

# **Human Resource Practices and Performance Contracting in the Petroleum Industry in Kenya: A Case Study of Vivo Energy Investment Mombasa**

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## **Author's contribution**

*The sole author designed, analyzed, interpreted and prepared the manuscript.*

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## **ABSTRACT**

The main objective of the research was to examine the human resource practices and performance contracting in the petroleum industry in Kenya. The research was done at vivo energy investment based in Mombasa County. The study was supported by Expectancy Theory and also McGregor's theory X and Y. The research adopted a descriptive research design for data collection and analysis. The target population of the research was 300 staff of the Vivo Energy Investment Mombasa and the investigator targeted a sample size of 90 respondents which is 30% of the total respondents. . The questionnaire was used as the research instrument for data collection in the study and analyzed through descriptive data analysis tools like tables, figures, percentages and SPSS. The research also applied the regression analysis to establish the affiliation amid the dependent as well as the independent variables. The coefficient of determination implied that the set of independent variables in this study accounts for 52% of variations in the performance contracting in the petroleum industry. The remaining percentage (48%) is accounted for by other variables outside the model. The result indicates that knowledge and information regarding the independent variables provides a great proportion of information regarding performance contracting in the petroleum industry in Kenya. The study recommended that vivo energy investment ought to include in their individual rewards a real reward administration in lieu of safeguarding efficacy as well as impartiality in their reward system. Such a system must observe the diverse areas work fairly. Consequently, the employee, cleaners and the like must be handled just like the senior fiscal administrators during the rewarding. The study findings lead to concluding that employee training at

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vivo energy investment in Mombasa Kenya has a positive effect on employee recital of these establishments. The correlation between the independent variables (employee's training, employee compensation, and performance appraisal and employee promotion) and the dependent variable (performance contracting) results shows that all are positive and significant. In particular, employee's training is positively and significantly correlated ( $r=.033$ ,  $p<.05$ ). Similarly, employee compensation ( $r=.203$ ,  $p<.05$ ), performance appraisal ( $r=.075$ ,  $p<.05$ ), and employee promotion ( $r=.230$ ,  $p<.05$ ) are positively and significantly correlated with performance contracting. The businesses design training agendas in lieu of certifying that employee training requirements are constantly met via counseling, assemblies, and support workers' exertions in refining their flaws. Efficacy as well as competence of worker's training amongst employees at Vivo energy investment in Kenya contributes considerably to the employee recital at individual and therefore the organizational performance.

*Keywords: Training; compensation; performance appraisal; promotion.*

## 1. INTRODUCTION

Performance contracting has been hailed as an effective and efficient tool to delivery of services and targets where other performance management tools such as outsourcing and benchmarking had failed. Performance contracting originated in the 1970s when the business environment was rather stable and strategic planning was entrusted in the hands of the top leadership of the firm. This led to a gap as top managers who were involved in formulation of organizational goals overlooked the context in the lower levels of implementation. It is a branch of management science known as Management Control Systems and is a contractual arrangement to implement a service rendering to agree upon terms, in a recognized period, in addition to a specified usage of resources as well as enactment standards.

Performance contracting is a fragment of the wider Public Sector Improvements meant at refining efficacy as well as effectiveness in the administration of the public service [1]. According to Neely [2] performance contract is a freely negotiated treaty amid the government acting as the holder of a community initiative as well as the inventiveness itself in which the purposes, responsibilities as well as errands of both parties are spontaneously discussed and evidently set out. Neely [2] indicated that performance contracting whether in public or private segment, has the main goal of providing an enactment management method that basically draws on performance measurement as well as observing and giving a foundation in lieu of performance appraisal as well as prizes. Neely [2] posited that the glitches impeding performance in government agencies are excess controls as well as regulations, multiplicity of leaders, numerous

political intrusion, brain drain, overstuffed staff echelons, and poor management.

In a global perspective, Lin & Lee [3] who carried out research on the impact of performance contracting in manufacturing firms in Spain argues that the private segment was the first to embrace performance contracting as a management tool before the public sector and that many private manufacturing firms who embraced performance contracting were thriving. Lin and Lee [3] found out that the inadequate incomes of the private segment was a main provider to their espousal of performance contracting as a way of novelty to realize higher recital. Lin and Lee [3] concluded that performance in the private segment is much easier since they are predominantly fretful with quantifiable profits as opposed to the public segment, which habitually has many not easy to measure, and occasionally differing goals.

In African context, Swaartbooi [4], did a research on the influence of performance contracting on organization growth in South Africa and also to determine what can be done to enhance the growth of the firm. The study revealed that performance appraisal can be used primarily to give feedback on inadequate performance, recognize outstanding performance and identify training needs of employees [4]. Swaartbooi [4], indicated that performance contracting came from the insights that the enactment of the public segment has been constantly dwindling under the anticipations of the people. According to Swaartbooi [4], the decline is associated with unnecessary controls, assortment of values, numerous administrative meddling, deprived organization as well as absolute mishandling. However with the execution of performance contracting, it is essential to establish how the

execution has impacted on service delivery in South Africa.

With the high echelons of antagonism in today's business setting, training as well as growth has climbed the ladder of prominence in lieu of establishments that aim at having a modest advantage. There is momentous deliberation amid professionals as well as researchers as to the effect that training as well as development in establishments has on both the workers as well as establishment objectives. On one hand, the school of thought grips firm that training ultimately tips to an upsurge in worker's turnover, as it creates them more marketable as well as conversant. Although other school states that training is a tool to that can lead to advanced echelons of worker's retention as well as commitment to the establishment (Colarelli & Montei, 2016). Irrespective of where one falls in this deliberation, most experts agree that workers training is a multifaceted human resource practice that has a momentous influence on an establishment's accomplishment.

Most organizations nowadays, realize that employee compensation is the indispensable component to conserve or upsurge employee gratification which will keep him/her in the establishment, disgruntled workers will habitually resign. Akrani (2017) convened motivational aspects into two comprehensive terms specifically; the fiscal features as well as non-fiscal factors. Unless these aspects are sufficiently managed by administrations, workers might be disgruntled. Fiscal features might be presented in terms of money inducements to workers. Such inducements are enormously eye-catching to workers, principally to lower level management. Nevertheless, those at advanced echelons of management are found to be more affirmative to non- fiscal inducements (Akrani, 2017).

