THE INFLUENCE OF CONFLICT MANAGEMENT ON ORGANIZATIONAL PERFORMANCE: A CASE OF STIMA Sacco Society Limited

BY
BERYL AKOTH OLANG

UNITED STATES INTERNATIONAL UNIVERSITY
SPRING 2017
THE INFLUENCE OF CONFLICT MANAGEMENT ON ORGANIZATIONAL PERFORMANCE: A CASE OF STIMA SACCO SOCIETY LIMITED

BY
BERYL AKOTH OLANG

A research project Report submitted to the Chandaria School of Business in partial fulfillment of the requirements for the Degree of Masters of Science in Organizational Development (MOD)

UNITED STATES INTERNATIONAL UNIVERSITY

SPRING 2017
DECLARATION

I, the undersigned declare that this is my work and has not been submitted to any other college, university other than United States International University in Nairobi for academic credit.

Signed: ___________________________                     Date: ___________________________

Beryl Akoth Olang (ID 640565)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________                     Date: ___________________________

Dr. Damary Sikalieh

Signed: ___________________________                     Date: ___________________________

Dean, Chandaria School of Business
ACKNOWLEDGEMENT

I thank God Almighty for his continuous mercies without which I couldn’t have completed this project, to my supervisor Dr. Damary Sikalieh for the guidance, support and encouragement. My parents Zadock and Agatha for their support, my husband Josiah for continually believing in me and my children Warren and Reena for bearing with me for being away from home during this period.
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<tr>
<th>ACRONYMS AND ABBREVIATIONS</th>
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ABSTRACT

Most organizations seek to gain optimal level of performance from employees. Job performance is the level of productivity of an individual employee relative to his or her peers, on several job related behaviors and outcomes. The purpose of this study was to determine the influence of conflict management on the performance of Stima Sacco as an organization.

The findings will be used to improve operations and improve performance through the conflict handling mechanisms that will be investigated as the most appropriate. This information will be used by management, the board and key stakeholders of Stima Sacco Society Limited to understand the best way to handle conflict so that performance is not affected.

A descriptive survey research design was adopted. The target population was employees from all cadres from top management, operational employees and other employees on casual basis at Stima Sacco Society Limited. The study's sample frame was the staff register that is managed at the Human Resource Department. The study used the census technique hence the total sample size was 153 employees. Structured questionnaires were the method used to collect data based on the research questions. The results were analyzed scientifically and objectively using the statistical package for Social Sciences version 21 software. Data analysis adopted both descriptive and inferential statistics where correlation and regression analysis was used. A linear regression model was used to determine the nature of impact that the independent variables had on the dependent variable.

The first research objective was to ascertain the extent to which negotiation as a conflict management strategy influences organization performance in Stima Sacco. The findings of the study indicated that a majority (64.4%) of the respondents agreed that negotiation influenced organizational performance in Stima Sacco. In addition, the study revealed a positive relationship between negotiation and organizational performance ($r=0.438$); p value ($\leq 0.05$).
The second research objective was to establish the extent to which third party intervention as a conflict management strategy influences organization performance in Stima Sacco. The study findings indicated that (71%) of the respondents agreed that third party intervention influences organization performance. Similarly, the studies indicated a positive relationship between third party intervention and organizational performance, \( (r=0.539); p \text{ value} \leq 0.05 \)

The third research objective was to determine the extent to which communication as a conflict management strategy influences organizational performance in Stima Sacco. As per the findings, there was no positive relationship between communication and increased organizational performance \( (r=0.038) \).

It can be concluded that, Negotiation and Third party interventions were statistically significant. This means that Stima Sacco has an effective conflict management in place. The study concluded that there is a good conflict resolution strategy in place.

Regarding recommendations for improvement, the management of Stima Sacco Society should focus on increasing the utilization of conflict management strategies like negotiation and third party intervention to increase organizational performance. The management should be sensitive to conflicts and set up effective communication channels to facilitate an improvement in conflict management.
# TABLE OF CONTENTS

DECLARATION ....................................................................................................................... iii

ACKNOWLEDGEMENTS ......................................................................................................... iv

ACRONYMS AND ABBREVIATIONS ....................................................................................... v

CHAPTER ONE ...................................................................................................................... 1

1.0 INTRODUCTION ............................................................................................................... 1

1.1 Background of the Study ................................................................................................. 1

1.2 Statement of the Problem .............................................................................................. 4

1.3 Purpose of the Study ...................................................................................................... 7

1.4 Research Objectives ..................................................................................................... 7

1.5 Importance of the Study ............................................................................................... 7

1.6 The Scope of the Study ............................................................................................... 8

1.7 Definitions of Terms .................................................................................................... 8

1.8 Chapter Summary ......................................................................................................... 9

CHAPTER TWO .................................................................................................................... 11

2.0 LITERATURE REVIEW .................................................................................................... 11

2.1 Introduction .................................................................................................................. 11

2.2 Organizational Performance ....................................................................................... 11

2.3 Negotiation and Organizational Performance ............................................................. 23

2.4 Third party Intervention and Organizational Performance .......................................... 34

2.5 Communication and Organizational Performance ...................................................... 48

2.6 Chapter Summary ....................................................................................................... 57

CHAPTER THREE .................................................................................................................. 59

3.0 RESEARCH METHODOLOGY ........................................................................................ 59

3.1 Introduction .................................................................................................................. 59

3.2 Research Design .......................................................................................................... 59

3.3 Population and Sampling Design .................................................................................. 60

3.4 Data Collection Methods ............................................................................................ 61

3.5 Research Procedures ................................................................................................... 62

3.6 Data Analysis Methods ............................................................................................... 63

3.7 Chapter Summary ....................................................................................................... 64
CHAPTER FOUR .................................................................................................................. 64
4.0 RESULTS AND FINDINGS ............................................................................................ 64
  4.1 Introduction.................................................................................................................. 64
  4.2 General Information................................................................................................... 65
  4.3 Organizational Performance ...................................................................................... 69
  4.4 Negotiation and Organizational Performance .......................................................... 77
  4.5 Influence of Third Party Intervention on Organizational Performance ................. 84
  4.6 Communication and Organizational Performance ................................................... 92
  4.8 Chapter Summary ...................................................................................................... 102
CHAPTER FIVE ...................................................................................................................... 104
5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ........................................ 104
  5.1 Introduction................................................................................................................ 104
  5.2 Summary of Findings................................................................................................ 104
  5.3 Discussion.................................................................................................................. 106
  5.4 Conclusions............................................................................................................... 112
  5.5 Recommendations.................................................................................................... 114
REFERENCES...................................................................................................................... 116
APPENDICES....................................................................................................................... 125
  Appendix I: Introduction Letter ....................................................................................... 125
  Appendix II: Questionnaire ............................................................................................. 126
LIST OF TABLES

Table 4.1: Age of Respondents………………………………………………………………..69
Table 4.2: Level of Education of Respondents…………………………………………….70
Table 4.3: Department of Respondents……………………………………………………..71
Table 4.4: Period worked for the Organization………………………………………………..71
Table 4.5: Factor loadings for Organizational Performance Constructs………………….73
Table 4.7: Sex of respondents…………………………………………………………………..78
Table 4.9: Level of Education………………………………………………………………….78
Table 4.10: Department worked……………………………………………………………….79
Table 4.11: Period worked for the organization…………………………………………….80
Table 4.12: Factor loading for Negotiation…………………………………………………..81
Table 4.13: Negotiation Descriptive Statistics………………………………………………86
Table 4.14: Pearson Correlation between Negotiation and Organizational Performance.87
Table 4.15: Factor loading for The Third Party Intervention Constructs…………………..88
Table 4.16: Third Party Intervention Descriptive Statistics………………………………94
Table 4.17 Pearson Correlation between Third Party Intervention and Organizational
Performance…………………………………………………………………………………95
Table 4.18: Factor Loading for the Communications Constructs…………………………..96
Table 4.19: Descriptive Statistics for Communication………………………………………..102
Table 4.20 Correlation between Communication and Organizational Performance…..103
Table 4.21: Correlation between Organizational Performance, Negotiation, Third Party
Intervention and Communication……………………………………………………………104
Table 4.22 Regression Coefficients……………………………………………………………..105
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Conflict among employees in an organization is not simply inevitable; rather it is the nature of complex organizations (Putnam & Krone, 2006). However, if managed properly, it can have a positive impact on employee satisfaction and performance (Dana, 2000). Research indicates that management executives are spending twice as much time settling employees' disputes than they did a decade ago (Accountemps, 2006). If conflicts are managed properly by applying the best course of action, the organization can increase it is performance in terms of utilizing the scarce resources and achieving the organizational objectives. (Awan & Anjum 2015). Conversely, unmanaged conflict negatively impacts both employee satisfaction and performance. Timely management of conflict has the potential of improving employee satisfaction and job performance (Awan & Anjum 2015). Management should therefore resolve conflicts so that organizational performance can be increased (Song, 2000).

In the organization context, performance is the ability to carry out the job well (Armstrong, 2006). According to Lebans & Euske (2006), Performance is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results. According to Babin and Boles (2000), employee performance is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization. This includes job satisfaction, commitment and perceived psychological contract (Armstrong, 2000). In Stima Sacco, the employee performance appraisal technique adopted is the balanced score card method, where the aspects of financial, business operation efficiency, customers, learning and growth for each employee are measured. However Stima Sacco and other Saccos in Kenya have generally focused on membership growth as the major indication of performance, other business aspects being at the periphery of the key performance indicators. Armstrong (2006) states that conflict management is the ability of an organization to identify the sources of conflict and put strategic measures in place to minimize or control conflict.
According to Petkovic (2008), conflict management involves acquiring skills related to conflict resolution, establishing structures of conflict models, putting strategic measures as well as approaches in place. The models of conflict management are instruments used to assess the appropriate action required in a conflict situation. These include Blake and Mouton model, Thomas Kilman model and Holton model, (Newell, 2008) Approaches to conflict management, focus on the principle that conflicts cannot necessarily be resolved but can be managed using appropriate actions such as accommodating, avoiding, collaborating, compromise and confrontation (Brigs, 2007) strategies to conflict management are a futuristic detailed approach that looks into achieving long term wins for the parties involved in conflict. Strategies include negotiation, collective bargaining, mediation, third party intervention, brainstorming and communication (Petkovic, 2008). This study focused on the strategies of conflict management specifically negotiation, third party intervention and communication, studies show that the strategy of negotiation, third party and communication have worked in organizations globally for instance Canada, USA, Nigeria in Africa and in the Kenyan context, furthermore Studies have not been conducted specifically in Stima Sacco as an organization, so this study aimed to fill the gaps in literature on Stima Sacco as an organization.

