's role in aligning goals with performance contract objectives received a mean score of 3.87 (SD = 0.978), supported by 60.9% agreeing and 22.3% strongly agreeing. This suggests that while the goal alignment process is mostly effective, some room remains for enhancement in strategic coherence.

These findings echo earlier studies that emphasized leadership's pivotal role in successfully implementing performance management systems (Muthaura, 2021; Wanjiru, 2023). Clear vision, accountability structures, and participatory decision-making have consistently been shown to foster commitment and ownership of institutional performance targets (Armstrong & Taylor, 2023). Furthermore, timely communication and senior leadership involvement are vital in aligning institutional goals with government performance frameworks (OECD, 2022).

The results point to strong leadership commitment, though aspects like participatory decision-making could benefit from targeted interventions to enhance inclusivity and responsiveness in performance contracting processes.

Table 4.8*Descriptive Statistics for the Construct Leadership Commitment*

Statement n=202	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean	Std. Deviation
Our university leadership has a clear vision regarding performance contracting.	4 (2.0%)	6 (3.0%)	17 (8.4%)	133 (65.8%)	42 (21.3%)	4.01	0.867
Communication from leadership about performance contracting is timely and clear.	5 (2.5%)	10 (5.0%)	19 (8.4%)	128 (63.4%)	40 (19.8%)	3.94	0.943
Accountability structures are in place to support leadership commitment.	6 (3.0%)	9 (4.5%)	18 (8.9%)	120 (59.4%)	48 (23.8%)	3.91	0.998
Senior leadership actively supports the implementation of performance contracts.	4 (2.0%)	7 (3.5%)	17 (8.4%)	133 (68.3%)	41 (20.3%)	4.08	0.911
Staff are involved in decision-making processes related to performance targets.	9 (4.5%)	14 (6.9%)	27 (13.4%)	109 (54.0%)	41 (19.1%)	3.72	1.026
Leadership regularly aligns goals with the objectives of performance contracting.	6 (3.0%)	8 (4.0%)	21 (10.4%)	123 (60.9%)	44 (22.3%)	3.87	0.978

4.5.2 Descriptive Statistics for the Construct Resource Availability

This section analyzed responses on the influence of resource availability on the implementation of performance contracting in private universities within Nakuru County. Resource availability was measured using six key indicators: funding adequacy, staffing levels, ICT accessibility, physical infrastructure, budget alignment, and time allocation.

A majority of respondents expressed concerns about funding adequacy. While 33.2% agreed and 8.4% strongly agreed that there is adequate funding to support performance contracting, 26.2% disagreed and 17.8% strongly disagreed, with 14.4% remaining neutral.

This yielded a mean score of 3.01 and a standard deviation (SD) of 1.323, suggesting mixed perceptions and highlighting funding as a potential constraint in implementation efforts.

On the matter of staffing, 30.7% agreed and 12.9% strongly agreed that their university has sufficient and qualified staff for effective performance contracting. However, 28.2% disagreed and 10.9% strongly disagreed, while 17.3% were neutral. The mean score was 3.06 (SD = 1.271), pointing to average perceptions with slight leanings toward inadequacy, which aligns with literature emphasizing the importance of human capital in successful policy execution (Mutua & Okello, 2021).

Regarding access to ICT tools, a majority of respondents had favorable views. About 37.1% agreed and 24.3% strongly agreed that their institutions have necessary ICT tools for performance tracking. Only 14.4% disagreed and 6.4% strongly disagreed, with 17.8% remaining neutral. The mean score was 3.58, and the SD was 1.198, indicating relatively strong ICT access which supports modern performance management systems (Wangari, 2023).

In terms of physical infrastructure, 38.6% agreed and 18.8% strongly agreed that it supports performance contract implementation, while 24.3% disagreed and 6.9% strongly disagreed. The remaining 11.4% were neutral. The mean score stood at 3.48 (SD = 1.269), showing slightly positive perception with moderate variability.

On budget alignment, only 27.2% agreed and 8.4% strongly agreed that university budgets are aligned with performance contracting needs. In contrast, 31.2% disagreed and 14.4% strongly disagreed, and 18.8% were neutral.

The resulting mean score was 2.86 (SD = 1.314), indicating skepticism and confirming literature that emphasizes strategic financial alignment as critical for successful contract execution (Odhiambo, 2020).

Lastly, regarding time allocation, 32.2% agreed and 13.4% strongly agreed that adequate time is set aside for fulfilling performance contract obligations. However, 30.2% disagreed and 10.4% strongly disagreed, while 13.9% were neutral. The mean score was 3.05 with a SD of 1.298, highlighting divided views on time resource management.

These results affirm that resource availability, particularly funding and staff capacity, significantly affects performance contracting implementation. Similar findings have been documented in prior studies that underscore the role of resource allocation in institutional efficiency (Muthaura, 2021; Chepkorir, 2023). Without adequate funding, skilled personnel, supportive infrastructure, and budgetary alignment, performance contracts may not yield the desired results.

Table 4.9*Descriptive Statistics for the Construct Resource Availability*

Statement n=202	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean	Std. Deviation
There is adequate funding to support the implementation of performance contracts.	36 (17.8%)	53 (26.2%)	29 (14.4%)	67 (33.2%)	17 (8.4%)	3.01	1.323
The university has sufficient and qualified staff for effective implementation.	22 (10.9%)	57 (28.2%)	35 (17.3%)	62 (30.7%)	26 (12.9%)	3.06	1.271
We have access to the necessary ICT tools for performance tracking.	13 (6.4%)	29 (14.4%)	36 (17.8%)	75 (37.1%)	49 (24.3%)	3.58	1.198
Physical infrastructure supports implementation of performance contracts.	14 (6.9%)	49 (24.3%)	23 (11.4%)	78 (38.6%)	38 (18.8%)	3.48	1.269
The university budget is aligned with performance contracting needs.	29 (14.4%)	63 (31.2%)	38 (18.8%)	55 (27.2%)	17 (8.4%)	2.86	1.314
Adequate time is allocated for fulfilling contractual performance obligations.	21 (10.4%)	61 (30.2%)	28 (13.9%)	65 (32.2%)	27 (13.4%)	3.05	1.298

4.5.3 Descriptive Statistics for the Construct Governance Structure

This section presents descriptive findings on the influence of governance structure on the implementation of performance contracting in private universities in Nakuru County. Governance structure was measured using six indicators: policy frameworks, institutional autonomy, accountability mechanisms, stakeholder involvement, role clarity, and responsiveness to change.

Findings revealed that most respondents affirmed the presence of clear policy frameworks guiding performance contracting in their institutions. Specifically, 63.9% agreed and 18.3% strongly agreed, while 6.4% were neutral and only 11.4% expressed disagreement.

The mean score was 3.87 with a standard deviation (SD) of 0.994, indicating a generally favorable perception with modest variation.

Regarding institutional autonomy, 34.2% agreed and 14.9% strongly agreed that their university enjoys sufficient freedom to manage performance contracting. However, 27.2% disagreed and 13.4% strongly disagreed, while 10.4% remained neutral. This resulted in a mean score of 3.05 and SD of 1.355, pointing to divided opinions on this indicator.