In order for performance appraisal systems to be efficacious, it is vital to be a collective procedure amid administrators as well as workers. A performance appraisal cycle must originate with a dialogue of workers as well as manager to discuss outcomes, the anticipated comportments as well as evolving features in lieu of enhanced future performance (Antony, 2014). This collaborative aspect of performance appraisal procedure lets administrators comprehend the story from an assistant's viewpoint (Robbins, 2017). This shall consequently offer a forum to intricate the anticipations in lieu of workers. It also offers info in lieu of impending choices about

elevation or plunders and offering a dais to accomplish the anticipated workers comportments in lieu of better enactment. Human Resource errands for instance performance management influence and comprise workers and managers. This insertion shall impact the eminence of the affiliation and also surge discernments as indicated by, (Manville & Greatbanks, 2013).

In Kenyan perspective, Musa [5] carried out a research on the challenges facing performance contracting in Kenya and revealed that, in implementing performance contracting, the common encounters that want to be dealt with comprise enhancement of performance to supply eminence as well as appropriate amenities to the citizen, enlightening efficiency so as to exploit stockholders affluence, plummeting or removing dependence on the exchequer, imparting a nous of culpability as well as transparency in service provision as well as the deployment of possessions as well as giving independence to administration interventions deprived of being exposed to the bureaucracies as well as superfluous actions. Musa [5] indicated that in the formulation of development plans, the organization may be knowledgeable about certain challenges and areas that are generic to their field of specialization, which they habitually lack a bosom knowledge of the distinctive socio-political as well as fiscal conditions antagonizing them.

Locally, Vivo Energy entered in the Kenyan Market in November 2018, it operated 164 retail petrol locations through the nation, a bulk oil storage terminal in Nairobi's industrialized zone as well as Mombasa, jet as well as aviation services at Jomo Kenyatta International Airport, Wilson Airport, Mombasa International Airport and Malindi Airport and a lubricants oil unification plant in Mombasa, (Vivo, 2017). According to Vivo, (2017), the company has been implementing performance contracting in the organization making one of the best performers since performance contracting enhances efficiency in the organization. The establishment served diverse market sections comprising retail, profitmaking as well as resale clients with products ranging from locomotive fuels, fuel oil, lubricants, aviation fuels, and liquefied petroleum gas.

### 1.1 Statement of the Problem

Performance of government institutions are fundamentally mutual and have been recognized

as an assortment of ideologies, absolute mishandling, poor administration, unwarranted control as well as recurrent political meddling. In spite of the numerous exertions to deal with these encounters, it is projected that operative application of performance contracts at Vivo Energy Investment will go far in managing efficiency. In truth, nevertheless, performance contracting has had its encounters, making its efficiency interrogated in some parts. Empirical studies have pointed to the increasing link of HRMP and Performance of firms. HRMP-firm Performance relationship has been the subject of significant empirical examination (Khatri, 2020; K'Obonyo, Busienei, & Ogutu, 2016; Dimba & K'Obonyo, 2019). Nevertheless, these studies have been done in other sectors of the economy but none reviewed on manufacturing firms in Kenyan context. Studies indicate that those firms that adopt certain HRMP in the implementation of the human resource practices, policies and practices tend to achieve superior results compared to their competitors (Kidombo, 2017). Some researchers have claimed that more operative packs of HRMP can transmute an establishment's employees into a planned asset, on account of the potential in lieu of complementarities amid human resource management practices as well as a company possessions (Ulrich & Lake, 2016). The studies revised have concentrated on individual HR practices on recital (Storey, 2018; Barringer et al. 2015; Zhu, 2017). The outcome of compensation, training, recruitment as well as information sharing on enactment has not been researched on extensively. Based on this, the research concentrated on shading light on grey parts as well as viewpoints that had not been encompassed in earlier organization Enactment empirical researches.

Nevertheless, researches have been carried out on performance contracting in other establishments, little has been done on the effect of performance contracting on performance in the energy segment companies in Kenya as stated below. Locally, researches which have been done on performance contracting have focused on execution (Ogoye, 2002; Choke, 2006 and Langat, 2016) while one research has embarked upon the wide-ranging Impact of performance contracting in state corporations [6]. In spite of the accessibility of widespread prevailing literature on performance contracting there is no evidence on the impact of performance contracting on performance of Petroleum industry in Kenya. Employees from

vivo energy investment has not been performing to the best of their ability and therefore the need of introducing performance contracting in the organization. Not many researches have discussed on how employee's training, compensation, performance appraisal as well as employee promotion enhances performance at Vivo energy. It is beside this ground that a researcher is to undertake a research on the Human Resource Practices as well as Performance Contracting in the Petroleum industry in Kenya, a case of vivo energy investment, Mombasa County.

## 1.2 Objectives

The purpose of the study was to scrutinize the Human Resource Practices and Performance Contracting in the vivo energy investment, Mombasa County, Kenya.

The study was led by the ensuing specific objectives:

- i. To establish the effect of employee's training on performance contracting at vivo energy investment, Mombasa County.
- ii. To find out the effect of employee compensation on performance contracting at vivo energy investment, Mombasa County.
- iii. To determine the effect of performance appraisal on performance contracting at vivo energy investment, Mombasa County.
- iv. To assess the effect of employee promotion on performance contracting at vivo energy investment, Mombasa County.

## 2. LITERATURE REVIEW

### 2.1 Theoretical Literature Review

**Goal-setting theory:** According to this theory, goals make employees discover new and better approaches to do work effectively. It also concurs that obligation on goals is probably going to be high when goals are made open and they are not forced on people. According to this theory, when goals are specific and workers are engaged in setting them, performance increases. As indicated by Locke and Latham [7] there are five goal setting rules that can enhance our chances of accomplishment. These are: Clarity, challenge, commitment, feedback and task

complexity. Newstrom (2021) ascertained that setting of goals motivates the fact that there is a shortfall to be met between the present and future performance. This creates tension and workers diminish it by achieving the goals. This increases workers motivation, gives aptitude in work and enhances self-confidence which additionally rejuvenates the need in lieu of self-development.