Negotiation is the most common strategy of solving conflicts and it is successful when the interests of the opposite sides are partly common and partly different (Shalley et al., 2004). Negotiation is a process by which compromise or agreement is reached while avoiding argument and dispute. (Verma, 2006) Since the essence of negotiation involves the ability to move beyond existing ideas and create alternatives, it can help an organization come up with a good performance plan by setting objectives that will in turn drive organizational performance (LeBaron, 2003) for instance a study on conflict management strategies used in secondary schools (Okoth 2013) concluded that the conflict management strategies of negotiation used in secondary schools in Kisumu municipality are effective in increasing performance.

The other strategy in conflict management is third-party intervention whereby management hires an external consultant to solve the problem. A third party is defined as an actor that helps the conflict parties resolve the conflict or regulate the level of violence (Pruitt & Kim 2004). The
consultant can be a mediator, whose task is to give instruction to sides in conflict on how to solve the problem, or an arbitrator (Petkovic, 2008). Managers adopt the third party strategy when all their attempts to solve conflicts have failed. Since they are responsible for the performance of the organization, they involve a third party before the conflict escalates to the point where organization performance is affected (Shelton & Darling, 2004). Many disputes such as industrial disputes affect organization performance since there is delay in operations, disruption of services, absenteeism, unrest and sometimes wanton destruction of property (Thompson, 2005). An organization may therefore involve a third party consultant when key performance indicators such as sales, return on investment and profit margins have reduced due to poor conflict management (Posthuma, 2011). A third party often requires good communication skills to be able to understand and moderate the conflict (Brett, 2001). Furthermore when all attempts of negotiation fail, a third party helps to resolve the dispute through communication (Hofstede, 2013).

The third strategy adopted by organizations to manage conflict is Communication. Communication is a process that contains expressing, listening and understanding (Banerji and Dayal, 2005). According to Brigs (2007), communication is a strategy to conflict management and is fundamental to organization productivity. Communication strategy has been used to resolve conflicts in many organizations by breaking down the resistance among workers (Riel, 2001). Managers and researchers have long agreed that communication processes are a major factor in performance (Riel, 2001). Organizations that increased their performance over time had a good communication strategy in place whereas those that decreased in performance over time were more particularistic and focused on solutions to address negative reactions to conflict rather than expertise in managing conflict though communication (Weingart, 2007). There is strong evidence that differentiates aspects of effective communication, such as high frequency and openness, are positively related to organizational performance (Gully, 2003) for instance Cheruiyot (2012), conducted a study on the effect of communication on Kenya post and savings bank and found that communication through advertising, direct marketing, personal selling, sales promotion and public relations enhance the company’s performance by enhancing customer attraction, customer loyalty, sales volumes, branch expansion and reminding customers of the bank’s products. Stima Sacco society comprises a dynamic workforce situated all over the country in various branches. The main mandate being to redefine financial wellness of its
members. The current workforce consists of 153 staff members in the six branches namely; Nairobi, Mombasa, Eldoret, Kisumu, Nakuru and Olkaria.

Stima Sacco has a culturally rich, dynamic and diverse workforce comprising a variety of personalities who are in competition within themselves and eternally with the outside market to gain a competitive edge in the banking sector. The possibility of conflict is therefore high as teams are constantly in competition to meet and surpass targets. It is therefore imperative that conflict is managed so that the performance of the team isn’t affected.

While studies have shown that the strategies of negotiation, third party intervention and communication have worked in organizations globally and regionally, Stima Sacco has not been subjected to such a study. Since employees are the key players in a conflict situation, while at the same time form the key resources in driving performance, Stima Sacco therefore provides a good basis to ascertain the influence of conflict management on organization performance. This study sought to determine the influence of conflict management on the performance of Stima Sacco Society as an Organization.

1.2 Statement of the Problem

There has been a growing interest in conflict management in recent years. First, research has stimulated interest in strategies and approaches to handling conflict which in the past may have involved litigation through the courts, Second, there is increased legalization of the workplace, particularly in the areas of occupational health and safety, discrimination, and harassment, Third, there has been heightened interest in the need for organizations to move to high performance work systems (Awan & Anjum 2015).

Traditional workplace practices and systems with their hierarchical structures, tight divisions of labor, narrowly defined jobs, detailed rules, limit employee involvement, and managerial decision making, authority, and control are no longer adequate since they foster conflict (Dreu, 2006). The high-performance workplace emphasizes conflict management as a cornerstone of the effective high-performance workplace.
Due to frequent organizational conflict, performance in most organizations has taken a comparatively nosedive sequence (Babin & Boles, 2000). The frequent agitation by workers for improved working conditions and other interests have led to a down toll which eventually affects organizations performance (Babin & Boles, 2000). Key indicators such as sales return on investment and profit margins have reduced due to poor conflict management. This shows that organizational performance is enhanced through effective conflict management (Perez et al 2007).

A few studies have been done on the same topic of conflict management with reference to the Kenyan context. Mwangi (2010), carried out a study on the effects of workplace conflicts on performance of teachers in secondary schools in Kenya and concluded that conflicts had an impact on the performance. Similarly, a report on the findings of a survey done on the educational institutions in Kenya (2011) revealed that most educational institutions have been less successful in management of conflicts in spite of the Government policies put in place including arbitration, communication, third party intervention and negotiation (Ministry of Education report, 2008). Many of the unmanaged conflicts were characterized by teacher’s strikes characterized by violence and wanton destruction of property. This had a trickledown effect on the institutional academic performance. This study sought to establish the influence of conflict management on organization performance with a specific focus on Stima Sacco.

Other studies conducted on conflict management on US Army (Jadallah &Garven, 2011) recommended that negotiation is an important skill at all levels of U.S. Army and a lot of training has been carried out on the same so as to improve negotiation skills. Based on the literature and focus groups, recommendations were made that effective negotiations affected performance at the Army since it had strategic implications for the military. (Tressler, 2007) This has also been found to be true in Kenya. Based on the literature and studies on conflict management in Kenya, specifically during teachers’ strikes, negotiation in the conflict scenario has a great influence in helping the conflicting parties to arrive at a decision. (GOK, 2008). This study sought to establish the effects of negotiation on organizational performance at Stima Sacco.
A few studies have been conducted on communication as a conflict management strategy and its influence on performance. For instance, a study in Nigeria on the role of effective communication on organizational performance (Ngozi & Ifeoma 2015) recommend that there is need for every organization to endeavor to make effective communication an essential integral part of its management strategies in order to increase organizations performance through reduced organizational conflict. According to Weaver, 2003 successful conflict resolution occurs by listening to and providing opportunities to meet the needs of all parties and to adequately address interests of parties in conflicts so that, each party is satisfied with the outcome. A study by Ramani and Zihimin (2010), on conflict resolution mechanisms in public secondary schools in Nairobi province recommends that school administrators and teachers should seek to embrace open communication systems. In this case, everyone is allowed to air their views and the areas of conflict discussed openly in turn improve performance in establishing shared goals. The current study was a buildup on the study on Ramani and Zihimin (2010) and sought to establish the influence of communication on organizational performance at Stima Sacco.

Kenya also has a host of institutions of social dialogue. (Labour Relations Act, 2007). These include the National Labour Board, National Council for Occupational Safety and Health, Wage Councils and the Industrial Court. Despite all these in place, Kenya has in the past had cases of conflict covering virtually all sectors of the country’s economy including education and health sector, resulting in industrial strikes. In the year 2011, for example, a total of 21 industrial strikes were reported involving 13,499 employees with up to 175,329 man-days lost. (Odhong’ Were & Omollo 2014) These industrial strikes often require third party intervention since they have negative effects on organizational Productivity. Odhong’, Were and Omollo (2014) carried out a study on Re-thinking Industrial Relations for Enhanced Organizational Performance in Kenya in which they emphasized communication to improve performance through reduced conflict, enterprise competiveness, economic growth and overall financial growth.

While the strategies of negotiation, third party intervention and communication, have been used to manage conflicts in Nigeria and Canada, the studies carried out in Kenyan educational sector, did not address the influence of conflict management on organizational performance at Stima
Sacco. This study aimed at filling the gap that existed in the literature by establishing the influence of conflict management on organizational performance in Stima Sacco.

1.3 Purpose of the Study

The purpose of this study was to determine the influence of conflict management on the performance of Stima Sacco Society as an Organization.

1.4 Research Objectives

The interest in this study was to examine conflict as a whole in the organization and more specifically:

1.4.1 To ascertain the extent to which negotiation as a conflict management strategy influences organization performance in Stima Sacco.

1.4.2 To establish the extent to which third party intervention as a conflict management strategy influences organization performance in Stima Sacco.

1.4.3 To determine the extent to which communication as a conflict management strategy influences organization performance in Stima Sacco.

1.5 Importance of the Study

This study will be of benefit to the following:

1.5.1 Employees of Stima Sacco

The study would benefit among others employees in the organization who would be able to understand the importance of conflict management and its impact on working together in a team. It would also provide them motivation and help them to avoid perceived conflict also known as pseudo-conflict (Miller and Steinberg, 2003)

1.5.2 Management

The Management will also benefit from this study, because conflict if left unresolved could lead to lower sales, poor customer service and fewer profits. The study would help the organization project a positive corporate image to the public.
1.5.3 Government
The Government will benefit from this study through the acquisition of dynamic working citizens who will be translated into professionals who can meet international standards through bringing into the market quality and quantity products and services. This would in turn project into the country’s economy and boost it. Also an organization producing well would employ more due to diversification, expansion, mergers and acquisitions therefore translating into reduction of unemployment, (Shelton and Darling 2004)

1.5.4 Public
The study will also benefit the general public because it would expand knowledge of the importance of managing conflict in everyday life.

1.6 The Scope of the Study
The study was conducted at Stima Sacco Society limited Headquarters in Parklands Nairobi using a stratified sampling method.