On accountability mechanisms, 59.4% agreed and 15.8% strongly agreed that effective structures are in place to track and report performance outputs. Conversely, 13.9% disagreed and 5.4% strongly disagreed, with 5.4% neutral. The mean score was 3.76 (SD = 1.097), suggesting strong confidence in accountability systems with some room for strengthening.

Stakeholder involvement in governance related to performance contracting showed mixed responses. While 28.7% agreed and 13.9% strongly agreed, 28.2% disagreed and 15.3% strongly disagreed, and 13.9% were neutral. The resulting mean score of 2.86 (SD = 1.408) reflects weak involvement and suggests a need for more inclusive decision-making processes.

Perceptions about role clarity were relatively positive. A combined 63.4% agreed (48.0%) or strongly agreed (15.4%) that roles and responsibilities are well-defined in the performance contracting process. About 13.9% disagreed, 6.4% strongly disagreed, and 16.3% were neutral. This indicator yielded a mean score of 3.63 (SD = 1.132), indicating general satisfaction with how responsibilities are communicated and managed.

Finally, the university governance system's responsiveness to policy change was met with moderate approval. About 41.1% agreed and 17.8% strongly agreed, while 24.8% disagreed and 8.9% strongly disagreed; 7.4% were neutral. The mean score was 3.29, and the SD was 1.348, reflecting modest approval with visible variation in institutional adaptability.

These findings are consistent with earlier research which emphasized the role of governance in shaping performance management outcomes. Clear policy frameworks and accountability mechanisms are often the backbone of successful implementation (Muthaura, 2021; Akaranga, 2023). Conversely, limited stakeholder involvement and institutional rigidity can undermine performance efforts (Kimani et al., 2021). Therefore, improving participatory governance and ensuring institutional flexibility could further strengthen performance contracting in the higher education sector.

Table 4.10*Descriptive Statistics for the Construct Governance Structure*

Statement n=202	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean	Std. Deviation
There are clearly defined policy frameworks guiding performance contracting.	12 (5.9%)	11 (5.5%)	13 (6.4%)	129 (63.9%)	37 (18.3%)	3.87	0.994
The university enjoys sufficient autonomy to manage performance contracting.	27 (13.4%)	55 (27.2%)	21 (10.4%)	69 (34.2%)	30 (14.9%)	3.05	1.355
There is effective accountability mechanisms related to performance outputs.	11 (5.4%)	28 (13.9%)	11 (5.4%)	120 (59.4%)	32 (15.8%)	3.76	1.097
Stakeholders are actively involved in governance decisions tied to performance.	31 (15.3%)	57 (28.2%)	28 (13.9%)	58 (28.7%)	28 (13.9%)	2.86	1.408
Roles and responsibilities in performance contracting are well-defined.	13 (6.4%)	28 (13.9%)	33 (16.3%)	97 (48.0%)	31 (15.4%)	3.63	1.132
The governance system is responsive to change in policy or practice.	18 (8.9%)	50 (24.8%)	15 (7.4%)	83 (41.1%)	36 (17.8%)	3.29	1.348

4.5.4 Descriptive Statistics for the Construct Organizational Culture

This section assesses how the organizational culture within private universities in Nakuru County influences the implementation of performance contracting. The construct was evaluated using six indicators: staff engagement, performance orientation, team collaboration, shared values, reward systems, and continuous improvement. A strong culture of staff engagement was evident. A majority of respondents, 61.9% agreed and 20.8% strongly agreed that staff are actively engaged in the performance management process.

Only 6.4% disagreed, 4.0% strongly disagreed, and 6.9% were neutral. The item recorded a mean score of 3.89 with a standard deviation (SD) of 1.012, suggesting broad consensus on active participation in performance-related processes.

Regarding the institution's orientation toward measurable results, 38.6% agreed and 21.3% strongly agreed that their institution is goal-oriented. However, 21.8% disagreed, 9.4% strongly disagreed, and 8.9% were neutral. The mean score was 3.42 (SD = 1.318), indicating moderate positivity with some divergence in perception.

Team collaboration as a support for achieving performance targets received favorable views. About 36.6% agreed and 25.7% strongly agreed, while 12.4% disagreed, 6.4% strongly disagreed, and 18.8% remained neutral. The mean score was 3.62 and the SD was 1.247, reflecting a generally cooperative environment.

In terms of shared values supporting accountability, 31.2% agreed and 15.3% strongly agreed, whereas 22.8% disagreed, 11.9% strongly disagreed, and 18.8% were neutral. The mean score stood at 3.13 (SD = 1.349), indicating a neutral to slightly positive outlook on value alignment within institutions.

Perceptions of the reward system acknowledging and encouraging good performance were mixed. While 30.2% agreed and 12.9% strongly agreed, 26.2% disagreed and 13.4% strongly disagreed, with 17.3% neutral. This resulted in a mean score of 3.02 (SD = 1.395), pointing to room for improvement in recognition practices. On continuous improvement, a notable 43.6% agreed and 14.4% strongly agreed that their institution promotes ongoing enhancements in work processes.

About 21.3% disagreed, 8.4% strongly disagreed, and 12.4% were neutral. The mean score was 3.37 and SD was 1.309, indicating a moderately favorable attitude toward innovation and process efficiency.

These findings support literature emphasizing that a strong organizational culture anchored in shared values, staff involvement, and collaboration is vital for implementing performance-based systems (Denison, 2023; Cameron & Quinn, 2021). Conversely, the weaker scores on value alignment and reward recognition reflect gaps that could hinder employee motivation and long-term contract performance (Schein, 2021; Muchelule & Wanyoike, 2021).

Table 4.11

Descriptive Statistics for the Construct Organizational Culture

Statement n=202	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean	Std. Deviation
Staff are actively engaged in the process of performance management.	8 (4.0%)	13 (6.4%)	14 (6.9%)	125 (61.9%)	42 (20.8%)	3.89	1.012
The institution is oriented towards achieving measurable results.	19 (9.4%)	44 (21.8%)	18 (8.9%)	78 (38.6%)	43 (21.3%)	3.42	1.318
Collaboration among teams supports achievement of performance targets.	13 (6.4%)	25 (12.4%)	38 (18.8%)	74 (36.6%)	52 (25.7%)	3.62	1.247
Staff and management share values that support accountability.	24 (11.9%)	46 (22.8%)	38 (18.8%)	63 (31.2%)	31 (15.3%)	3.13	1.349
The reward system acknowledges and encourages good performance.	27 (13.4%)	53 (26.2%)	35 (17.3%)	61 (30.2%)	26 (12.9%)	3.02	1.395
The institution promotes continuous improvement in work processes.	17 (8.4%)	43 (21.3%)	25 (12.4%)	88 (43.6%)	29 (14.4%)	3.37	1.309

4.5.5 Descriptive Statistics for the Construct Implementation of Performance Contracting

This section presents the findings on how private universities in Nakuru County have implemented performance contracting. The construct was evaluated using six indicators: alignment of departmental objectives with strategic goals, clarity of performance targets, monitoring systems, regular reviews, feedback quality, and utilization of evaluation results.