Goal setting theory is critical in enlightening our study since it enhances the usage of performance contracting as a strategy to raise performance of workers. The theory supports the first objective of the study since the employee relies on training and guidance on what to do to enhance performance. The goals identify and provide guidance to a worker about what should be done as well as how much exertions are needed to be put in. Particular objectives enhance the plea to perform well, and demanding objectives, when accepted, result in higher performance than easy objectives. The key elements of the goal setting theory are that there should be an ideal level of challenge; goal lucidity; as well as feedback [7].

**Expectancy theory:** The theory is also known as expectancy valence theory. Expectancy Theory was developed by Vroom [8] and its idea is that individuals' expectations in their performance influence their conduct and the reward they look for. It contends that motivation comes to realization through expected performance result and the attached level of reward to the outcome by the individual. As indicated by Vroom organization behavior evaluation is imperative. He contends that motivation of individuals relies upon their anticipations in terms of probability that exertion leading to performance, instrumentality or presumed association amid performance as well as plunders, and valence which is the presumed valued linked to the reward.

Vroom [8] also trusts that if individuals acknowledge as factual a sure value of a goal and that they shall accomplish it through their actions; they will be motivated to accomplish it. Vroom's theory attests that individuals' inspiration towards doing anything is because of the individual putting a specific incentive on the goal and the likelihood of accomplishing that goal. The theory support the second objective on employees' compensation and it state that, not unless employees are well compensated, they cannot perform better. The theory additionally

encourages managers to understand the connection amid impetus, performance as well as payment. Vroom posited that inspiration relies upon the expectation that effort will bring about performance. Expectancy theory is perilous in enlightening this research because it elucidates performance appraisal rudiments such as connecting rewards with performance.

**McGregor's theory X and Y:** This study was also founded on McGregor's theory X and Y which is a substitute to the classical organization theory of Max Weber. Theory X and Theory Y was an idea conceived by Douglas McGregor in his 1960 book "The Human Side of Enterprise". It summarized an essential difference amid management styles and has shaped the foundation in lieu of much ensuing inscription on the topic (Cohen, 2017). Theory X is an dictatorial style where the prominence is on efficiency, on the notion of a reasonable day's exertion and on rewards for performance (Minogue, 2018). It replicates a fundamental belief that administration must counter an integral human propensity to elude work (Shawcross, 2019).

According to Theory Y, persons don't hate job. It's as ordinary as respite or play. They don't have to be enforced or endangered. If they promise themselves to mutual goals, they'll drive themselves more efficiently than they can be driven by management. Nonetheless, they'll obligate themselves merely to the extent they can see ways of filling their self-esteem as well as improvement wants [9]. In this study, the application of theory X views in a firm comprised of diverse classes of staffs. When employees are given mandate to accomplish a certain objective, they do it with ease. All these groups of individuals requires some ways of control mechanisms as a way of achieving the anticipated managerial objectives as well as aims. Theory Y on the other hand view a firm with a leader capable of applying management abilities in order to increase enthusiastic collaboration from workers via the use of rules as well as guidelines set by the administration.

## 2.2 Empirical Literature Review

### 2.2.1 Employee training and performance contracting

Training is one of the imperative accomplishments where human resource officer can use to manage human resource in the firm.

Training is a technique that endows employees to acquire expertise and acquaintance so as to realize their errands in operative as well as proficient method [10]. Training is also applied as an instrument to upsurge efficacy and proficiency to staffs so as to surge their enactment (Hunsaker & Cook, 2021). According to Dessler [11] training course starts by determining training essentials. The training need exploration rest on whether you need to train a novel or present worker.

The purpose of the training is to attain the ability which links to the group or a person within an establishment so as to attain an operative enactment. Human capital deliberates as an essential of the business's accomplishment, for example worker's know-how, abilities, acquaintance as well as skills. Accordingly, it is immensely noteworthy to regularly edify the persons and improve their imaginable as well as information. Training goals to upsurge enactment standards as well as efficacy by varying people's comportment in an establishment, the procedure of training comprises of expansion, analysis, design, implementation as well as assessment [6].

With the high echelons of antagonism in today's business setting, training as well as growth has climbed the ladder of prominence in lieu of establishments that aim at having a modest advantage. There is momentous deliberation amid professionals as well as researchers as to the effect that training as well as development in establishments has on both the workers as well as establishment objectives. On one hand, the school of thought grips firm that training ultimately tips to an upsurge in worker's turnover, as it creates them more marketable as well as conversant. Although other school states that training is a tool to that can lead to advanced echelons of worker's retention as well as commitment to the establishment (Colarelli & Montei, 2016). Irrespective of where one falls in this deliberation, most experts agree that workers training is a multifaceted human resource practice that has a momentous influence on an establishment's accomplishment.

### **2.2.2 Employee compensation and performance contracting**

In a research of numerous hospitals, Brown, et al. [12] scrutinized compensation at diverse echelons as well as arrangements and its influence on resource efficacy, patient care

results, and fiscal Recital. Outcomes showed that greater remuneration was connected with superior Recital; nevertheless, the effects seemed to be wavy. The investigators accentuated the significance of an integrative method to making decisions concerning recompense. Fullan [13] scrutinized the affiliations among CEO apparent personality, CEO recompense packages, as well as firm Enactment in a sample of Fortune 500 establishments for a 10-year period. Outcomes designated that enigmatic CEOs is capable of swaying their personal payment packages and stock prices but no additional gauges of an organization Enactment.

In their investigation of external corporations working in Russia, Fey et al. (2000) established that remuneration level was discovered to be expressively linked with firm Enactment in lieu of both managers as well as non-managers. Furthermore, promoting administrators grounded on merit was certainly linked with an establishment Enactment while to be operational, reparation practices as well as dogmas must be affiliated with administrative purposes. While Enactment-instituted reparation can inspire workers, occasionally workers recognize it as an administration instrument to regulate their behaviour [14]. In such a situation, workers are less trusty as well as devoted, thus reparation strategies have the opposite than anticipated result [15]. Martouret [16], established that retention-oriented reparation was correlated with numerous processes of an establishment Recital. Brignall, and Modell [17] studied 73 high-technology firms and displayed that the affiliations amid the HR practices as well as steady Enactment were arbitrated through their top leaders 'social systems.