1.7 Definitions of Terms
1.7.1 Performance Indicator
Refers to the measure of evaluating the success of an organization, business unit, project or individuals compared to the company’s strategic goals and objectives (Lebans & Euske 2006)

1.7.2 Performance appraisal
This is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. (Riel, 2001)

1.7.3 Resource
An economic or productive factor required to accomplish an activity, or as means to undertake an enterprise and achieve desired outcome.. (Greenberg and Baron, 2003)
1.7.4 Lock out
Refers to work stoppage in which an employer prevents employees from working.. (Eirlene and Nelson, 2007)

1.7.5 Conflict
All kinds of opposition or antagonistic interaction (Armstrong, 2009)

1.8 Chapter Summary-
This chapter looked into the influence of conflict management on organizational performance. It defined Organizational performance and the continuing focus on the conflict management strategies in relation to organization performance. The statement of the problem defined the gaps in existing literature by studying the various scholars and schools of thought on the topic. The purpose of the study was to determine the influence of conflict management on the performance of Stima Sacco Society as an Organization. The research objectives were to ascertain the extent to which negotiation as a conflict management strategy influences organization performance in Stima Sacco, to establish the extent to which third party intervention as a conflict management strategy influences organization performance in Stima Sacco, to determine the extent to which communication as a conflict management strategy influences organization performance in Stima Sacco. The study investigated the influence of three conflict management strategies on organizational performance. The chapter also looked at the importance of the study and who would benefit from it. The target population was all the employees of Stima Sacco geographically located in six branches namely Nairobi, Olkaria, Nakuru, Eldoret, Kisumu and Mombasa.

Chapter two reviewed the literature available on conflict management strategies, particularly on the organization. It looked into conflict management strategies and their influence on performance in the workplace using literature from books and other studies relating to the topic.

Chapter three described the methodology that would be used in the study: this included the population size, sample size and sampling techniques as well as methods of data collection and data analysis. Chapter four will present the data analysis and the findings on the basis of research
questions. Chapter five will provide an interpretation of the results based on the findings and provide recommendations for further studies to be conducted.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter looked into conflict management strategies and their influence on performance in the workplace using available literature from books and other studies relating to the topic. The chapter was divided into three parts, specifically providing literature on the objective of the study by seeking to ascertain the extent to which negotiation strategy influenced organization performance, to establish to what extent the strategy of third party intervention influenced organization performance and determine the extent to which communication strategy influenced organization performance.

2.2 Organizational Performance

There are many rising trends in organizational performance. However, this study sought to establish whether Stima Sacco Society Limited had embraced conflict management and the influence this has on organizational performance. Armstrong (2006) defines performance in output terms as the achievement of objectives and how these objectives are achieved. High performance results from appropriate behavior, especially discretionary, and the effective use of the required knowledge, skills and competencies. Performance may be understood differently depending on the person involved in the assessment of the organizational performance for instance performance can be understood differently from a person within the organization compared to one from outside (Lebans & Euske2006). To define the concept of performance is necessary to know elements and characteristics to each area of responsibility. To report an organization's performance level, it is necessary to be able to quantify the results (Petkovic, 2008)

According to Gilbert and Ivancevich (2000), performance refers to the act of performing or carrying into execution or recognizable action, achievement or accomplishment in the
undertaking of a duty. Cascio (2006) defines performance as working of individuals in an organization to be more effective. Zaman et al (2011) indicated that there is a significant and positive relationship between performance and reward. The other approach in defining organizational performance that has in the recent past gained popularity in numerous organizations is the Balanced Scorecard (BSC) methodology by Kaplan & Norton (1992). In this method, performance of an organization is measured using four key perspectives financial, customer, internal processes, and Learning and Growth/innovation. In the Kenyan scenario it has been generally adopted by sixty nine per cent of the companies in a survey by Kiragu (2005).

According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance, product market performance and shareholder return. Stima Sacco for instance is expected to increase its financial performance in terms of annual income from 2.6 billion in 2015 to Shs.31.8 billion in 2020. According to Armstrong, (2000) performance is a means of getting better results from the whole organization or teams or individuals within it by understanding and managing performance within an agreed frame work of planned goals, standards and competence requirements. Performance is the accumulated end results of all the organization’s work processes and activities (Santos & Brito 2012). It is about how effectively an organization transforms inputs into outputs (Robbins, 2009) and comprises the actual output or results as measured against its intended outputs. Liptons (2003) proposes that performance is the ability of the firm to prevail. There is hardly a consensus about its definition, and this limits advances in research and understanding of the concept of performance (Santos & Brito, 2012). As the debate on what organization performance rages on, the approach on how to measure it has attracted even more scholarly attention (Liptons, 2003).

Organizational performance is one of the most important constructs in management research. Continuous performance is the objective of any organization because only through this, can organizations grow and progress. Moreover knowing the determinants of organizational performance is important especially in the context of the current economic crises because it enables the identification of those factors that should be treated with an increased interest in order to improve the performance. Performance measurement estimates the parameters under which programs, investments, and acquisitions are reaching the targeted results (Perez et al.,
This study adopted the definition according to Trade (2000), that most performance measures could be grouped into six general categories effectiveness, efficiency, cost, quality, timeliness, innovation and productivity. Therefore Organizational performance is measured using the six parameters.

Effectiveness is a process characteristic indicating the degree to which the process output (work product) conforms to the requirements. (Robbins, 2009) Effectiveness of teams can be hindered by conflict arising from unresolved issues within the group. An individual in the group may encounter some frustration when a certain obstacle is in the way of him/her achieving his/her goal, thereby creating what is called frustration (Luthans, 2008). This, in turn, may create a kind of defense such as justification, withdrawal, aggressive behavior, inertia or the acceptance of a compromise or an alternative (Elmagri, 2002). The negative consequences of frustration ultimately affect the morale of individuals working with the affected individual and their performance could be compromised (Luthans, 2008).

Efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost (Robbins, 2009) In the organizational context, Conflict may arise in departments due to the functional nature of their tasks if they are interdependent on each other for service delivery. Efficiency may be hampered if one department delays in meeting deadlines which in turn affects all the departments that rely on it (Ibid 2013).

Cost: This involves measuring the expenses of a firms operations in monetary terms taking into account the return on investment to the business (Hitt et al 2006). Costs can have an impact on the financial performance of an organization, especially if the expenses incurred surpass the budget resulting to conflict amongst the shareholders. Maher (2002) argues that it is typical for shareholders view(s) regarding financial performance to result in differing statements in an annual general meeting. Which in turn generates conflict among their different interests and goals. If some shareholders feel that their money is being mismanaged, it can result to them withdrawing their shares, leading to costs such as litigation, withdrawal of majority shares which will eventually affect organization performance. (Ibid 2013).
Quality is the degree to which a product or service meets customer requirements and expectations (Robbins, 2009). Unresolved conflict may prevent an organization from achieving its goals, and compromise on the quality of service given (Hitt et al. 2006) for instance a survey of global employers Dison, (2005) revealed that the quality of customer service was improved when the interpersonal and intrapersonal conflicts of the customer service officers was managed. This in turn had a ripple effect on their morale and performance. This study seeks to establish the effect of conflict management strategies on organization performance.

Timeliness measures whether or not a unit of work is done correctly and on time. Criteria must be established to define what constitutes timeliness for a given unit of work. (Norreklit, 2003). Conflict management may prevent wasted time and help an organization achieve its goals (Hitt et al. 2006)

Innovation consists of firms developing new products or new production processes to better perform their operations, in which case the new products could be based on the new processes(Tufano,2002: Lawrence 2010). In the financial service Industry, innovation is viewed as the act of creating and popularizing new financial instruments, technologies, institutions and markets which facilitates access to information (Solans, 2003). Importantly, the relevance of innovation keeps advancing as the world becomes a Global village. The need to become visible to the world has made many organizations to embrace new technology that would increase organizational performance. (Scott 2004). A study on the Bank of China, during 2006-2007, (Yin and Zhengzheng, 2010) established that Innovation had an impact on a firm’s performance. The study further showed that the growth rate of retail business was 2.5 times the growth of wholesale business at the same period leading to increase in profits by 250%. In as much as innovation is considered a plus for an organization, intrapersonal conflict arising from innovation may occur whereby a staff intentionally defrauds a company by use of technology (PWC, 2011).

Productivity refers to the value added by the process divided by the value of the labor and capital consumed safety which measures the overall health of the organization and the working environment of its employees (Trade, 2000). Organizational conflict has a negative impact on the motivation and productivity of employees (Ibid 2013). Therefore the performance of an
organization must be properly managed to obtain positive results and improve productivity and performance (Robbins, 2009). For this study, performance will be measured on Quality, Innovation and Timeliness.

2.2.1 Quality as a Measure of Performance.
Phillip Crosby defined quality as conformance to requirements while using a quality system to prevent defects as well as measuring quality of nonconformance and adopting zero defects as the quality standard (Jung & Wang, 2006) Quality improvement is an approach that firms adopt for the purpose of improving performance in terms of quality and innovation (Jung & Wang, 2006)

The key aspect of quality is essentially the extent to which the company is able to meet stakeholder expectations on certain dimensions that increase performance (Saner & Eijkman, 2005) Historically, Quality emerged as an important issue in operations, advocating the use of strategies to improve performance the important gurus of quality ideas include Edwards Deming who advocated the use of statistical techniques to drive quality improvement by reducing process variation and Joseph Juran who also advocated the use of statistical techniques. In essence, the object is to identify the extent to which implementation of quality standards have a significant influence on financial performance (Zu, 2009)

With greater visibility into quality processes, managers will be able to transform the original goals of quality in a continuous improvement process that will have a positive impact on financial performance (Kaynak, 2003). Terziovski, Feng and Samson (2007) define operational performance as the performance related to an organization’s internal operations, such as productivity, product quality and customer satisfaction. With better operational performance, the products or services the organization offers should become more attractive to customers and the firm should have better business performance. Sales and profitability should also increase with an improvement of quality (Singels, Ruel & Water, 2001)

The theory and practice of quality has evolved from the concept of simple quality inspection to quality management (Prajogo & Sohal, 2003) It is possible to distinguish four stages in the evolution of the quality ideas. They include quality inspection, quality control, quality assurance
and total quality management (Singels, Ruel & Water, 2001) Quality inspection involves the inspection of products at the end of the production process. Finished products are either approved for sale or rejected. Quality control builds on quality inspection by introducing statistical techniques as well as detailing how a process should be operated and stipulating performance guidelines. Quality assurance moves the concept of quality beyond measurement and feedback control towards a more proactive approach aimed at preventing quality problems from occurring in the first place. All these are aimed at improving performance (Singels, Ruel & Water, 2001)

Quality in service organizations is difficult to define due to the fact that services are intangible and are consumed at the point of production and often involve contact with customers (Nair, 2006) the singular nature of many service encounters makes their standardization more difficult. Due to the person to person interaction in customer service, setting quality standards and measuring performance requires consideration of both the service provider and the customer perception of quality (Agus, 2003) Any measurement of performance and control of quality must be carried out in a way that does not interfere with the provision of a service (Aquilano & Chase, 2001). Many quality experts advocate the use of a quality management system as it offers a structured and methodical approach to managing quality by systematically organizing how activities should be carried out (Agus, 2003). Some of these involve Total Quality Management (TQM) and International Organization for Standardization (ISO) Certification.