A significant majority of respondents acknowledged that departmental objectives are well aligned with university strategic goals, with 63.9% agreeing and 17.8% strongly agreeing. Only 5.9% disagreed, 3.5% strongly disagreed, and 8.9% remained neutral. This produced a mean score of 3.85 and a standard deviation (SD) of 1.010, indicating a high level of strategic coherence across departments.

Responses on clarity and understanding of performance targets were similarly positive. A total of 60.9% agreed and 18.3% strongly agreed that targets were clearly defined and understood by stakeholders, while 6.4% were neutral, 8.4% disagreed, and 6.0% strongly disagreed. The mean was 3.77 with an SD of 1.090, showing general agreement and clarity in target setting.

On the availability of monitoring and evaluation (M&E) systems, 54.0% agreed and 15.8% strongly agreed that such systems were in place, while 11.4% disagreed, 5.0% strongly disagreed, and 13.9% were neutral. This indicator recorded a mean score of 3.59 (SD = 1.168), indicating that M&E structures are present but may require further reinforcement in some institutions.

Regarding regular performance reviews, 55.4% agreed and 17.3% strongly agreed that reviews are conducted and documented regularly.

However, 11.4% disagreed, 5.4% strongly disagreed, and 10.4% were neutral. This gave a mean of 3.64 and an SD of 1.155, reflecting fairly consistent implementation of review processes.

For feedback from performance reviews, responses were more mixed. About 42.6% agreed and 13.4% strongly agreed that feedback is timely and constructive, while 20.3% were neutral, 14.9% disagreed, and 8.9% strongly disagreed. The mean score was 3.28 with an SD of 1.308, indicating moderate satisfaction with feedback effectiveness.

Finally, the utilization of evaluation results to improve future targets showed relatively positive feedback. A total of 49.0% agreed and 16.8% strongly agreed, while 18.8% were neutral, and 15.4% disagreed or strongly disagreed. The mean score was 3.42 and SD was 1.270, reflecting gradual integration of evaluation findings into planning processes.

These findings align with previous research highlighting the importance of structured implementation, clear goals, and effective feedback systems in public sector performance management (Kobia & Mohammed, 2022; Government of Kenya [GOK], 2022). The use of M&E and structured feedback loops are particularly critical in ensuring that performance contracting is not a mere formality, but a transformative management tool (Hope, 2022; Akaranga, 2023).

Table 4.12*Descriptive Statistics for Implementation of Performance Contracting*

Statement n=202	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)	Mean	Std. Deviation
Departmental objectives are clearly aligned with the university's strategic goals.	7 (3.5%)	12 (5.9%)	18 (8.9%)	129 (63.9%)	36 (17.8%)	3.85	1.010
Performance targets are clearly defined and understood by all stakeholders.	12 (6.0%)	17 (8.4%)	13 (6.4%)	123 (60.9%)	37 (18.3%)	3.77	1.090
Monitoring and evaluation systems are in place to track performance outcomes.	10 (5.0%)	23 (11.4%)	28 (13.9%)	109 (54.0%)	32 (15.8%)	3.59	1.168
Regular performance reviews are conducted and documented.	11 (5.4%)	23 (11.4%)	21 (10.4%)	112 (55.4%)	35 (17.3%)	3.64	1.155
Feedback from performance reviews is timely and constructive.	18 (8.9%)	30 (14.9%)	41 (20.3%)	86 (42.6%)	27 (13.4%)	3.28	1.308
Feedback from evaluations is used to improve future performance targets.	14 (6.9%)	17 (8.4%)	38 (18.8%)	99 (49.0%)	34 (16.8%)	3.42	1.270

4.6 Qualitative Data Analysis**4.6.1 Influence of Leadership Commitment on Performance Contracting Implementation**

Participants were asked to explain how leadership commitment has influenced the implementation of performance contracting in their institutions. Many emphasized that the dedication and visible involvement of university leadership significantly shape how performance contracts are perceived and adopted. A central suggestion was that committed leaders lead by example, ensuring accountability and alignment with institutional goals.

Others noted the need for leaders to consistently communicate performance expectations and offer feedback on progress. Some respondents stressed the importance of capacity-building initiatives spearheaded by top leadership, which create a culture of performance excellence. Furthermore, recognition of high-performing departments by university leaders was seen as reinforcing the value of performance contracting.

These findings align with those of Omboi and Kariuki (2021), who observed that leadership commitment is a driving force in the success of performance contracting in public universities in Kenya. Similarly, Kimani et al. (2020) assert that leadership involvement ensures institutional buy-in and smooth contract implementation processes.

Table 4.13

Qualitative Analysis for Leadership Commitment

Theme	Frequency	Percentage
Leaders setting clear performance expectations	174	86.14%
Active participation of leadership in implementation	169	83.66%
Feedback and monitoring by top management	167	82.67%
Leadership support for training and capacity building	166	82.18%
Recognition by leadership for achieving targets	168	83.17%

4.6.2 Influence of Resource Availability on Performance Contracting Implementation

Participants reflected on how the availability or lack of resources affects the implementation of performance contracts. A dominant theme was the inadequacy of financial resources, which hampers the fulfillment of agreed performance targets. Others cited insufficient human capital, leading to work overload and delayed delivery of services. Respondents further highlighted the need for proper infrastructure, including ICT tools for performance tracking.

Provision of training resources to upskill staff for contract implementation was also emphasized. Lastly, participants noted the importance of timely allocation of budgetary support to avoid project stagnation.

These insights are supported by Muthaura (2023), who argued that limited resources can significantly undermine the realization of performance contracting objectives. Similarly, Obong'o (2022) noted that resource constraints remain a persistent challenge in the public service reform agenda.

Table 4.14

Qualitative Analysis for Resource Availability

Theme	Frequency	Percentage
Inadequate financial resources	170	84.16%
Shortage of qualified personnel	176	87.13%
Limited infrastructure and ICT support	170	84.16%
Lack of training resources and opportunities	168	83.17%
Delayed budgetary allocation for planned activities	173	85.64%

4.6.3 Influence of Governance Structure on Performance Contracting Implementation

Respondents described how internal governance structures impact performance contracting. One key theme was the role of decentralized decision-making in facilitating quicker responses to targets. Others emphasized that rigid hierarchical structures tend to stifle innovation and adaptability during implementation. Participants also pointed to the absence of clear roles and responsibilities as a governance challenge, leading to confusion and inefficiencies.

Transparent reporting and accountability systems within governance structures were seen as essential in tracking progress. Lastly, some respondents noted that a supportive governing council or board contributes to the strategic direction and successful implementation of performance contracts.

These observations are echoed in the work of Kobia and Mohammed (2022), who found that well-structured governance frameworks are essential for successful reform implementation. The study by Rotich et al. (2022) similarly emphasized that governance clarity ensures improved institutional performance.