### **2.2.3 Performance appraisal and performance contracting**

It is often said that establishments that accomplish well are a replication of the exertions as well as attainments of their workforce. Recognizing these efforts as well as suitably adulatory or relaying them is imperious in lieu of organizational accomplishment. This is the rudimentary tenacity of performance evaluations. Jonyo & Owour [18] define it as, "to deliberate performance as well as plan in lieu of the future". Grote [19] describe the goal of staff evaluations as "to expand planning and service delivery at the universal level, but similarly to offer feedback to individual officers".

The procedure of assessing and subsequently vigorously managing administrative as well as employee enactment with the aim of expanding organizational efficacy which is presently perceived as precarious to the growth as well as persistence of the firm. Proper performance assessment policies are planned to meet numerous organizational as well as individual essentials. They offer methodical decrees to backing remuneration upsurges, elevations, transfers, devaluations as well as terminations. They are ways of evaluating as well as communicating job enactment eminence to an inferior worker and proposing required variations in conduct, insulence, abilities or job knowledge. They are similarly used as a foundation in lieu of an administrator to coach as well as advising the individual and to ascertain and deal with recital insufficiencies (Bamberger, 2018).

In a research on transmuted the public service recital in Kenya via performance contracting Wanyama [20] conferred whether recital management practices impact recital in public sector establishments in Kenya. The research benchmarked submissions that can be espoused in public segment, hybrid tactics to enactment management, the incipient constrictions as well as lessons learnt. The research sought to institute whether performance contract has reinvented the public establishments in Kenya; from its fruition, whether it has augmented efficacy, efficiency, limpidity as well as culpability to rationalize future allocation of resources making them eye-catching. These drew the antiquity of public segment alteration in Kenya and its validation and execution of diverse types of reorganization intrusions to its Ministries, Public Establishments, Public Campuses, Local Authorities as well as Tertiary institutes in lieu of effectual, operative moral delivery of services to tax payers, [21].

#### **2.2.4 Employee promotion and performance contracting**

Promotion refers to upward mobility of employees in organization this may be as a result of organization growth strategy or reward. Assortment systems in lieu of elevation take numerous procedures, comprising of interviews, solicitation blanks, recommences, oral considerations, written considerations, situational decision tests, impost hubs, disposition assessments, appraisal of preceding capability [10]. While the emphasis of literature on elevation systems is their legitimacy in envisaging enactment, another aspect to

contemplate is the extent of time that a system shall remain to be applied. Over time, one would anticipate elevation as well as selection systems to be adapted or swapped totally.

In today's exertion surrounding which is high paced, there has been rumors that today's employees invest in deliberation how their exertion is recognized by their bosses, nevertheless, exertions on this have generally described as occasional as well as occasional (Recognition Rewards Enterprises, 2017). Deeprose (2019) argues suggested that distinguishing workers in an establishment causes an essential consequence on the efficiency of workers.

According to Uzonna (2019), one of the utmost effective means to inspire workers is to guarantee that they understand and appreciate the aims and goals of the company they work for. Managers need to support their teams by as they work towards achievement of these goals. This can be done through team building, enhanced communication in such a way that employees clearly understand the company objectives and the importance of feedback, realistic targets to work towards rewards and incentives so that the team feels valuable for positive contribution they make towards achieving goals, and job enrichment which is to build into jobs a higher sense of challenge and achievement. Job enrichment can be done by giving employees the freedom to participate in decision making, giving workers a sense of responsibility, and taking steps to make sure employees see how their efforts contribute to the final products and company goals.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Research Design**

The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring there is effective address to the research problem. The study design in lieu of the research was a descriptive research design. A descriptive research is concerned with discovering the what, where as well as how of a phenomenon. According to Mugenda and Mugenda [22], descriptive design is a procedure of amassing data towards answering queries concerning the present eminence of the topic of the investigation. The descriptive design was used in the investigation.

The design was applied to define the physiognomies of the independent variables. This was suitable to acquire information regarding the current eminence of the phenomenon to designate what the contemporary state of affairs is with regard to the variable of the investigation. Kothari [23] posited that in descriptive design, the problem is organized as well as implicit a fact that Mugenda and Mugenda [22] indicated that descriptive design is most ideal since it offers a report on stuffs as they really are.

### 3.2 Population

The target populace was 300 employees of Vivo Energy Investment Limited in Mombasa County. The populace was separated into three sets with diverse segments of top, middle as well as lower management. Total target populace was as follows in Table 1.

### 3.3 Sample and Sampling Technique

The researcher applied stratified random sampling method in obtaining data. Kothari (2018) indicated that a sample of at least between 10% and 30% is considered sufficiently representative for drawing a sample from. In this study, a sample of 30% of the employees was computed because the researcher found it representative. This yielded 90 respondents for the study. The target population was then sampled using simple random sampling

technique. The proportions was based on the rank an employee held in the company as illustrated in Table 2.

### 3.4 Data Collection Instruments

In this work, the researcher developed data collection tools for primary data. The questionnaire, a collection tool of data to which the respondent react in written form was designed by the researcher. Questionnaires were preferable because they are easy and convenient thus saving time. It contained questions in word format that were distributed to the respondents. General information was covered in the first part while the second part captured questions related to the purposes of the investigation. A 5-point likert scale structural questionnaire was applied. Respondents' degree of agreement or disagreement to a particular statement was expressed and this enabled the researcher to scale attitude of respondents.

**Validity:** Construct validity was used to ensure that the tool measures concept it was required to measure. The researcher also sought for experts' in this case the supervisor and experts examined and gave their opinions which enabled the researcher to assess the quality of the piloted questionnaires which enabled this work to define the constancy of responses and make any adjustment as may be required. Simple words were used to ensure easy understanding by respondents.