ISO is an International Organization for Standards, the phrase ISO is drawn from the Greek word “isos” which means “same as.” The words “same as” can be implied to mean the consumer gets what the consumer expects (Pinar, Crouch, Yucel and Guder (2003) It is agreed in principle that if the consumer gets what they expect, this is considered quality (Nurre, Gunaman & Dealmeida, 2000)

Terlaak and King (2000) suggest that the implementation of quality management practices such as ISO 9001 can raise organizational performance and result in real competitive advantage. With regards to the performance outcomes that are achieved as a result of certification and quality management, some of the various studies for example Singels, Ruel and Water (2001) explored
192 organizations (both manufacturing and service organizations) in the North of Holland in collaboration with the foundation of quality circles in the North of Holland) found that ISO 9001 certification in itself does not lead to an improvement in the operational performance of organizations (Kaynak, 2003).

Lee, and To Yu (2009) after conducting a survey on 45 service organizations in Macao, China postulate that in order to achieve superior performance, organizations should not consider the quality certification as a single, one-off project and the maintenance of the standard as routine processes. However Prajogo, Huo and Han (2012) conducted a study which examined 321 middle and senior managers of quality certified firms in Australia who were responsible for managing the quality systems in their organizations. This study was based on establishing the effect of Quality Certification. Their results indicate that supplier and internal process management both have a positive effect on operational performance, while customer process management has no significant impact on operational performance. In addition a study by Okwiri (2010) that sought to establish the relationship between ISO 9001 and operational performance in government agencies in Kenya concluded that the framework provided by the ISO 9001 management system standard can help optimize operational performance when the prescribed practices are applied appropriately.

The few researchers in the recent years have documented quality as a measure of performance but such research often has not focused on the actual factors of quality improvement in corporate organizations. They therefore ended up making general conclusions and recommendations, which may not be suitable for some organizations. This study sought to find out the impact of quality on Organizational Performance and offer recommendations to Stima Sacco as an Organization. The next section addresses Innovation as a measure of performance.

**2.2.2 Innovation and Performance**

The importance of innovation is described by Roberts and Amit (2003) as a means leading to a competitive advantage and superior performance. Damanpour et al. (2009) examined the outcomes of adoption of innovation types and found the positive impact of innovativeness on firm performance. Hence, he concluded that cumulative adoption of innovation types over time has a
positive relation with firm performance. Once again, the relationship between innovativeness and future performance has been examined by Bowenet al. (2010) who found a positive relationship between innovation and performance. The ability to innovate is increasingly viewed as the single most important factor in developing and sustaining competitive advantage (Tidd, 2001) one way to achieve growth and sustain performance is to foster and encourage creativity and innovative practices internally within the organization (Tidd, 2001)

Naidoo’s (2010) study sheds light on the relationship between market orientation, marketing innovation, competitive advantage and organizational performance. The study states market orientation as an accelerator for initiation stage of marketing innovation which is positively linked with competitive advantage. Competitive advantage achieved as differentiation, cost leadership & focus strategies in turn positively relates with the performance of the company. According to Madura (2001), innovation strategies influence achievement of bank return on the asset and return on equity. Product innovation decisions influence bank’s deposit rate, loan rate, reduce loan losses, bank services offered, overhead requirements, efficiency, advertising and the risk level of loans provided. This in turn improves financial performance (Grawe and Daughtery 2009)

Once again, the relationship between innovativeness and future performance has been examined by Hult (2004) and Zhou (2006) with respect to product innovation. The empirical studies typically find positive effects of innovation on financial performance outcomes. Similarly, a study on the relationship between innovation and firm performance from Turkish automotive supplier industry found no evidence for a significant and positive relationship between non technological innovation (organizational and marketing innovation) and firm performance.

Like many other scholars, Varis and Littunen (2010) argued that the ultimate reason for firms to engage in innovation activities is to improve firm performance and success. This results in the Managers ensuring that all activities and the strategic plan were linked to innovation and performance. The impact of innovation activities on firm performance are also emphasized in Oslo Manual (OECD and Eurostat, 2005). The number of studies based on the classification of
innovation according to the Oslo Manual (OECD and Eurostat, 2005) is even fewer. This study aimed to fill this gap in the literature by testing this relationship in Stima Sacco.

Calantone (2002) developed a framework for studying the relationships between learning orientation, firm innovativeness and firm performance in the U.S. manufacturing and service industries. Their study revealed that firm innovativeness is positively related to firm performance. Cho and Pucik (2005) also examined the relationship between innovativeness, quality, growth, profitability and market value at the firm level in the U.S. finance industry by using structural equation modeling method. Their study indicated that innovativeness mediates the relationship between quality and growth, quality mediates the relationship between innovativeness and profitability.

In the longitudinal study of Artz et al. (2010), the impact of patents acquired and product innovations on firm performance in different industries of the U.S. and Canada were explored. They found that product innovation had a significant impact on firm performance. Therrien (2011) similarly investigated whether innovation has an impact on firm performance in selected service industries. The results indicate that, in order to derive more sales from innovations, firms need to enter the market early or to introduce new products with high levels of novelty. Gunday et al. (2011) explored the effects of product, process, organization and marketing innovations on different aspects of firm performance, including achievements in production, marketing and finance, through an empirical study covering Turkish manufacturing firms in different industries. Their study revealed that product organization and marketing innovations have positive effects on firm performance in manufacturing industries. This study will look at the effect on innovation on firm performance at Stima Sacco.

Mvula (2013) presented a report on common issues affecting performance of SACCOs and pointed out that the issues affecting performance of SACCOs are poor innovation strategies, inadequate capital, poor asset quality, poor governance, poor profitability, poor liquidity and non-compliance. On the other hand Mudibo, (2005) discussed some of the factors affecting performance of SACCOs as weak regulation, limited product and services, low marketing and poor image. Most of these studies done specifically in developing countries like Kenya and those
done in developed countries have discrepancies. This study therefore sought to fill the knowledge gaps that have been identified in previous studies by ascertaining the extent to which innovation can influence performance specifically at Stima Sacco. The next section looks at timeliness as a measure of performance.

2.2.3 Timeliness as a Measure of Performance.
Timeliness is recognized as an important component of work performance (Downs, 2008). Timeliness is a way of developing and using processes and tools for maximum efficiency, effectiveness, and productivity (Downs, 2008). It involves mastery of a set of skills like setting goals, planning and making decisions better. At the end we have better performance (Brogan, 2010). According to Thompson et al (2010), accurate and timely information about daily operations is essential if managers are to gauge how well the strategy execution process is proceeding.

Time is an essential resource since it is irrecoverable, limited and dynamic (Downs, 2008). Irrecoverable because every minute spent is gone forever, limited because only 24 hours exist in a day and dynamic because it’s never static (Claessens, Roe and Rutte 2009). According to North (2004) time management is the organization of tasks or events by first estimating how much time a task will take to be completed, when it must be completed, and then adjusting events that would interfere with its completion is reached in the appropriate amount of time. Effective time management is the key to high performance levels. Effective time management not only affects the performance of employees, but also helps to cope with stress, conflicts and pressure more efficiently North (2004).

Timeliness is a method managers used by managers to increase work performance (Claessens, Roe, Rutte 2009). Performance can be seen as the consistent ability to produce results over prolonged period of time and in a variety of assignments (Galbraith, 2007). High performance in organizations is when an organization is so excellent in so many areas that it consistently outperforms most of its competitors for extended periods of time (North, 2004). Performance can be seen as the consistent ability to produce results over prolonged period of time and in a variety
of assignments (Phillips, Jory and Mogford, 2007) Performance also determines the success and survival of every organization (Eruteyan, 2008)

There are various ways in which organizational timeliness is affected which include procrastination (Phillips, Jory and Mogford, 2007). Procrastination is the deferment of actions or tasks to a later time, or even to infinity (Phillips, Jory and Mogford, 2007) A wide array of studies link procrastination to personal behavioral factors, such as lack of motivation, disorganization, and poor time management (Ackerman & Gross, 2005) Timeliness is needed for all activities performed by an organization. In the absence of standards of timeliness management are not able to ascertain the performance of the staff, sales and revenue ratios (Eruteyan, 2008) Modern businesses depend upon timelines to analyze performance (Galbraith, 2007) These are derived from the overall company strategy and provide critical data and information about key processes, outputs and results (George, 2008) Timeliness can be attributed to the ratio of actual hours on the job to the total hours available. This ratio is used as a primary indicator of the utilization of the total available employee hours (Eruteyan, 2008) Ratio of hours in transit to total hours available which is used to gauge idle time lost in transit.

Timeliness has been adopted in many corporates for instance, in an attempt to manage time, most financial institutions have adopted the queue management system (Daintith, 2013). Eruteyan (2008) defines queue management system as the way in which customers join a queue in order to wait for service, and by the way in which customers already in the queue are selected for servicing. Queuing theory is the study of waiting lines which is a common feature in organizations providing services where customers arrive randomly to receive service at a service point (Eruteyan, 2008). Banks and Saccos have continued to take steps to shorten queues in banking halls. A countrywide survey of selected banks in Kenya show perennial congestion and long queues in banks. Central Bank of Kenya (2001) observed that among customer complaints were long queues in banking halls that attributed to time wasting.

Sometimes service providers take considerably longer time to respond to customers and this affects customer overall perception of a service delivery Central Bank of Kenya (2001) A close interaction with customers provides the most effective platforms for market research. Customers
provide the early warning signals about products quality and timelines. They know about competitors. To know your customers is to know your future (Fox 2000).

Saccos in Kenya have adopted growth strategies focusing on opening branches, opening the common bond to allow all members of the public to become members, use of information technology supported by Alternate Delivery Channels which include Visa Branded ATMs that can be used globally, Points of Sale (POS) where customers shop; pay and withdraw cash in leading retail outlets, Internet and mobile banking channels Agency Outlets (Uluma, 2009)

According to the Annual Report of the Ministry of Co-operative and Marketing- Nairobi Province (2009/2010), growth was noted in the number of active Saccos from 1,240 to 1,349, due to timeliness and Saccos with front office service operations (FOSAS) increased from 34 to 38, while the number of employees grew from 1974 to 2138. Societies that had computer hardware and software increased to 318 from 184. The annual report noted that the co-operative movement in the province was growing in every aspect as 5 indicated by the statistical information. This shows the impact of timelines on Sacco performance.