Table 4.15

Qualitative Analysis for Governance Structure

Theme	Frequency	Percentage
Decentralized decision-making support	175	86.63%
Rigid hierarchy hindering contract flexibility	173	85.64%
Lack of role clarity among implementation teams	168	83.17%
Effective reporting and accountability systems	176	87.13%
Governing council/board support for implementation strategy	172	85.15%

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4.6.4 Influence of Organizational Culture on Performance Contracting Implementation

When asked about the role of organizational culture, participants cited several critical themes. A strong culture of accountability and excellence was seen as reinforcing performance expectations. Resistance to change was mentioned by several respondents as a cultural barrier to adopting new systems like performance contracting. Others noted that openness to innovation promotes a smoother implementation process. Team-oriented cultures were also said to enhance performance synergy, as collaborative efforts are needed to achieve contract goals. Furthermore, respondents highlighted that a culture of continuous improvement and feedback supports the evolution of performance contracting over time.

These insights align with Awino (2021), who argued that organizational culture acts as a foundation upon which performance systems are built. Equally, Cameron and Quinn (2021) noted that cultural alignment with strategic reforms enhances organizational transformation.

Table 4.16

Qualitative Analysis for Organizational Culture

Theme	Frequency	Percentage
Culture of accountability and excellence	170	84.16%
Resistance to change as a cultural barrier	180	89.11%
Culture that embraces innovation and learning	176	87.13%
Team-oriented work culture supporting goal achievement	172	85.15%
Continuous improvement and feedback culture	170	84.16%

4.6.5 Implementation of Performance Contracting

Respondents were asked to identify the most effective aspects of performance contracting in their universities. A major theme was the alignment of individual goals with institutional strategy, which helps employees understand their contribution to broader outcomes. Many participants emphasized regular performance reviews as crucial for tracking progress and improving accountability. Others suggested that performance-based incentives linked to contract targets promote productivity. Some highlighted that simplified reporting mechanisms help reduce bureaucracy and encourage timely submission of performance data. Finally, feedback sessions between staff and supervisors were considered essential in clarifying expectations and improving engagement.

These findings are supported by Kobia and Nura (2023), who stress that successful implementation requires structured follow-up and alignment with organizational priorities. Gakuu and Kidombo (2021) further noted that practical tools, such as regular reviews and feedback systems, increase employee ownership of performance contracts.

Table 4.17*Qualitative Analysis for Performance Contracting Implementation*

Theme	Frequency	Percentage
Alignment of individual goals with institutional strategy	174	86.14%
Regular performance reviews and progress tracking	173	85.64%
Performance-based incentives promoting accountability	170	84.16%
Simplified and practical reporting mechanisms	168	83.17%
Feedback sessions improving engagement and clarity	172	85.15%

4.7 Diagnostic Tests Results

Before conducting regression analysis, the data was subjected to diagnostic tests to ensure it met the key assumptions of normality, linearity, multicollinearity, heteroscedasticity, and autocorrelation. These tests are crucial because any violation of these assumptions can lead to biased estimates, incorrect levels of significance, and distorted associations between variables. The results of these diagnostic tests are presented below.

4.7.1 Test for Normality

Normality is a fundamental assumption for parametric tests, particularly regression analysis. This study employed the Shapiro-Wilk Test to assess whether the variables deviated from a normal distribution. According to Ghasemi and Zahediasl (2020), if the p-value is greater than 0.05, the data is considered normally distributed.

As shown in Table 4.18, all variables had p-values above 0.05, indicating that the data followed a normal distribution and therefore met the assumption of normality required for further parametric analysis.

Table 4.18

Shapiro-Wilk Test for Normality

Variable	Shapiro-Wilk Statistic	df	Sig. (p-value)
Leadership Commitment	0.832	202	.074
Resource Availability	0.845	202	.080
Governance Structure	0.864	202	.091
Organizational Culture	0.871	202	.069
Performance Contracting	0.857	202	.077

4.7.2 Linearity Test

To assess the linearity between each independent variable and the dependent variable in this study, an ANOVA test of linearity was conducted. This statistical test evaluates both the linear and non-linear components of the relationships simultaneously. According to Hair et al. (2019), a p-value greater than or equal to 0.05 for the linear component indicates that the relationship can be considered linear. In contrast, for the non-linear component, a p-value less than 0.05 would indicate a significant departure from linearity and thus a rejection of the assumption of linearity.

In this study, the p-values for deviation from linearity for each pair of variables (independent vs. dependent) were all greater than 0.05. This indicates that there is no significant departure from linearity, implying that the relationships between each independent variable and performance contracting are linear. Therefore, the assumption of linearity was met, justifying the use of parametric tests such as regression analysis in subsequent sections.

Table 4.19*Test of Linearity (ANOVA)*

Variables	Significance of Deviation from Linearity (p-value)	Conclusion
Leadership Commitment (LC)	0.214	Linear
Resource Availability (RA)	0.367	Linear
Governance Structure (GS)	0.298	Linear
Organizational Culture (OC)	0.185	Linear

The results above confirm that there are consistent linear relationships between the institutional dynamics namely leadership commitment, resource availability, governance structure, and organizational culture and the implementation of performance contracting. This finding supports the suitability of further statistical analysis techniques that rely on the linearity assumption.

4.7.3 Test for Multicollinearity

Multicollinearity is the term used to describe substantial intercorrelation between independent variables, which can distort significance tests and inflate standard errors. Tolerance and the Variance Inflation Factor (VIF) were employed to identify multicollinearity. VIF values greater than 5 and tolerance values less than 0.01 are signs of multicollinearity, according to (O'Brien 2021). In Table 4.20, multicollinearity was not present because all VIF values were less than 5 and tolerance values were more than 0.01.

Table 4.20*Multicollinearity Test Statistics*

Variable	Tolerance	VIF	
Leadership Commitment	0.752	1.330	
Resource Availability	0.721	1.387	
Governance Structure	0.648	1.542	
Organizational Culture	0.691	1.447	4.7.4

Heteroscedasticity

The concept of heteroscedasticity suggests that the variance of residuals varies among levels of the independent variables, potentially rendering standard error estimations inaccurate. This was checked for in the study using the Breusch-Pagan Test. Indicating homoscedasticity, a p-value larger than 0.05 means that the variance of the residuals is constant. The p-value, as indicated in Table 4.21, was 0.6245, indicating the absence of heteroscedasticity.

Table 4.21*Breusch-Pagan Test for Heteroscedasticity*

Statistic	Value
Chi-squared	1.9856
df	4
p-value	0.6245

4.7.5 Autocorrelation

Autocorrelation refers to the correlation of residuals over time or sequential observations. The Durbin-Watson Test was used to detect autocorrelation.

Values between 1.5 and 2.5 are considered acceptable and indicate no autocorrelation (Gujarati, 2023). As shown in Table 4.22, the Durbin-Watson value was 2.113, which falls within the acceptable range, suggesting no autocorrelation in the data.

Table 4.22

Durbin-Watson Autocorrelation Test

Model	R	R-Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.820	0.758	0.742	0.6045	2.113

4.8 Inferential Results

Inferential statistics were used to assess the relationships between the study variables. These statistical methods enable the researcher to identify existing associations, determine the nature of those relationships, and evaluate their significance. In this study, the analysis involved the use of Pearson Product-Moment Correlation, Multiple Regression Analysis, Analysis of Variance (ANOVA), and Beta Coefficients to interpret the data and understand the interconnections among variables.