**Table 1. Target population**

Category	Target Population	Percentage
Top Management	40	13
Middle Management	60	20
Support Staff	200	67
<b>Total</b>	<b>300</b>	<b>100</b>

*Source: Author, 2022*

**Table 2. Sample size**

Category	Frequency	%	Sample Size
Top Management	40	30	12
Middle Management	60	30	18
Support Staff	200	30	60
<b>Total</b>	<b>300</b>	<b>30</b>	<b>90</b>

*Source: Author, 2022*



**Table 3. Reliability**

Variable	Number of items	Cronbach's Alpha	Decision
Employee's training	4	.750	Acceptable
Employee compensation	5	.790	Acceptable
Performance appraisal	4	.757	Acceptable
Employee promotion	3	.904	Acceptable

*Research Data (2022)*

**Reliability:** Cronbach's Alpha was used to measure reliability of data and was calculated by correlating the score for each scale item (variable) with the total score for each respondent to the test and comparing that to the variance of the total score. Construct testing for reliability was attained by calculating Cronbach's Alpha. The accepted reliability score level is supposed to be above 0.7.

### 3.5 Data Collection Procedure

Self-administered questionnaire that was dispersed to the respondents was used to amass primary data. The researcher later collected the filled questionnaires for analysis. Permission was sought from the respondents to let the researcher carry out the test. The interviews were scheduled and a guideline for them drafted prior to conducting interviews.

### 3.6 Data Analysis and Presentation

To test how Human Resource Practices and Performance Contracting in the Petroleum industry in Kenya are related, a linear multiple regression test was conducted. Coefficient of multiple regressions was calculated to establish the proportion of variation in return on assets clarified by selected ratios. Statistical package in lieu of social sciences (SPSS) was applied as an aid data analysis. The research applied the regression analysis to institute the affiliation amid the dependent as well as the independent variables. Further inferential statistics, correlation and regression was done. The regression model that was tested is presented as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y = Performance Contracting  
 $\beta_0$  = Constant Term  
 $\beta_1$  = Beta coefficients  
X1 = Employee's training  
X2 = Employee compensation  
X3 = Performance appraisal  
X4 = Employee promotion

## 4. RESULTS AND DISCUSSION

### 4.1 Response Rate

The response rate is the number of respondents who answered the questionnaires separated by the sum of individuals in the sample and it is always expressed in the percentage form. The research targeted 90 respondents of which 60 of the questionnaires were attended to with accurate level of 67%. Mugenda and Mugenda [22] indicated that a response rate of 50% is satisfactory, 60% is good and above 70% is excellent. Consequently, the response rate of 67% was considered good to analyse the Human Resource Practices and Performance Contracting in the Petroleum industry.

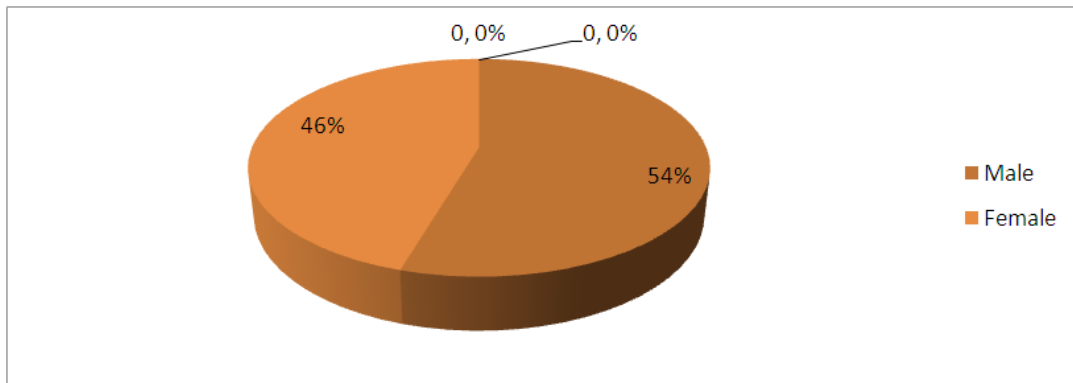
### 4.2 Demographic Statistics

#### 4.2.1 Gender of the respondents

The respondents were requested to show their gender and the results are as follows:

**Table 4. Respondents gender**

Gender of the Respondents	No of Respondents	Percentage %
Male	32	54
Female	28	46
<b>Total</b>	<b>60</b>	<b>100</b>



**Fig. 1. Gender of respondents**

The respondents who were involved in the research study were requested to state their gender as shown in Table 4 and the researcher found out that out of 44 respondents, 54% were male, while 46% were female. It implies that male respondents were more than female respondents. It posited that males were more conversant with performance contracting issues than females.

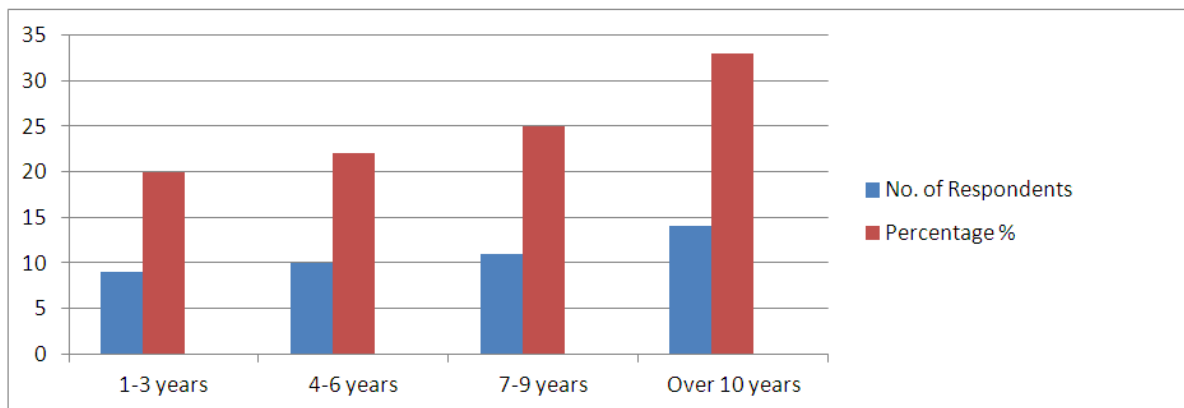
**4.2.2 Work duration**

The respondents were asked to state their service duration in the enterprise, Table 5 shows the following results.