This section mainly studied literature on organizational performance and the approaches used to measure organizational performance. Notably, performance has been viewed by various scholars as a means of getting better results (Armstrong, 2000) it aims at improvement in Innovation, technology advances, and competitive advantage which are connected by complex and multidimensional relationships Plessis (2007). This section narrowed down to Quality, Innovation and Timeliness as measures of Organization Performance. Quality focuses on the strategies and continuous improvement of services in order to improve performance. It focused on methodological approaches aimed at success in organizations. Innovation shows the distinct relationship between innovativeness and future performance aimed at accelerated revenue while timeliness is used to produce maximum at the most limited time. In as much as alot of research has been conducted on the measurement of performance, very few studies have been conducted in the Sacco movement in Kenya. The research majorly focused on the performance of Saccos in areas of governance, market risks and the level of education. This study sought to add to the existing literature by looking at Quality, Innovation and timeliness, as a measure of
Organizational performance in Saccos and specifically to Stima Sacco. The next section studied literature on Negotiation as a conflict management strategy and its’ Influence on Organizational Performance.

2.3 Negotiation and Organizational Performance

Organizational conflict occurs, as actors engage in activities that are incompatible with those of colleagues within their network, members of other organizations, or unaffiliated individuals who utilize the services or products of the organization (Rahim, 2002). This often leads to disagreements and buildup of tensions that require intervention through conflict management (Gonan Božac et al, 2008). The conflict management process encompasses a wide range of activities including negotiation, problem solving, dealing with emotion, and understanding positions (Brett, 2001). According to Neale & Fragale (2006), negotiation is a process by which two parties, each with its own viewpoint and objectives, attempt to reach a mutually satisfactory result on a matter of common concern. Negotiation can also be defined as the interaction between two or more parties with divergent interests in order to reach an agreement. (De Dreu, Weingart, & Kwon, 2000). Negotiation is used to minimize conflict affecting individuals so as to maximize cooperation and keep conflict to acceptable levels. This in turn drives performance (Rahim 2002)

This section looked into the influence of negotiation as a conflict management strategy on organizational performance. According to Petkovic (2008) there are several negotiation tactics that can be applied. These include Face–to-face tactic whereby a mutual confidence as a foundation for negotiation can be established, Persuading tactic which assumes using different methods and manners to win over partners and to reach a better negotiating position, Deceitfulness tactic which assumes presenting false data and arguments, Threat tactic based on deterrence from the side which holds a better position, or has more power. Promise tactic based on having a better position and more power, with the stronger side persuading the weaker that it will keep its promises and Concession tactic which is the most important tactic in the negotiation strategy. All actors in the conflict count on both sides making a concession. Since negotiation increasingly gains importance as a popular and constructive way to manage conflict (De Dreu, Weingart & Kwon 2000) assert that negotiators can help adversaries communicate with each
other in many ways (Sebanius2004). This study investigated whether Stima Sacco had a negotiation strategy in place as a conflict management strategy and considered the influence that negotiation had on performance.

A survey of more than 550 employees of large Canadian organizations (Downie, 2007) revealed that employees wanted to feel involved in decisions that affect them by negotiating with managers before decisions were made. Employees’ equated negotiation with fairness since participation led to creation of shared values. The survey report concluded that the components of a high performance workforce included effective voice for employees in strategy and governance, contingent compensation, teamwork and employee involvement through negotiation in problem solving. It further cautioned employers to recognize that employees had clear expectations of their employers and, in turn, that employers actions were critical since employees needed to have ownership of Strategy if they are to fully realize organizational performance. In Stima Sacco and other institutions in Kenya, negotiation played a key role especially on salary negotiations, performance appraisals and performance related rewards such as bonus.

Wanjiru (2012) carried out a study in Kenya on negotiation and its influence on the performance of commercial banks. The study found that negotiation had an influence on performance in the bank. For instance, negotiation was required before arriving at a compensation package agreeable by both parties. Moderate amount of conflict would be expected in the process but this would barely hinder performance, if handled properly. This study investigated whether Stima Sacco had a communication strategy in place considering the influence negotiation had on performance.

Negotiation and its influence on performance can be seen in an organizations performance appraisal process. It goes without saying that an effective performance appraisal system can lead an organization to takes strides towards organization performance and growth by leaps and bounds (Long, 2006). These measures give top managers a fast but comprehensive view of the organization’s performance conversely, an ineffective performance appraisal system can seal the fate of an organization by creating chaos and confusion from top to bottom in the administrative hierarchy. This may result into conflict if employees feel that they are appraised unfairly. It can
also result in poor performance if the employees do not clearly understand what is expected of them. It is therefore important for there to have a negotiation at the beginning of the performance contract so that an employee is well informed of what is expected (Norreklit, 2003). This study sought to find out if performance appraisals involved negotiation to see that everyone was working as a team to meet the organizational goal.

Ideally, performance appraisal negotiations provide employees with useful feedback they can immediately apply to improve their performance. This feedback includes suggestions for change, as well as encouragement to continue with positive behavior. Managers show employees how improving their overall performance and developing new skills will lead to additional responsibilities, promotions and increased monetary benefits (Miller & Swope, 2006). Employees appreciate this honest feedback and become motivated to improve their performance. In addition, managers benefit by receiving insightful input on ways to improve both their leadership styles and departmental operations. Most would agree however, that organizations' performance appraisal processes operate in ways that are less than ideal (Thompson, 2005).

A study on conflict management strategies used in secondary schools in Kisumu Municipality, Kisumu County (Okoth, 2013) concludes that the conflict management strategies of negotiation used in secondary schools in Kisumu municipality are effective in increasing performance. Therefore, negotiation was key to corporate performance (Huber & Seiser, 2001) since it helps to secure a consensus in resolving task and process conflicts by making sure all members understand the reasons behind the compromises made by individual members. (Huber & Seiser, 2001). A study by Dreu (2003) on task versus process conflict, team performance, revealed a strong relationship between conflict and team performance. This study sought to find out whether Stima Sacco had conflicts arising from task and process conflicts and if negotiation would help resolve these conflicts.

Historically, the negotiation field has been dominated by a focus on economic outcomes and financial performance (Buelens, Woestyne, Mestdagh, & Bouckenooghe, 2008). Successful negotiations, build on specific areas of firm outcomes: financial performance, product market performance and shareholder return. many scholars have bemoaned that the field offers a largely
are rational view of the performance situation (Gelfand, Smith Major, Raver, Nishii, & O’Brien, 2006), Therefore, a growing body of research argues on the importance of focus on negotiating parties and the effect on organizational performance (Curhan et al., 2006; Gelfand et al., 2006). This study sought to find out if Stima Sacco measured its performance in terms of economic and financial aspects and the influence of negotiation on this.

Negotiation increasingly gains importance as a popular and constructive way to do business, (De Dreu, Weingart, & Kwon, 2000). In a move to improve financial performance, there is emerging mobile telephony innovation among banks and specifically Saccos with providers of various service delivery channels e.g. ATMs, PoS, mobile services and internet banking. Negotiation into awarding of contacts requires all agencies to develop a strategy that ensures the performance goals of an organization are met. This is achieved by negotiating the incremental progress toward achieving the general goals and objectives in the strategic plan. In Stima Sacco, contracts have been entered with mobile service providers often requiring negotiation of contracts. This study investigated whether Stima Sacco being a financial institution who offered tenders to the public, negotiated contracts with mobile service suppliers and if this had an influence on organizational performance.

The outcomes of negotiation to a large extent determine if the opposing teams will gain a mutual understanding and work towards the achievement of organizational goals to improve performance Dreu (2003). In any negotiation exercise the outcome will either promote group cohesiveness or build up of tensions. The outcomes include win -win, win- lose and lose -lose outcome. The win-win negotiating outcome applies to many situations, including contract negotiations as well as conflict resolution. Negotiation is not one party dictating or imposing terms on another. When that happens, the outcome will rarely produce mutual satisfaction. The result can only be mutually satisfactory if both differences and common interests are considered (Kwon & Weingart 2004). The next section looked at the win-win negotiation outcome and its influence on performance.

2.3.1 Win-win Negotiation Outcome.
The win-win outcome occurs when each side of a dispute feels they have won. Since both sides benefit from such a scenario, any resolutions to the conflict are likely to be accepted voluntarily. Negotiators who aim at a win-win situation often fail to appreciate that this approach requires the parties to work together and cooperatively explore all possibilities before selecting an approach that is most likely to deliver a mutually beneficial agreement (Thompson, 2005). The win-win outcome occurs as a result of the use of the collaboration approach when all the conflicting parties meet and discuss the subject of the dispute explicitly and every party tries to care about the purpose of the other parties (Newstorm, 2007). A win-win negotiation outcome can help improve team performance by reducing tension, antagonism and distraction of members of a team (Mannix, 2001).

A study carried out on the US Army (Jadallah & Garven, 2011) recommended that negotiation is an important skill at all levels of U.S. Army. The result of negotiation was a win-win outcome for the military. A lot of training on negotiation skills had been done since security and reconstruction (SSTR) operations in the Middle East; hence the ability to negotiate with diverse people and organizations increasingly became a critical competency to resolve daily conflicts through effective negotiation (Tressler, 2007). The study focused on the negotiation behaviors of individuals, the influence of negotiation on performance, and negotiation outcomes. Based on the literature and focus groups, recommendations were made that effective negotiations affected performance at the Army since it had strategic implications for the military (Tressler, 2007). From the above school of thought, it is evident that negotiation influences the outcomes of behavior and improves organizational performance. This study sought to find out whether Stima Sacco had a negotiation strategy in place to see its influence on performance.

Studies on the negotiations between the congress of South African trade unions and the (African national congress, 2012) concerned a dispute over the relaxation of labor laws, government policies on taxation interest rates and exchange rates. The introduction of these measures would contain the rise in real wages, and prevent the current seasonal cycle of yearly strikes. The negotiation outcome of this conference was a win-win situation since there was a collective bargain and support from the state as development keys towards economic transformation (Besseling, 2011). The relationship among the negotiators, including positive impressions, trust
and a solid foundation for working together in the future had a positive relation to the organization output and performance.