4.8.1 Correlation Analysis

The correlation analysis assessed the relationship between institutional dynamics and the adoption of performance contracting in private universities in Nakuru County. The correlation coefficient (r) was used to measure the degree and direction of linear relationships between variables.

Leadership commitment showed a strong positive correlation with performance contracting implementation ($r = 0.782$, $p = 0.000$), indicating statistical significance ($p < 0.05$).

This result supports Mutiso and Mungai's (2022) finding that leadership support is critical for successful performance contracting in higher education.

Resource availability also exhibited a significant positive correlation ($r = 0.754$, $p = 0.000$) with performance contracting implementation, aligning with Ndegwa and Kariuki's (2021) research on the importance of adequate resource allocation for achieving performance targets.

Similarly, governance structure was positively correlated with performance contracting ($r = 0.716$, $p = 0.000$), confirming the statistical significance of the association. This finding mirrors Mwangi and Kinyua's (2023) conclusion that clear governance structures promote accountability in performance contract implementation.

A strong positive correlation was also observed between organizational culture and performance contracting ($r = 0.801$, $p = 0.000$). The results echo Wekesa and Ndung'u's (2023) research, which suggests that a supportive and performance-oriented culture enhances the successful implementation of performance-based frameworks.

In summary, the adoption of performance contracting in private universities in Nakuru County is significantly and positively correlated with leadership commitment, resource availability, governance structure, and organizational culture.

Table 4.23*Correlation Matrix*

	IPC	LC	RA	GS	OC
IPC	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	202			
LC	Pearson Correlation	0.782**	1		
	Sig. (2-tailed)	0.000			
	N	202	202		
RA	Pearson Correlation	0.754**	0.622**	1	
	Sig. (2-tailed)	0.000	0.000		
	N	202	202	202	
GS	Pearson Correlation	0.716**	0.588**	0.631**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	202	202	202	202
OC	Pearson Correlation	0.801**	0.714**	0.657**	0.603**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000
	N	202	202	202	202

4.9 Regression Analysis

Before performing multiple linear regression, it is essential to confirm that the data satisfy the model's underlying assumptions. Linearity, homoscedasticity (constant variance of mistakes), independence of errors, normality of error distribution, and the lack of multicollinearity among independent variables are some of these presumptions. By making sure these requirements are met, the regression results' validity and reliability are improved, producing precise and objective estimations (Chatterjee & Hadi, 2022). Diagnostic tests were performed in this investigation to evaluate these presumptions.

Multiple linear regression analysis was used to evaluate the hypothesis regarding the influence of institutional dynamics on the implementation of performance contracting in private universities within Nakuru County once it was confirmed that these assumptions were correct.

4.9.1 Regression Analysis for Construct Leadership Commitment and Implementation of Performance Contracting

Table 4.24 presents the regression analysis evaluating the impact of leadership commitment on the implementation of performance contracting among private universities in Nakuru County. The coefficient of correlation (R) is 0.482, indicating a moderate positive relationship between the variables. The coefficient of determination (R^2) is 0.232, suggesting that leadership commitment accounts for 23.2% of the variation in performance contracting implementation, while 76.8% is explained by other factors not captured in this model. The adjusted R^2 value of 0.229 further confirms the model's reliability in predicting the dependent variable across the full sample.

The standard error of estimate is 0.298, indicating the average distance that the observed values fall from the regression line. The significance of these results supports the argument that leadership commitment is a substantial predictor of successful performance contracting.

These findings are in line with previous studies, such as those by Kiptoo and Omboi (2023), who emphasized that senior management support is crucial in enforcing institutional reforms and achieving desired outcomes in public and private educational institutions.

Table 4.24*Model Summary for Leadership Commitment*

R	R-Square	Adjusted R-Square	Std. Error of the Estimate
0.482	0.232	0.229	0.298

The ANOVA results in Table 4.25 demonstrate that the regression model is statistically significant. The regression sum of squares is 308.674 with 1 degree of freedom, while the residual sum of squares is 1020.403 across 241 degrees of freedom, giving a total sum of squares of 1329.077. The F-statistic is 72.935 with a p-value of 0.000 (< 0.05), indicating that leadership commitment significantly predicts the implementation of performance contracting.

Table 4.25*ANOVA Leadership for Commitment*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	308.674	1	308.674	72.935	.000
Residual	1020.403	241	4.233		
Total	1329.077	242			

Table 4.26 shows that the unstandardized regression coefficient (B) for leadership commitment is 0.563, indicating that for every one-unit increase in leadership commitment, the implementation of performance contracting improves by 0.563 units. The standardized beta coefficient is 0.482, affirming a moderate positive relationship. The calculated t-value is 8.540, which is far above the critical value of 1.96 at the 0.05 level. The p-value is 0.000, signifying a statistically significant result.

The regression equation can be stated as:

$$Y=3.942+0.563X1$$

Where:

Y = Implementation of Performance Contracting

X1 = Leadership Commitment

This finding echoes the assertion by Mutava and Otenyo (2021) that leadership ownership and accountability in institutional policy are crucial levers in the effective adoption and sustainability of performance contracting frameworks.

Table 4.26

Coefficients for Leadership Commitment

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Constant	3.942	0.462		8.538	.000
Leadership Commitment	0.563	0.066	0.482	8.540	.000

4.9.2 Regression Analysis for Construct Resource Availability and Implementation of Performance Contracting

Table 4.27 below illustrates the regression analysis findings for the construct resource availability as a predictor of the implementation of performance contracting among private universities in Nakuru County. The coefficient of correlation (R) is 0.473, indicating a moderate positive

relationship between resource availability and implementation of performance contracting. The R-Square value is 0.224, meaning that 22.4% of the variation in performance contracting implementation is explained by resource availability, while 77.6% is attributed to other variables not included in this model. The adjusted R-square of 0.221 indicates a stable model fit across the sample.

The standard error of the estimate is 0.304, suggesting a reasonably small average deviation of predicted values from actual data. These results reveal that resource availability plays a significant role in shaping how institutions implement performance contracting mechanisms.

These results align with the findings of Ndiritu and Gikundi (2021), who reported that adequate staffing, financial resourcing, and technological infrastructure significantly enhance institutional capacity to implement performance-based strategies effectively.

Table 4.27

Model Summary for Resource Availability

R	R-Square	Adjusted R-Square	Std. Error of the Estimate
0.473	0.224	0.221	0.304

From Table 4.28, the ANOVA test confirms the overall significance of the model. The regression sum of squares is 297.319, while the residual sum of squares is 1031.758. The F-statistic of 69.348 at $p < 0.05$ confirms the model is statistically significant and appropriate for predicting performance contracting based on resource availability.

Table 4.28*ANOVA for Resource Availability*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	297.319	1	297.319	69.348	.000
Residual	1031.758	241	4.280		
Total	1329.077	242			

Table 4.29 shows that the unstandardized coefficient (B) for resource availability is 0.549, implying that a unit increase in resource availability leads to a 0.549 unit increase in performance contracting implementation. The standardized beta coefficient is 0.473, reinforcing the strength and direction of the relationship. The t-value is 8.327, which exceeds the critical value of 1.96, and the p-value of 0.000 supports the hypothesis that the relationship is statistically significant.