According to the data collected by the researcher, 20% of the respondents point out that their working experience was between 1-3 years, 22% of the respondents signposted that they had working experience of amid 4 and 6 years, 25% of the respondents designated that they have a working experience of between 7 and 9 years and 33% indicated that they have a working experience for over 10 years. From researcher found out that the highest percentage of workers in the enterprise have a working experience of over 10 years in the establishment in lieu of over 10 years whereas the least with 20% had an operational know-how of amid 1-3 years. This infers that, most of the respondents

**Table 5. Work duration**

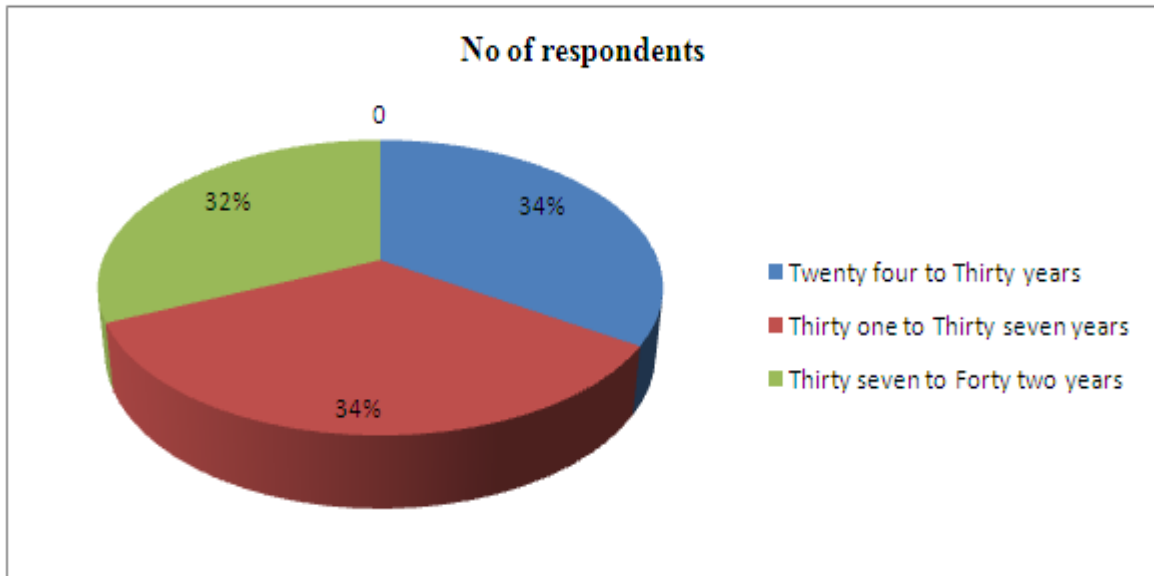
Work Duration	No. of Respondents	Percentage %
1-3 years	12	20
4-6 years	13	22
7-9 years	15	25
Over 10	20	33
<b>Total</b>	<b>60</b>	<b>100</b>



**Fig. 2. Work duration by the respondents**

**Table 6. Respondents age**

Age	No of respondents	Percentage %
Twenty four to Thirty years	20	34
Thirty one to Thirty seven years	20	34
Thirty eight and above	19	32
<b>Total</b>	<b>60</b>	<b>100</b>



**Fig. 3. Respondents age**

have a working experience of over 10 years. Meaning that the responses were credible in terms of experiences and also shows that they were of great help to the study on the issues of performance contracting since they have been in the business for a long time.

**4.2.3 Age of respondents**

The selected respondents from various departments in the organization were asked to state their age brackets. Table 6 shows the age dissemination of the respondents.

The respondents indicated their age bracket and their results are as shown in Table 6, the analyzed data shows that out of 60 respondents who attended the questionnaires, 34% were between twenty four and thirty years, 34% of the respondents were between thirty to thirty six years, while 32% of the respondents fell between thirty eight above years and above of age. It

implies that most of the respondents were young and energetic and therefore could understand the Human Resource Practices and Performance Contracting in the organization.

**4.3 Descriptive Statistics**

**4.3.1 Effects of employee’s training on performance contracting at vivo energy investment, Mombasa county**

In order to investigate the effect of employee’s training on performance contracting, the study used a Likert scale in which 1,2,3,4, and 5 represented continuum scores for 1= *Strongly Disagree* 2= *Disagree* 3= *Neutral* 4= *Agree* 5= *Strongly Agree* respectively. These enabled the tabulation and interpretation of the responses from the research instrument. This is well elaborated in the Table 7 and narratives below which show the respondents and the statistics.

**Table 7. Effects of employee's training on performance contracting**

<b>Statement on effect of employee's training</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Training offered at the job improves my performance	8%	23%	29%	28%	12%
Training is delivered in a way I can easily understand	12%	19%	14%	35%	10%
The management provide employee with counselling	15%	22%	16%	33%	14%
Training is evaluated by management after its offered	9%	15%	20%	38%	18%
Management's support for my efforts to improve my weaknesses	10%	30%	25%	20%	15%

Training is delivered in a way employees can easily understand'. 10% strongly agreed and 35% just agreed to the statement. This gave a total of 45% supportive to the statement as compared to a total of only 31% (12% + 19%) not supportive of the statement. 14% were neutral. Thus the percentages of the respondents that indicated that training is delivered in a way I can easily understand' were fewer than those who had contrary opinion. The findings concur with those of Korir [6] who indicated that training goals is to upsurge enactment standards as well as efficacy by varying people's comportment in an establishment, the procedure of training comprises of expansion, analysis, design, implementation as well as assessment.

#### **4.3.2 Effect of employee compensation on performance contracting at vivo energy investment, Mombasa county**

The investigation on the effect of employee compensation on performance contracting at vivo energy investment, Mombasa County entailed the use of a Likert scale in which 1,2,3,4, and 5 represented continuum scores for *Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree respectively*. Through these, tabulation and interpretation of the responses from the research instrument was possible. This is well elaborated in the Table 8 and narratives below which show the respondents and the statistics.