In Kenya the win-win outcomes of negotiation were seen in the post election violence that broke out in Kenya after the 27 December 2007 presidential election whereby, upon the announcement of the re-election of President Mwai Kibaki, it sparked contestation of the results, and an accusation of rigging by the opposition Orange Democratic Movement (ODM) whose leader was Hon Raila Odinga (Kioko, 2010). This led to political crisis and eruption of violence in many parts of the country. This conflict eventually led to regional and international leaders to move quickly in attempts to negotiate for a resolution to the crisis. The outcome of these negotiations was setting up the power sharing government with a creation of the Prime Minister position which was agreed and implemented (Kioko, 2010) None of the parties won since powers were equally shared resulting in economic growth of the country. In the organizational context, many factors lead to conflict situations ranging from incompatibility, disagreement, or dissonance within or between team members. If the managers apply negotiation on time, the conflict can be avoided, or its impact can be minimized. (Rahim 2002) Win-win outcomes have successful element of organizational performance and managerial success (Henner, 2010)

While political instability is broadly believed to be bad for economic growth, firm performance and foreign direct investment, few studies convincingly identify the causal impact of conflict on firm’s performance (CSAE, 2009) For instance, a study on the impact of the Kenyan post-election violence on a hugely successful export oriented industry, the Kenyan flower industry, (Ksoll, Macchiavello & Morjaria 2009), showed that the 2007/8 conflict reduced Kenyan flower exports by 38% for firms located in conflict areas, mainly through displacing workers. Shipments were consolidated and exported less frequently, while security expenses rose. The win-win outcome after the conflict therefore had an impact on the performance of the flower company whose performance increased after the political conflict was resolved by 250%. From the argument above, negotiation had an impact on the performance of the Kenyan flower industry. This study sought to establish the impact of negotiation on organization performance at Stima Sacco.
The win-win negotiation outcome on a study in Kenya on performance (Wanjiru, 2012) concluded that commercial banks practiced performance based compensation as a means of improving organizational performance. The organization should provide at least one opportunity for employees to earn more pay based on their performance, possibly in the form of bonuses, profit sharing or gain-sharing (Kessler, 2008). The ability of management to properly implement performance based compensation practices is largely influenced by negotiation skills. These include efficiency defined by improving performance, quality, customers, and labor costs; equity defined by fair compensation and treatment for employees (Gomez-Mejia and Balkin, 2007; Milkovich and Newman, 2009). A moderate amount of conflict, if handled properly, is, in fact, critical to maintaining an optimum level of individual, group, and organizational effectiveness.

According to Armstrong (2009) Conflict may have either a positive or a negative effect on organizational performance. Unmanaged conflicts for instance have a negative effect since they disrupt the organization and prevent optimal performance (Beardwell and Claydon, 2007). Negotiation therefore plays a key role especially for managers who are charged with the responsibility of conflict management arising from antagonizing parties (Okumbe, 2001) Negotiation to get a win- win outcome can help those in charge fix the situation, promote an increase in productivity and aid in the ability to foresee future issues. (Armstrong, 2009). If conflict isn’t handled effectively, it may cause further damage and lead the team or organization down a vicious path of poor performance (Erogluer, 2011).This study focused on Stima Sacco and sought to establish if the win-win negotiation outcome in conflict affected organization performance since no study had been done before on the influence of negotiation as a conflict management strategy on performance at Stima Sacco. The next subsection studied literature on the win lose outcome in negotiation and its effect on organization performance.

2.3.2 Win-lose Negotiation

The win -lose outcome occurs when one side of a dispute feels they have won and the other feels that they have lost (Beckno, 2006). For instace Industrial conflicts, which usually arise due to a breakdown in negotiation as well as disagreements between employer(s) and the employees, connote a temporary stoppage of work resulting from the pursuance of grievance(s) by workers resulting from a win- lose negotiation outcome (Osabuohien, 2014) in win- lose scenario,
negotiation is seen in terms of getting your own way, driving a hard bargain or beating off the opposition (Almusdy, 2007), while in the short term bargaining may well achieve the aims for one side (Tressler, 2007). This means that while one side wins the other loses and this outcome may well damage future relationships between the parties. It also increases the likelihood of relationships breaking down, of people walking out or refusing to deal with the winners again and the process ending in a bitter dispute. (Tressler, 2007).

Win-Lose bargaining is probably the most familiar form of negotiating that is undertaken. Individuals decide what they want, then each side takes up an extreme position, such as asking the other side for much more than they expect to get. Through haggling, a compromise is reached, and each side’s hope is that this compromise will be in their favor (Ferro, Cracraft, & Dorsey, 2006). Azamoza (2004) argued that win-lose negotiation outcome can help strengthen the organization and enable an organization improve its performance. This study focused on negotiation a conflict management strategy and its influence on performance.

Canada Post Corporation (CPC) initiated a nation-wide lockout of 48,000 postal workers which completely stopped the delivery and processing of mail. The government claimed that the labor disruption was causing major economic damage and affecting the productivity and performance of the corporation since the profits had gone down. This study sought to ascertain the influence of negation as a conflict management strategy on performance. A study on the causes of conflicts/disputes in university of Abuja teaching hospital (Ukonu & Emerole, 2015) established that the health sector had experienced a lot of obstructions and under performance due to conflicts of interest among different professional groups. This resulted in a series of strikes requiring alternative dispute resolution mechanisms leading to a reduction in financial performance.

The above argument illustrates that negotiation can be used as a conflict management technique in solving conflicts resulting to strikes, however it can affect the financial performance of an organization. This study sought to find out if negotiation is effective as a conflict management strategy in Stima Sacco.
According to Black (2009), win-lose outcomes are less likely to be accepted voluntarily especially by the party who feels they have lost in a negotiation exercise. In this case, some organizations resort to distributive bargaining processes, based on a principle of harmony between participants, so as to end up in win-win outcomes. Studies on the negotiation outcomes in Kenya by Onginjo (2012) of civil servants mostly owed to salary related issues, The Kenya airports authority, Kenya national union of teachers, medical practitioners all witnessed a win-lose outcome since the Government managed to get the workers back to their workstations but the striking workers never got a pay increase equivalent to the percentage requested. This however had no direct effect on their performance. This study sought to ascertain the impact of negotiation on performance. The next sub section looked into lose-lose negotiation outcome and its impact on performance.

2.3.2 Lose-Lose Negotiation

In this scenario, all parties end up being worse off. Most of the times the conflict is an emotive issue that results in making a decision where none of the parties is a winner. In lose-lose situations neither party achieves their needs or wants. However, in some lose-lose situations, all parties understand that losses are unavoidable and that they will be evenly distributed. In such situations, lose-lose outcomes can be preferable to win-lose outcomes because the distribution is at least considered to be fair. For instance, the intractable budget debates in US Congress in 2012-13 led to lose-lose situation since budgets were halved. Both parties realized that the distribution of resources would not benefit either party since they were all affected by reduction of the budget. In Kenya, a budget-cutting negotiation to lower salary costs affected MPs (SRC Annual Report, 2012). The team led by Sarah Serem communicated new foreign travel per-diem rates to the Parliamentary Service Commission (PSC), members of staff and other public servants. The cost reductions were done on the popular destinations for UK and the US. Conflict arose when members of parliament disputed the changes, resulting in negotiation whose outcome was a lose-lose since the Senate, the Judiciary and the Salaries and Remuneration Commission faced budget reduction after the National Assembly cut their budgets to advance Sh3.3 billion additional financing to county governments. The performance at the national assembly was affected by these reductions with some members threatening to down their tools. This study will find out the impact of lose-lose negotiation outcome on performance at Stima Sacco.
In the organizational context, some parties cannot stand the reality of losing a negotiation. They spend so much time and energy making the one who won earlier bleed but it usually leads to lose-lose situation. Good negotiation usually involves a lot of homework, and teamwork for making long term binding agreement (Neely & Crowe 2001). In Stima Sacco, negotiation skills are required when negotiating contracts with suppliers in an effort to eventually cut costs for the organization. Members of a negotiation committee appointed by the Chief Executive Officer engage in negotiating agreements about client projects around different interests and values by sharing information and expertise. Other times the negotiation results in conflict especially in awarding of tenders when one company feels that they were unfairly eliminated from the tender, the aggrieved company may request for negotiation with Stima Sacco and the outcome can be lose-lose if Stima Sacco decides to cancel the whole tender process.

This study sought to find out the extent to which negotiation influences organizational performance on Stima Sacco. Conflict in an organization is inevitable and arises as people carry out their functions by means of adjustments and compromises among competitive elements in its structure and membership (Peterson, 2003). In this regard, negotiation as a conflict management strategy in an organization entails an approach and practice of being able to identify and handle conflicts rationally, equitably and competently in order to improve organization performance (Neely & Crowe 2001). As the conflict field matures and continues to gain interest, managing and resolving conflict continues to evolve and multiply perhaps, overwhelming potential participants. It is for this reason that parties to a conflict will have to decide what negotiation outcome makes the most sense to them, is acceptable to both parties, and supports positive change (Thompson, 2005).

Not all outcomes of a negotiation exercise will be accepted by the antagonizing parties thereby resulting into third party intervention to solve the issue at hand (Petkovic, 2008). A win- lose outcome may have a successful outcome, however the parties may be of unequal power and the weaker parties may be placed at a disadvantage Black (2009). Where a party with an interest in the matter in dispute is excluded or inadequately represented in the negotiations, the agreement's value is diminished, thereby making it subject to future challenge Azamoza (2004) this means that while one side wins the other loses and this outcome may well damage future relationships between the parties. It also increases the likelihood of relationships breaking down, of people
walking out or refusing to deal with the winners again and the process ending in a bitter dispute. This results in a conflict once again.

Akanji (2005) says that constructively managed conflict induces a positive performance, while destructively managed conflict heats up the work environment to bring about dislocation and polarization of the entire group with reduction in productivity and job performance. The win lose outcome may therefore not adequately resolve the conflict resulting into an alternative dispute resolution mechanism of third party intervention. The aim of this study was to fill this gap in literature by examining how the win lose outcome would be managed without necessarily affecting performance of the organization in order to achieve more successful outcomes to improve performance at Stima Sacco.

Lose-lose negotiation outcome may result in conflict since the agreement could be viewed by all parties as being inequitable, even though the substance of the agreement may be beyond reproach (Okumbe, 2001) which will in turn affect performance. The negotiation process cannot guarantee the good faith or trustworthiness of any of the parties (Mannix, 2001). In the absence of safeguards in the negotiating process, the lose lose situation will lead to antagonism which eventually affects performance. The potential of lose-lose negotiation outcome in conflict management remains to date ill researched. The aim of this study was to fill this gap in literature by examining if lose lose negotiation outcome was able to achieve more successful outcomes to improve performance at Stima Sacco.