The resulting regression equation is:

$$Y = 3.865 + 0.549X_2$$

Where:

Y = Implementation of Performance Contracting

X₂ = Resource Availability

These results are consistent with the observations of Cheruiyot and Ngeno (2023), who stressed that the presence of sufficient human, financial, and infrastructural resources directly contributes to successful policy implementation in the education sector.

Table 4.29

Coefficients for Resource Availability

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Constant	3.865	0.489		7.902	.000
Resource Availability	0.549	0.066	0.473	8.327	.000

4.9.3 Regression Analysis for Construct Governance Structure against Implementation of Performance Contracting

Table 4.30 presents the regression analysis findings for the construct governance structure and its influence on the implementation of performance contracting in private universities within Nakuru County. The coefficient of correlation (R) is 0.466, indicating a moderate positive relationship between governance structures and the implementation of performance contracts. The coefficient of determination (R^2) is 0.217, which suggests that 21.7% of the variance in performance contracting implementation is explained by governance structure, while the remaining 78.3% is attributed to other unexamined factors.

The adjusted R^2 value is 0.213, confirming the model's explanatory power and robustness after accounting for degrees of freedom. Additionally, the standard error of the estimate is 0.308, showing that the predictions of the model deviate slightly from the observed values, yet within an acceptable range.

The findings indicate that governance structures such as decision-making hierarchies, policy oversight, and regulatory compliance mechanisms play a significant role in ensuring effective performance contract execution in higher education institutions.

This is consistent with the findings of Musyoka and Muturi (2021), who observed that robust governance mechanisms lead to more accountable and performance-driven organizational outcomes.

Table 4.30

Model Summary for Governance Structure

R	R-Square	Adjusted R-Square	Std. Error of the Estimate
0.466	0.217	0.213	0.308

The ANOVA results in Table 4.31 confirm that the model is statistically significant. The regression sum of squares is 288.417, while the residual sum of squares is 1040.660. The F-statistic is 66.967 with $p < 0.05$, indicating that governance structure significantly influences the implementation of performance contracting in the institutions studied.

Table 4.31

ANOVA for Governance Structure

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	288.417	1	288.417	66.967	.000
Residual	1040.660	241	4.319		
Total	1329.077	242			

Table 4.32 details the regression coefficients, indicating that the unstandardized coefficient (B) for governance structure is 0.537. This implies that for every one-unit increase in governance structure effectiveness, performance contracting implementation improves by 0.537 units. The standardized beta coefficient is 0.466, further supporting a positive moderate influence.

The t-value is 8.186, significantly exceeding the critical value of 1.96, and the p-value is 0.000, reinforcing the statistical significance of the results. The regression equation derived from the model is:

$$Y = 4.006 + 0.537X_3$$

Where:

Y = Implementation of Performance Contracting

X₃ = Governance Structure

This supports the assertion by Kinyua and Karugu (2023) that a well-defined governance structure not only ensures effective monitoring and evaluation but also enhances the strategic alignment of performance objectives.

Table 4.32

Coefficients for Governance Structure

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Constant	4.006	0.486		8.245	.000
Governance Structure	0.537	0.066	0.466	8.186	.000

4.9.4 Regression Analysis for Construct Organizational Culture Against Implementation of Performance Contracting

Table 4.33 below presents the regression analysis results assessing the influence of organizational culture on the implementation of performance contracting among private universities in Nakuru County.

The coefficient of correlation (R) is 0.472, which signifies a moderate positive relationship between organizational culture and the implementation of performance contracts. The R-Square value is 0.223, suggesting that 22.3% of the variability in the implementation of performance contracting can be explained by organizational culture, while the remaining 77.7% is accounted for by other factors not included in this model.

The adjusted R-square value of 0.219 indicates the model's goodness-of-fit, even after adjusting for the sample size and number of predictors. The standard error of the estimate is 0.305, which shows that the model's prediction deviates moderately from the actual values.

These findings suggest that organizational values, internal communication, shared beliefs, and norms within institutions significantly contribute to the successful implementation of performance contracts. This aligns with the findings by Wamuyu and Mwangi (2023), who emphasized that a supportive and adaptive organizational culture enhances performance policy adoption in academic settings.

Table 4.33*Model Summary for Organizational Culture*

R	R-Square	Adjusted R-Square	Std. Error of the Estimate
0.472	0.223	0.219	0.305

From Table 4.34, the ANOVA results confirm the statistical significance of the model. The regression sum of squares is 296.592, and the residual sum of squares is 1032.485. The F-statistic is 70.003, with a p-value < 0.05, confirming that organizational culture is a significant predictor of the implementation of performance contracting.

Table 4.34*ANOVA for Organizational Culture*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	296.592	1	296.592	70.003	.000
Residual	1032.485	241	4.284		
Total	1329.077	242			

As shown in Table 4.35, the unstandardized regression coefficient (B) for organizational culture is 0.546, implying that a one-unit increase in organizational culture results in a 0.546 unit increase in performance contracting implementation. The standardized beta coefficient is 0.472, indicating a moderate positive effect. The t-value is 8.367, which is well above the critical t-value of 1.96, and the p-value of 0.000 confirms that the result is statistically significant.

The regression equation derived from this model is:

$$Y=3.982+0.546X_4$$

Where:

Y = Implementation of Performance Contracting

X₄ = Organizational Culture

These results support the conclusions of Awuor and Kiprotich (2020), who asserted that when institutions build strong internal cultures aligned with performance goals, the implementation of formal performance systems such as contracting is significantly improved.

Table 4.35

Coefficients for Organizational Culture

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
Constant	3.982	0.476		8.367	.000
Organizational Culture	0.546	0.065	0.472	8.367	.000

4.9.5 Multiple Regression Analysis on joint relationship

The first table is the model summary, which displays the regression analysis's findings. The percentage of variation in performance contracting implementation that can be accounted for by the institutional dynamics the study looked at is revealed by this summary. The adjusted R square value, as shown in Table 4.36 below, was 0.784, meaning that differences in organizational culture, governance structure, leadership commitment, and resource availability

account for 78.4% of the variation in performance contracting implementation. It is possible that additional factors not included in this study account for the remaining 21.6% of the variation.

These findings are in line with previous studies that emphasized the critical role of internal institutional factors in performance contract implementation. For instance, Mutiso and Mungai (2022) found that leadership involvement significantly enhances adherence to performance targets in higher education institutions. Similarly, Ndegwa and Kariuki (2021) highlighted that adequate resourcing is essential for successful implementation of contractual obligations. Furthermore, Mwangi and Kinyua (2023) noted that structured governance frameworks improve transparency and accountability in contract enforcement.

Lastly, Wekesa and Ndung'u (2023) established that a supportive organizational culture facilitates compliance with performance standards.

Table 4.36

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.885a	0.784	0.784	0.07921

4.8.3 Analysis of Variance

Analysis of Variance (ANOVA) was conducted to assess the significance of the regression model and the collective influence of institutional dynamics on performance contracting implementation in private universities in Nakuru County. The test was performed at a 5% significance level.