**Table 8. Effect of employee compensation on performance contracting**

<b>Statement on effect of employee compensation</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
There is a gap in salaries between employees in the organization	10%	18%	10%	40%	22%
Recognition should be given for creative suggestions that improve performance	8%	23%	29%	28%	12%
Non-financial incentives are offered by the company	12%	19%	24%	35%	10%
Allowances and overtime are paid on extra work	14%	16%	12%	40%	18%
Our salary is fixed on the basis of performance	29%	40%	10%	15%	6%

The respondents indicated that 'non-financial incentives are offered by the company where 10% strongly agreed and 35% just agreed to the statement. This gives a total of 45% supportive to the statement as compared to a total of only 31% (12% + 19%) not supportive of the statement while 14% were neutral. Thus the percentage of the respondents who believe that non-financial incentives are offered by the company' were slightly higher than those of contrary opinion.

The findings concur with the findings of Fey et al. (2000) who indicated that salary level was expressively connected with firm performance in lieu of both managers as well as non-managers. Fey et al. (2000) also posited out that promoting managers founded on merit was positively connected with firm enactment whereas to be effective, reparation practices as well as dogmas must be affiliated with administrative purposes.

#### 4.3.3 Effects of performance appraisal on performance contracting at vivo energy investment, Mombasa county

In order to investigate the effects of performance appraisal on performance contracting at vivo energy investment, the study used a likert scale

in which 1,2,3,4, and 5 represented continuum scores for *Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree respectively*. These enabled the tabulation and interpretation of the responses from the research instrument. This is well elaborated in the Table 9 and narratives below which show the respondents and the statistics.

The respondents indicated that they performance appraisal results are communicated back to employees'; 17% strongly agreed and 47% just agreed to the statement. This gives a total of 64% supportive to the statement as compared to a total of only 22% (3% + 19%) not supportive of the statement while 14% were neutral. Thus the percentage of the respondents that believe that after performance appraisal results are communicated back to employees was very significant compared to those who had contrary opinion. The findings concur with those of Bamberger (2018) who indicated that proper performance assessment dogmas are considered to meet numerous managerial as well as individual essentials. They offer methodical decrees to back wage upsurges, elevations, transferals, demotions as well as terminations.

**Table 9. Effects of performance appraisal on performance contracting**

<b>Statement on effects of performance appraisal</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
My appraiser helps me to understand the process used to evaluate and rate my Performance	8%	23%	29%	26%	7%
The performance appraisal review discussion is the only time I get feedback about my performance	12%	19%	14%	35%	10%
Employees are provided with feedbacks to help improve their performance	15%	22%	16%	33%	14%
After performance appraisal results are communicated back	3%	19%	14%	47%	17%
Organization have individual performance level projection	35%	20%	15%	20%	10%

#### 4.3.4 Effect of employee promotion on performance contracting at vivo energy investment, Mombasa county

The investigation of the effect of employee promotion on performance contracting at vivo energy investment entailed the use of a likert scale in which 1,2,3,4, and 5 represented continuum scores for *Strongly Disagree, Disagree, neutral, Agree and Strongly Agree respectively*. Through these, tabulation and interpretation of the responses from the research instrument was possible.

The researcher found out that workers were confident of the next position up the ladder' where 13% strongly agreed and 42% just agreed, giving a total of 58% of those who supported the statement, 6% strongly agreed and 18% disagreed with statement, giving a total of 24% of those who had contrary opinion

regarding the statement while 21% of the respondents were neutral.

The findings concur with those of Wanyama, 2018), who indicated that applicants who held positive insights about an establishment's way in lieu of choosing workers were more probable to view the establishment auspiciously as well as reporting stronger objectives to receive job proposals as well as indorsing the proprietor to others. This is of exacting apprehension in lieu of leaders who pursue high-level workers but have inadequate resources.

#### 4.4 Correlation Results

Correlation analysis is a technique used to establish how variables are associated with one another. Correlation matrix was constructed to show association between independent and dependent variables. Table 11 presents the outcomes of the correlation investigation.

**Table 10. Effect of employee promotion on performance contracting at vivo energy investment**

Statement on the effect of employee promotion	SD	D	N	A	SA
Employees are certain of the next position up the ladder	6%	18%	21%	42%	13%
Promotion is purely based on performance	16%	32%	11%	27%	14%
Employees are certain of the next position up the ladder	20%	32%	16%	23%	9%
The firm has a systematic program that identifies and develop employee skills	16%	18%	28%	36%	2%
The company have a structured system of promoting employees	14%	21%	18%	25%	22%

**Table 11. Correlation matrix**

Variables	Performance	Training	Comptn	P. Apr	Promtn	
Performance	Pearson Correlation Sig. (2-tailed)	1				
Training	Pearson Correlation Sig. (2-tailed)	.033 .591	1			
Comptn	Pearson Correlation Sig. (2-tailed)	.203 .001	-.067 .277	1		
P. Apr	Pearson Correlation Sig. (2-tailed)	.075 .224	-.025 .685	.330 .000	1	
Promtn	Pearson Correlation Sig. (2-tailed)	.230 .000	.144 .019	.689 .000	.278 .000	1
N	60	60	60	60	60	

\*\* Correlation is significant at the 0.01 level (2-tailed). \* Correlation is significant at the 0.05 level (2-tailed)  
Research Data (2022)

The correlation between the independent variables (employee's training, employee compensation, and performance appraisal and employee promotion) and the dependent variable (performance contracting) results shows that all are positive and significant. In particular, employee's training is positively and significantly correlated ( $r=.033$ ,  $p<.05$ ). Similarly, employee compensation ( $r=.203$ ,  $p<.05$ ), performance appraisal ( $r=.075$ ,  $p<.05$ ), and employee promotion ( $r=.230$ ,  $p<.05$ ) are positively and significantly correlated with performance contracting. A regression model was assessed that links Human Resource Practices and Performance Contracting. In the Table 11, there are some figures (with no stars) whose relationship with Performance Contracting in the Petroleum industry is not significant.