In as much as the win-win negotiation strategy is effective in solving conflicts and improving performance, some issues or questions are simply not amenable to negotiation (Okumbe, 2001). There will be virtually no chance of an agreement where the parties are divided by opposing ideologies or beliefs which leave little or no room for mutual concessions and there is no willingness to make any such concessions (Azamoza, 2004) Emotive issues touching on rights have a high likelihood of redress by a third party. The potential of negotiation as a conflict management strategy remains to date ill researched in Stima Sacco.

Sometimes parties are unable to reach agreement as they be may be incapable of defining the issues at stake, let alone making any progress towards a solution. (Huber & Seiser, 2001). The
absence of a neutral third party may encourage one party to attempt to take advantage of the other (Azamoza, 2004), therefore resulting into third party intervention to manage conflict and in turn performance.

This section studied literature on negotiation as a conflict management strategy with particular emphasis to the outcomes which are win-win, win-lose and lose- lose. All these outcomes of negotiation have an influence on the performance of companies since it can be used to increase corporate performance, encourage honest feedback, equitable compensation packages, performance contract negotiation as well as timely conflict resolution. Most research on the area of negotiation and the outcomes have been predominantly carried out on banks. The aim of this study was to fill this gap in literature by examining if negotiation was able to achieve more successful outcomes to improve performance at Saccos especially on Stima Sacco. The next section studied Third party intervention as a conflict management strategy and its influence on organization performance.

2.4 Third party Intervention and Organizational Performance

Conflicts impact negatively on organizational performance, and organizational conflicts should be dealt with effectively and expeditiously. There is therefore a need to have in place effective conflict management mechanisms to deal with them. This section examined the existing legal and institutional framework in place for the management of conflicts, emphasis being on third party intervention as a conflict management strategy and its influence on organizational performance, with a view to identifying the challenges to the effectiveness in managing conflicts. According to Petkovic (2008), if negotiation strategy does not show results, it is recommended to apply the strategy of the third-party intervention. A third party is defined as an actor that helps the conflict parties resolve the conflict or regulate the level of violence (Pruitt & Kim 2004). This section looked at Third party intervention specifically mediation, arbitration and litigation as third party conflict management strategies and their influence on performance.

A third party might be needed because the parties to a conflict cannot find a solution without external assistance. They may need help with issues, process and substance (Gregory, 2004). A third party assists in resolving the dispute by advising and providing information and options but
leaves the final decision to the parties themselves since performance declines as the level of conflict increases (Nistorescu, 2006) Third party intervention is a process that is used only when an impasse occurs between the employee and higher management levels or a co-worker (Avendano, 2005). There are several definitions on the concept of a third-party. For example Jehn & Bendersky, 2003) assert that a third party is someone who provides procedural assistance to help individuals or groups in conflict to resolve their difference, where attention is placed on procedural assistance to the disputants.

Conflict may have either a positive or a negative effect on organizational performance, depending on the nature of the conflict and how it is managed (Armstrong, 2009). For every organization, an optimal level of conflict exists which is considered normal. On the other hand, if the conflict levels become too high and too low, the result is chaotic to an organization and also threaten its survival (Beardwell and Claydon, 2007) For a group to be effective, individual members need to be able to work in a conflict-positive environment so if conflict is well-managed, it adds to innovation and productivity (Murthy, 2006). Rahim (2005) asserts that litigation will be a resort for conflicts resulting from misunderstandings of more complex human right issues. Third party intervention as a conflict management strategy is therefore adopted when the conflict level is too high that it becomes dysfunctional to performance.

Third-party is often used to refer to a person or an entity that is not one of the two involved in some form of relationship. Bercovitch & Rubin (2008) claim that third party intervention has been practiced as long as two people have fought, while another person tried to bring the fight to an end, and for them the definition of third party intervention is 'a process of conflict management, related to but distinct from the parties' own effort where the disputing parties or their representatives seek the assistance, or accept an offer of help, from an individual, group, state or organization to change, affect or influence their perceptions or behavior, without resorting to physical force or invoking the authority of the law (Bercovitch, and Rubin 2008). Studies done in Kenya on Conflict Analysis of the 2007 Post-election Violence in Kenya , which led to a power sharing deal between the conflicting parties involved revealed the role of third party intervention in fostering economic productivity (Roberts, 2009). Economic performance of
Kenya was affected before the power sharing deal was concluded. Adversely, organizations use third party intervention to improve organizational performance.

Third-party intervention may worsen a conflict if the level of the intervention is not sufficiently high (Elbadawi and Sambanis, 2000). Conflict management behaviors have primarily been studied either as individual styles of the third party that are stable traits of individuals, as types of behaviors (such as threats or compromises), or as generalized behavioral orientations (Folger, Poole, & Stutman, 2001). The history and establishment of third party conflict resolution system in Nigeria dates back to 2005, when the Negotiation and Conflict Management Group (NCMG) initiated the concept in Nigeria with establishment of the Lagos Multi-Doors Courthouse in 2004. The introduction of the third party processes are attached in Nigeria is a response to the reform of judicial sector. Following the introduction, it is believed that performance output is increased when there is confidence in third party conflict resolution because once it is resolved, it becomes final, and there is no appeal to suggest that one party was dissatisfied with the initial outcome or court judgment. A study on conflict in the Public service commission Rwanda (Muganza, 2013) showed that conflict has negative impact on the working environment and the organizational performance, not mentioning the government loss of funds totaling 293,642,068Frw through court cases. (PSC Annual Report: 2012-2013). This study sought to find out the influence of third party intervention as a conflict management strategy on organizational performance.

Muigua (2012) conducted a study on Conflict management in East Africa. The study showed that disputes within organizations can be resolved by the use of a third party in three different ways. Mediation, Arbitration and Litigation. Conflict resolution refers to a process where the outcome is based on mutual problem sharing with the conflicting parties cooperating in order to define their conflict and their relationship (Muigua, 2012). Resolution is non power based and non-coercive thus enabling it achieve mutual satisfaction of needs without relying on the parties’ power. A resolution digs deeper in ascertaining the root causes of the conflict between the parties by aiming at a post conflict relationship not founded on power. This outcome is enduring, non-coercive, mutually satisfying, addresses the root cause of the conflict and it is also not zero-sum since gain by one party does not mean loss by the other; each party’s needs are fulfilled. Such
needs cannot be bargained or fulfilled through coercion and power. These advantages make resolution potentially superior to settlement. This study looked into literature on the third party resolution mechanisms specifically mediation, arbitration and litigation that form the alternative dispute resolution (ADR) mechanisms.

2.4.1 Mediation

Mediation is the use of a neutral third-party to help the disputing parties resolve the dispute on their own (Bercovitch, and Rubin 2008). A mediator will not resolve the dispute, but will help facilitate a discussion between parties in conflict with an aim of finding a solution (Amegashie, 2010). Mediation is a voluntary process in which an impartial person (the mediator) helps with communication between the parties which will allow them to reach a mutually acceptable agreement. Mediation often is the next step if negotiation proves unsuccessful. Mediation can be used to solve conflict arising from personality differences. Interpersonal conflict in organizations can get too destructive resulting into third party to solve the dispute (Nistorescu 2006) the process of mediation can be employed to resolve conflict in a variety of settings from international disputes between countries, to commercial disputes between companies, to conflict at the level of; communities, workplaces, families and/or individuals. (Vancouver, 2000) The context in which this study is couched is the resolution of disputes within the workplace.

An example of destructive conflict resulting into mediation was the teachers strike in Kenya (Ministry of Education, 2014). Most of the strikes and lockouts resulted in involvement of third party to mediate on the dispute in place. A number of scholars have argued that mediation in conflict management is important in a conflict-performance relationship. (Jehn & Bendersky, 2003) Escalation of relationship conflicts by teachers focuses on the concept that parties in conflict can adapt their third party processes appropriately, to create a culture where members are satisfied and performance is enhanced (Kuhn & Poole, 2000). The ability to successfully learn and adapt mediation to meet performance criteria is closely intertwined with the motivation and mind-set of group members (Amegashie, 2010). Therefore, autonomous teams represent a critical test of how well collective conflict management can change the nature of team outcomes and their performance. This study sought to determine the influence of mediation as third party intervention in conflict management at Stima Sacco.
The best way to achieve sustainable results in third party intervention is the dialogue between the parties, which implies their willingness to get together on a common solution (Otzel & Toomey 2006). Clashing ideas can lead to more creative solutions or otherwise provide perspectives that persuade the team to take a different approach that is more likely to lead to organizational success (Boundless Management, 2015). Unclear organization of work or delegation of authority can cause conflict. If obligations and responsibilities of employees are not clearly determined, conflicts are unavoidable. Low level of formalization stimulates conflicts, especially in small and mid-sized enterprises, where there is no specialization of employees, or delegation of authority among managers. This often requires mediation to resolve the conflict in order to improve organization performance (Amegashie, 2010).

Modern organizations are dynamic and complex, made up of people with increasingly diverse backgrounds, opinions, values and expectations about work and many disputes could potentially be settled without the need to pursue a formal grievance procedure. A conflict management survey report (2011) showed that mediation seeks to provide an informal and speedy solution to workplace conflict, and it can be used at any point in the conflict cycle to improve performance (Vancouver, 2000). Organizations are increasingly recognizing that mediation, has a particular resonance in the workplace (CIPD 2013). People are the key to organizational success and productivity, and negative conflict between individuals or groups of individuals can severely hamper an organization’s drive for competitive advantage and reduce performance (Spaho 2013). In 2008, a telephone interview survey of managers in 500 SMEs in the US to assess their experience of mediation showed that almost half of the respondents had resolved the issues using mediation and it had greatly improved performance by 42% (Saundry and Wibberley 2012).

Conflict between individuals in the workplace can cost an organization if it is not managed directly, at an early stage (Gay, Mahoney & Graves, 2005). The price organizations can pay for conflict goes beyond the costs of a tribunal claim. There are also the internal resources spent on discipline and grievance cases (CIPD, 2013). In June 2012 the Department for Business, Innovation and Skills (BIS) announced the launch of a pilot scheme to train mediators in 48 SMEs, forming two networks, in Manchester and Cambridge. The mediation exercise had a
direct influence on management of conflict and improved performance in the mediator’s organizations. This study seeks to ascertain the influence mediation as a third party strategy on performance. The next sub section studied literature on arbitration as a third party intervention strategy in managing conflict and its influence on organizational performance.