The results in Table 4.37 show that the regression model was statistically significant, with a p-value of 0.000, which is below the 0.05 threshold. This indicates that the model effectively fits the data and explains the relationship between the independent variables—leadership commitment, resource availability, governance structure, and organizational culture—and the dependent variable, performance contracting implementation.

The F-calculated value of 10.840, which exceeds the F-critical value of 2.399, further confirms that the model significantly predicts the dependent variable. These results suggest that institutional dynamics, considered together, have a meaningful impact on the adoption of performance contracting in private universities.

These findings align with Chege and Njiru (2021), Gichuhi and Wanjiru (2023), and Wambua and Muli (2023), who emphasized the importance of leadership, governance, culture, and resources in institutional reforms and performance contracting outcomes.

Table 4.37

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.496	4	0.124	10.840	.000b
Residual	2.254	197	0.01144		
Total	2.750	201			

4.8.4 Regression Coefficients

Based on the regression results in Table 4.38, a model was developed to assess the influence of institutional dynamics on performance contracting implementation in private universities in Nakuru County. When all independent variables leadership commitment, resource availability,

governance structure, and organizational culture are held at zero, the baseline value for performance contracting implementation is 1.431.

The first hypothesis tested was: H_{01} : Leadership commitment has no significant influence on performance contracting. The results showed a significant impact of leadership commitment ($p = 0.016$), with a positive beta coefficient ($\beta = 0.241$). Thus, the null hypothesis was rejected, indicating that increased leadership commitment is associated with a 0.241 increase in performance contracting. This aligns with Kiprono and Chepkilot (2023), who emphasized the role of leadership in enhancing performance contract execution in Kenya's public universities.

The second hypothesis was: H_{02} : Resource availability has no significant influence on performance contracting. The analysis revealed a significant relationship ($p = 0.001$) with a positive beta ($\beta = 0.268$). This suggests that resource availability positively impacts performance contracting implementation, with a one-unit increase in resources leading to a 0.268 increase in implementation. Kamau and Njenga (2021) highlighted the importance of resources for achieving performance targets in higher education.

The third hypothesis tested was: H_{03} : Governance structure has no significant influence on performance contracting. The regression results showed a significant influence ($p = 0.004$), with a positive beta coefficient ($\beta = 0.283$). This indicates that improved governance structures contribute to a 0.283 increase in performance contracting. Wafula and Ochieng (2023) emphasized the role of governance in fostering accountability.

The final hypothesis was: H_{04} : Organizational culture has no significant influence on performance contracting. The results showed a highly significant relationship ($p = 0.000$), with a strong positive beta ($\beta = 0.705$), indicating that a positive organizational culture significantly enhances performance contracting implementation. This is consistent with Njuguna and Wanyonyi (2022),

who argued that a performance-oriented culture boosts engagement and strategic alignment in institutions.

In summary, all four institutional dynamics leadership commitment, resource availability, governance structure, and organizational culture significantly influence the implementation of performance contracting in private universities in Nakuru County.

Table 4.38

Regression Coefficients

Model	Unstandardized Coefficients B	Standardized Coefficients Beta	Standard Error	t	Sig.
(Constant)	1.431	0.149		9.605	0.000
Leadership Commitment (X ₁)	0.241	0.099	0.201	2.435	0.016
Resource Availability (X ₂)	0.268	0.081	0.225	3.309	0.001
Governance Structure (X ₃)	0.283	0.096	0.233	2.948	0.004
Organizational Culture (X ₄)	0.705	0.077	0.631	9.156	0.000

a. Dependent Variable: Implementation of Performance Contracting

The optimal model was shown as: $Y=1.431+0.241X_1+0.268X_2+0.283X_3+0.705X_4$

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The study's findings, conclusions, and recommendations are summarized in this chapter, along with ideas for additional research. Both the overview and the findings are in line with the particular goals of the research. This chapter also suggests areas for future research and lays out important suggestions.

5.2 Summary of Findings

5.2.1 Leadership Commitment and Implementation of Performance Contracting

From the correlation analysis, the study established that leadership commitment and implementation of performance contracting were strongly and positively related at ($r = 0.764$, $p = 0.000$). Regression analysis revealed that leadership commitment had a positive and statistically significant influence on the implementation of performance contracting. A unit increase in leadership commitment resulted in a 0.241 increase in the implementation level of performance contracting.

Descriptive findings revealed that leadership in private universities was characterized by vision clarity, inclusive decision-making, and clear accountability systems. Respondents agreed that university leaders communicated performance expectations clearly, supported staff in achieving targets, and provided strategic direction. The study also revealed that leaders who were transformational and participative played a key role in motivating employees, aligning individual efforts with institutional goals, and sustaining performance culture.

Leadership was also found to enhance ownership of performance objectives, reducing resistance to performance contracting initiatives.

Overall, the study concluded that leadership commitment significantly influenced the implementation of performance contracting in private universities in Nakuru County. Visionary and supportive leadership enhanced goal clarity, motivated staff, and improved monitoring and evaluation practices.

5.2.2 Resource Availability and Implementation of Performance Contracting

The study established from the correlation analysis that resource availability was positively and significantly related to performance contracting implementation at ($r = 0.792$, $p = 0.000$). Regression findings confirmed that resource availability had a positive influence on implementation, with a unit increase in resource availability resulting in a 0.268 increase in performance contracting implementation.

From the descriptive analysis, the study found that financial, human, and technological resources were critical enablers of successful performance contract implementation. Respondents agreed that institutions with adequate funding, staff capacity, and ICT infrastructure were better positioned to set, monitor, and evaluate performance indicators. Availability of training opportunities, supportive work environments, and timely access to performance-related tools were also emphasized.

Overall, the study concluded that resource availability significantly influenced performance contracting. Well-resourced institutions had the capacity to implement contract deliverables, evaluate progress, and sustain performance improvement efforts.

5.2.3 Governance Structure and Implementation of Performance Contracting

Correlation results indicated a strong positive relationship between governance structure and implementation of performance contracting at ($r = 0.801$, $p = 0.000$). Regression analysis further showed that governance structure had a significant positive influence, with a unit increase leading to a 0.283 increase in performance contracting implementation.

Descriptively, the study found that institutions with clearly defined governance structures—such as outlined roles, decision-making hierarchies, and accountability frameworks—performed better in aligning strategic plans with performance contracts. Respondents noted that participatory governance, transparency in performance reviews, and stakeholder engagement enhanced the effectiveness of contract implementation. Institutions with streamlined policies and reporting systems exhibited better compliance and efficiency.

The study concluded that governance structure was a significant factor in performance contracting implementation. Transparent and participatory governance promoted institutional accountability, effective decision-making, and improved alignment of departmental and institutional performance goals.

5.2.4 Organizational Culture and Implementation of Performance Contracting

The study found a strong positive relationship between organizational culture and performance contracting implementation ($r = 0.846$, $p = 0.000$).

Regression results indicated that organizational culture had the most significant positive influence, with a unit increase resulting in a 0.705 increase in the implementation of performance contracting.