#### 4.5 Regression Analysis Results

The model summary results in Table 12 indicate that the unadjusted R square values of .518. This

is the coefficient of determination which implies that the set of independent variables in this study accounts for 52% of variations in the performance contracting in the petroleum industry. The remaining percentage (48%) is accounted for other variables outside the model. The result indicates that knowledge and information regarding the independent variables provides a great proportion of information regarding performance contracting in the petroleum industry in Kenya. ANOVA results in Table 12 assessed the model fitness.

The ANOVA result shows that the F\_ ratio is 32.048 with a corresponding p-value of .000. This indicates that the model is fit. The predicted model connecting the Human Resource Practices (employee's training, employee compensation, performance appraisal and employee promotion) to performance contracting at vivo energy investment is a good model. The regression coefficients of the variables in the model are as shown in Table 13.

**Table 12. Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518 <sup>a</sup>	.268	.260	.747

*Predictors: (Constant), employee's training, employee compensation, performance appraisal and employee promotion*  
Research Data (2022)

**Table 13. ANOVA**

Model		Sum of Squares	Df	Mean of Square	F	Sig.
1	Regression	13.221	3	17.892	32.048	.000 <sup>b</sup>
	Residual	6.864	57	.430		
	Total	20.085	60			

*a. Dependent Variable: Performance*  
*b. Predictors: (Constant), training, compensation, performance appraisal, employee promotion*  
Research Data (2022)

**Table 14. Coefficient of determination**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.374	.373		6.368	.000
	Training	.444	.067	.375	6.586	.000
	Compensation	.101	.044	.129	2.324	.021
	Appraisal	.612	.181	.182	3.389	.001
	Promotion	.104	.036	.153	2.906	.004

*a. Dependent Variable: Performance contracting*  
Research Data (2022)

The result in Table 13 indicates the regression coefficients of the independent variables (and the constant). The result shows that employee's training has a positive significant influence on the performance contracting ( $\beta=.444$ ,  $p=.000$ ), employee compensation have a significant positive influence on performance contracting ( $\beta=.101$ ,  $p=.000$ ), performance appraisal positively and significantly influence the performance contracting, ( $\beta=.612$ ,  $p=.021$ ). The employee promotion has a significant influence on performance contracting ( $\beta=.104$ ,  $p=.000$ ). The regression equation was:

The regression model of:

$$Y = 2.374 + 0.444X_1 + 0.101X_2 + 0.612X_3 + 0.104X_4$$

Where;

- Y = the dependent variable (performance contracting)
- X<sub>1</sub> = Employee's training,
- X<sub>2</sub> = Employee compensation,
- X<sub>3</sub> = Performance appraisal,
- X<sub>4</sub> = Employee promotion.

## 5. LIMITATIONS OF THE STUDY

The researcher encountered some challenges such as inadequate co-operation from the respondents, Confidentiality and disclosure challenges and the respondents were fearing to respond to the questionnaires.

## 6. CONCLUSIONS AND RECOMMENDATIONS

### 6.1 Conclusions

Based on the research outcomes, the investigator came up with conclusions on the method wherein human resources practices relates to performance contracting. The research concludes that there is affirmative result of performance appraisal on performance contracting at vivo energy investment in Kenya. The performance appraisal is essential in lieu of aiding staffs comprehend the procedure applied to assess as well as rating their recital, helping the establishment to get feedback about workers' recital and offering workers with feedback which benefits workers in enlightening their recital. It is similarly concluded that employee promotion has an effect on employee performance at Vivo energy investment in Kenya which is established on the firms giving sufficient inducements to

individual/teams in lieu of safeguarding adequate personal prizes to augment workers' recital.

Vivo energy investment ought to upsurge the echelons of individual prizes by gratifying workers with leisure, wages, salaries on workers' recital, identifying worker's inventive offers, and escalating workers recital by bestowing prizes with associated credential on outstanding recital. The study findings leading to conclusion that employee training at vivo energy investment in Mombasa Kenya has a positive outcome on workers' recital of these establishments. The firms design training agendas in lieu of warranting that workers' training essentials are constantly met via counseling, roundtables, as well as backing workers' exertions in enlightening their faintness. Efficacy as well as competence of workers' training amid employees at Vivo energy investment in Kenya underwrites expressively to the workers' recital at individual and therefore the organizational recital.

### 6.2 Recommendations

The research made correlated policy commendation as informed through the findings. To begin with, the research commends that vivo energy investment ought to edifice and assess their recital evaluation dogma to comprise their support workers (low level staff) through reps into the performance contracting team. These reps are dynamic in lieu of apprising the recital contracting team on disputes bedeviling the workers as it similarly makes the staffs evidently comprehend the appraisal procedure.

Furthermore, vivo energy investment ought to include in their individual prizes an operative incentive administration in lieu of safeguarding efficacy as well as impartiality in their remuneration system. Such a system must intensely perceive the diverse expanses work impartially. Therefore, the employee, cleaners and the alike must be handled similar to the high-ranking monetary leaders through gratifying, thirdly, vivo energy investment must increase their training comprise endowment of educational training backing in lieu of their workers.

Vivo energy investment must offer their workers to correspondingly obtain academic in addition to proficient training via receiving sufficient bond in lieu of training and even funding. Consequently, training must be connected with peculiar evolution as well as expansion. Finally, the research commends in profession progress, vivo



energy investment must plan and improve a profession progress strategy that touches all parts of work comprising those who appear to have stretched an impasse for example the primary school drop outs. There ought to be equivalent likelihoods of emerging and building workers' profession.

### 6.3 Recommendations for Further Research

- i. The research applied primary data which is principally sentiments of the respondents. So other research must be done to evaluate Human Resource Practices and Performance Contracting in the Petroleum industry in Kenya via secondary data.
- ii. Additionally, the scope of the research was restricted to Vivo Energy Investment, limiting applicability of the findings to petroleum industry.
- iii. Consequently, other researches ought to be carried out on the effect of performance contracting on worker recital in other sectors in Kenya.

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Author has declared that no competing interests exist.

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