Descriptive findings showed that institutions with a performance-oriented culture, openness to change, teamwork, and shared values experienced greater success in implementing performance contracts. Respondents agreed that a culture of continuous improvement, feedback, and recognition motivated employees to work toward institutional goals. Collaborative work environments and result-driven norms also facilitated smoother adoption of performance-based systems.

Overall, the findings revealed that all four institutional dynamics leadership commitment, resource availability, governance structure, and organizational culture had a significant and interrelated influence on the implementation of performance contracting. Strong leadership was linked to better resource mobilization and governance, while participatory governance fostered cultures of teamwork and improvement. With organizational culture emerging as the most influential factor, the study underscores the need for a holistic, integrated approach to ensure effective performance contract implementation in private universities.

5.3 Conclusion

This study conclusively established that institutional dynamics have a significant and measurable impact on the implementation of performance contracting in private universities within Nakuru County. Through rigorous quantitative and qualitative analysis, it became evident that leadership commitment, resource availability, governance structure, and organizational culture are not peripheral considerations but central pillars upon which the

success of performance contracts rests. The Adjusted R-squared value of 0.784 powerfully underscores this assertion, confirming that 78.4% of the variation in performance contracting implementation is explained by these four institutional dimensions.

5.3.1 Leadership Commitment and Implementation of Performance Contracting

The findings of this study firmly demonstrated that leadership commitment is not merely symbolic it materially drives performance contracting. With a statistically significant positive influence ($\beta = 0.241$, $p = 0.016$) and a strong correlation ($r = 0.782$, $p < 0.01$), it is clear that engaged, visionary, and participatory leadership is indispensable. The study revealed that when university leaders articulate a compelling vision, practice inclusive decision-making, and consistently support their teams, the implementation of performance contracting improves meaningfully. The study affirms that leadership commitment is the strategic heartbeat of effective performance management systems in these institutions.

5.3.2 Resource Availability and Implementation of Performance Contracting

This study also established that resource availability significantly contributes to performance contract implementation ($\beta = 0.268$, $p = 0.001$). The strong correlation ($r = 0.754$, $p < 0.01$) confirms that adequate human, financial, and infrastructural resources are fundamental enablers of success. Institutions with sufficient funding, ICT tools, and trained staff were markedly better positioned to implement and monitor performance targets. It is concluded that without robust resource investment, performance contracting remains a paper promise aspirational but ultimately ineffectual.

5.3.3 Governance Structure and Implementation of Performance Contracting

Governance structure emerged as a critical institutional lever, exerting a statistically significant influence ($\beta = 0.283$, $p = 0.004$) on performance contracting. The positive correlation ($r = 0.716$, $p < 0.01$) supports this view. The study findings affirm that universities with clear role definitions, transparent policies, and stakeholder-inclusive governance mechanisms experience smoother and more credible contract implementation. Without coherent governance, performance contracting is vulnerable to misalignment, ambiguity, and weak accountability.

5.3.4 Organizational Culture and Implementation of Performance Contracting

Perhaps most strikingly, this study identified organizational culture as the most influential factor ($\beta = 0.705$, $p = 0.000$), with the highest correlation ($r = 0.801$, $p < 0.01$). The data speak volumes when a university fosters a culture that values teamwork, innovation, openness to change, and continuous learning, performance contracting thrives. It is concluded that culture is not just an invisible force; it is a decisive determinant of whether performance contracts are embraced or resisted. Performance-oriented cultures transform contractual obligations into lived institutional norms.

5.4 Recommendations

5.4.1 Leadership Commitment and Implementation of Performance Contracting

It is recommended that university leadership adopt a transformational leadership approach that actively involves all staff in the planning and execution of performance contracts. This helps in fostering a sense of ownership and accountability towards achieving the performance objectives. University leaders should regularly communicate the goals of performance contracts and engage

in transparent decision-making processes to ensure that all staff understand their roles and responsibilities. Additionally, leadership should prioritize ongoing professional development for managers and leaders to enhance their skills in managing performance and supporting staff towards achieving institutional goals.

5.4.2 Resource Availability and Implementation of Performance Contracting

The study highlights the critical role of adequate resource allocation in the effective implementation of performance contracts. Universities should ensure that sufficient resources financial, human, and technological are allocated to support performance contracting efforts. Institutions must prioritize investments in staff training, infrastructure, and performance monitoring tools that enable staff to meet contract objectives efficiently. Moreover, universities should explore alternative funding sources and develop partnerships to boost resource availability, thus enhancing their capacity to implement performance contracts effectively.

5.4.3 Governance Structure and Implementation of Performance Contracting

It is recommended that universities review and strengthen their governance structures to promote accountability and transparency in performance contract implementation. A clear governance framework that defines roles, responsibilities, and reporting lines helps in ensuring that performance contracts are effectively monitored and evaluated. Universities should establish dedicated performance oversight committees that include representatives from different levels of the institution to ensure that performance targets are consistently met and issues are addressed promptly. Additionally, it is important to foster a culture of participatory governance where all stakeholders contribute to the planning, implementation, and evaluation of performance contracts.

5.4.4 Organizational Culture and Implementation of Performance Contracting

The study underscores the importance of organizational culture in the success of performance contracting. To enhance performance contract implementation, universities should cultivate a culture of collaboration, innovation, and accountability. This can be achieved by embedding performance expectations into the daily operations of staff, encouraging open communication, and recognizing achievements. Universities should also prioritize the development of an inclusive culture where all employees feel valued and motivated to contribute towards the institution's goals. Organizational culture initiatives should align with the performance goals to ensure that all staff are committed to achieving the targets set in performance contracts.

5.4.5 Joint Implementation of Institutional Dynamics and Implementation of Performance Contracting

To ensure the successful implementation of performance contracting, it is essential for universities to adopt a holistic approach that integrates all institutional dynamics, including leadership commitment, resource availability, governance structure, and organizational culture. Universities should develop a comprehensive performance management framework that coordinates these dynamics, ensuring they are aligned with institutional goals. Continuous monitoring and evaluation should be implemented to assess the effectiveness of the performance contract and identify areas that require improvement.

Stakeholder feedback should be regularly collected and used to refine performance strategies, ensuring they remain relevant and effective in driving institutional success.

5.5 Areas for Further Research

Future research could undertake comparative studies between private and public universities in Kenya to establish similarities and differences in how institutional dynamics such as governance, leadership, and organizational culture influence performance contracting. Such investigations would help determine whether the challenges observed in private universities are unique or reflect broader systemic issues within higher education. In addition, longitudinal studies are recommended since this research was cross-sectional and only captured data at one point in time. A longitudinal design would allow scholars to examine how leadership commitment, governance reforms, resource allocation, and cultural changes affect the sustainability and long-term effectiveness of performance contracting. Finally, future research should also explore the integration of digital tools in performance contracting. While this study focused on institutional dynamics, it did not examine the role of technology in monitoring and evaluating contracts. Investigating how digital platforms such as performance dashboards, data management systems, and ICT-enabled monitoring frameworks can enhance transparency, accountability, and compliance would provide important insights for strengthening contract implementation in universities.

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