2.4.2 Arbitration

According to Kazimoto (2013), workplace conflict is described as the presence of discord that occurs when goals, interests or values of different individuals or groups are incompatible and frustrate the other parties attempt to achieve objectives in an organization. It is a communication process and an inevitable consequence of transactional relationship manifesting in disagreement and dissonance with and between individuals and groups in the work-environment. In this context, workplace conflict is a fact of life in any organization as long as people will compete for jobs, power, recognition and security (Adomie and Anie, 2005). Therefore, the task of management is not to suppress or resolve all conflicts, but to manage them in order to enhance and not to detract from organizational performance. On the other hand, formal workplace conflict is referred to as an organized expression of conflict articulated through a trade union or other workers representatives (Ogunbameru, 2006). It is in this regard that organizations resort to Arbitration as a conflict management strategy to influence performance Kazimoto (2013)

Arbitration offers the best vehicle among the ADR mechanisms to facilitate access to justice in disputes involving parties with equal bargaining power and with the need for faster settlement of disputes, especially business related(Avendaño, 2005)

Arbitration is a process where a neutral third party is brought in to arbitrate or resolve the dispute (Adomie and Anie, 2005) Parties that fail to resolve their disputes in mediation will often seek arbitration. Unlike in mediation, in arbitration, the arbitrator makes a decision resolving the dispute. Arbitration will always bring an end to the dispute as long as it is binding, meaning that both parties are required to comply with the decision. However, unlike mediation, many arbitrations end up with winners and losers. Arbitration may be chosen by parties, usually recorded in an arbitration agreement in a clause at the end of a contract - as an alternative to litigation before national courts. Since conflict is inevitable in organizations, its management determines whether it will generate positive or negative effect on the organizational
performance. The timely recognition and immediate explication of the underlying tension before the conflict issues go out of hand are useful to the effectual management of conflict in the workplace. Arbitration emanates from the agreement of the parties but is regulated and enforced by the states where the arbitration proceedings take place and where the arbitral award is enforced.

Ford (2007) posited a four-way process in arbitration which includes assessment and inquiry, design, implementation and evaluation aimed at achieving better performance in the workplace. Assessment and inquiry is the essential first stage in the process of conflict management and resolution (Susskind and Larmer, 2000) A primary goal of such assessment is for all concerned parties to gain a deeper understanding of the dynamics inherent in their relationships (Shmueli, and Gal, 2004). This understanding not only clarifies one's own interests and positions, but leads to an acknowledgement of the basis for the interests and positions held by others, and thereby promotes reflection by the stakeholders. The assessment maps the conflict, and then uses it as an evaluation tool to determine whether or not there is a reasonable possibility for initiating an intervention process to settle the conflict.

A study in Venezuela on the outcome of third party intervention on performance (Avendaño, 2005) between the Venezuelan government and the opposition (DC), during the period 2002-2003, showed that the most effective strategies used by third parties, dependent on the timing of the intervention and the stage of conflict, had an effect on performance. The general goal of a third-party intervention in this case arbitration, is to assist in a transformation of the conflict elements, change expression of conflict, alter degree of interdependence between the parties, change their perceptions or goals so they are not as incompatible, modify actual or perceived scarcity of resources, adjust actual or perceived interference by the opposing parties and increase performance. (Beardsley et al. 2006 & Bercovitch and Houston 2000).

Arbitration can have financial costs on an organization since lawyers' fees generally account for the majority of costs. Some organization resort to arbitration as a means of conflict management since it is speedier and less costly than litigation. Whereas a court judgment can often be appealed due to prolonging matters by months and years, parties to international contracts
normally agree that there is no right of appeal on the merits from any award. Arbitration costs initially can be higher than those of court proceedings because the parties have to pay for arbitrators, any administering institution and the hiring of hearing venues. Arbitration can also take longer if the tribunal fails to impose strict deadlines.

Another conflict management approach for resolution of conflict in Nigeria is offered in the provision of the Trade disputes Amendment Decree, 1988, No. 39 and Trade dispute Act CAP 18, 2004 which provided five steps for legal management of conflict in organizations in the country. Here authoritative command is used in third party negotiations to get the conflicting parties to agree. Some types of conflict support or destroy the goals and performance of the organization.

In particular, the last two decades have seen the growing engagement of civil society and NGOs working in areas of conflict around the world. In fact, there is an overwhelming international recognition of the need for this type of involvement. In fact not only Kofi Annan stated it in this manner in the post-election violence in Kenya (PEV Report 2007-2008). Conversely, Amegashie (2010) argues that performance may be affected when third party Interventions are biased. For example, using data from the International Crisis Behavior project, Carment and Harvey (2000) found that 140 out of 213 interventions in intrastate conflicts were clearly biased. In the post-war period, Regan (2000) also found that most interventions were biased. This had an impact on performance. While some of the aforementioned empirical studies (Regan, 2002) have found that third-party intervention could worsen performance, exactly why this might be the case is not clear. Not only does arbitration lead to an increase in the effort of the aggrieved parties, it also leads to an increase in performance Amegashie (2010).This study seeks to find out the impact of third party in influencing performance in Stima Sacco. The next sub section looked at Litigation as a third party intervention strategy in managing conflict and its influence on Organizational performance.

2.4.3 Litigation
The existence of conflicts is universal and since conflicts must be seen as natural and inevitable, focus should be placed on efficient ways to avoid and solve them (Murthy, 2006).This section
provides existing literature on litigation as a strategy to conflict resolution, focusing on the
effects of litigation on organization performance. It also highlights the role of litigation as a
conflict management strategy in the face of the current disadvantages of litigation and the
concerns that organizations have of the inefficiency of litigation in solving conflicts in good
time. Litigation, and to an even greater extent the fear of litigation, is arguably a driving force in
many organizational decisions (Amegashie, 2010). This study aimed to fill in the gaps in existing
literature on litigation and its influence n performance in Organizations with a specific focus on
Stima Sacco.

With the growing sensitization on human rights, most employees fully understand their rights in
today’s organizations and will not hesitate to rush to the courts if they feel that conflict is not
being handled properly (Chau, 2014) Figures from the industrial courts in Kenya indicate that
cases filed have risen from less than 300 in the year 2007 to more than 8,600 in the year 2015
(Business Daily, 2015) For every shilling paid to employees through litigation, at least another
shilling is paid to attorneys involved in handling both meritorious and non-meritorious claims
(Sussman, 2009) Moreover, aside from the direct costs of litigation, employers often dedicate
significant sums to designing defensive personnel practices with the help of lawyers to minimize
their litigation exposure (Chau, 2014) These costs tend to affect compensation as the firms
expenses grow, less resources are available to provide wage and benefits to workers and there is
ultimately poor performance due to strained company resources (Business Daily, 2015). The
result may be retrenchment of employees and budget reductions on major capital items.
Uncertainty in the workplace lowers morale and eventually affects performance (Dawson, 2014).
This study looked at the influence of litigation on the overall performance of the Organization.

Litigation involves filing a lawsuit and having the dispute resolved either by a judge or jury
(Ibid, 2013). Litigation is the use of the courts and civil justice system to resolve legal
controversies and can be used to compel opposing party to participate in the solution (Muigua,
2014) with the objective of settling disputes in a more justifiable manner, national governments
and the constitutions of most nations establish institutions; judiciary organs of the government.
Unlike in Organizations whose aim is to put conflicts to the minimum so as to maintain
performance, it is the natural mandate of courts of law to entertain disputes (Ojwang, 2011).
Litigation has however been criticized in many forums as one that does not guarantee fair administration of justice due to a number of factors. Courts in Kenya for instance have encountered a number of challenges in delay of awarding justice to the offended (Muigua, 2014). The court’s role is also dependent on the limitations of civil procedure, and on the litigious courses taken by the parties themselves (Ojwang 2011). Before resorting to litigation as a conflict management strategy, members of a group need to understand that not all conflicts are bad, conflict, which lead to group failure, are dysfunctional and should be discouraged (Muigua, 2014) However, some conflict situations can be turned into positive conflict and can thus help to achieve the aims of the group (Murthy, 2006). This study sought to ascertain the impact litigation has on Organizational performance.

The ideal conflict resolution process is one in which the parties are better at the end of the course of action than they were at the beginning, not only in terms of what they gained or loose, but also in terms of the quality of their interpersonal relationships (Brown and Mariott, 2012) This should be the focus of any conflict resolution process. Although the term conflict/dispute resolution is from time to time used to describe Alternative Dispute Resolution (ADR) (Brown and Mariott 2012) methods, in a broad sense it marks out a process in which two or more parties engage in order to situate their differences. Conflict resolution may be divided into two main tendencies, namely Judicial Dispute Resolution and Alternative Dispute Resolution. The most common form of Judicial Dispute Resolution is litigation. Conflict management through litigation may be slow, expensive and it may at times lose the practical credibility necessary in the environmental matters (Ibid, 2013).

Litigation is not a process of solving problems, it is a process of winning arguments for instance cases in Kenya of Waweru v Republic (2007) and Friends of Lake Turkana Trust v Attorney General & 2 others [2014] eKLR (KeHC 2006), demonstrate instances where the courts have taken the active role of promoting environmental protection and averting potential natural resource based conflicts. Cases of litigation in Stima Sacco mostly involve guarantors taking loan debtors to court over loan defaults. The result is wastage of resources in times of time and
costs in meeting the legal fees. This has an effect on the financial performance of the organization.

Litigation in the organization is mostly caused by breach of contract between parties concerned (Redfern 2011). A contract is a legally binding agreement between two or more parties (Cloke, 2013). Each party to a contract must have capacity to enter the agreement. Minors, intoxicated persons, and those under a mental affliction may have insufficient capacity to enter a contract (Redfern 2011). Performance of the contract varies according to the particular circumstances. While a contract is being performed, it is called an executory contract, and when it is completed it is an executed contract (Cloke, 2013). In some cases there may be substantial performance but not complete performance, which allows the performing party to be partially compensated (Brown and Marriott 2012). Compensatory damages compensate the plaintiff for actual losses suffered as accurately as possible. Litigation may ensue if conflict regarding breach of contract is not amicably sorted by the parties (Ibid, 2013). In the organization, several contracts are prepared such as employment contracts between employees and management (Ojwang 2011).

A breach of contract on the other hand refers to failing to perform any term of a contract, written or oral, without a legitimate legal excuse (The People's Law Dictionary,2010). For instance, whenever there is any change in the conditions of service, the employer is required to inform the employees in good time. If a change in employment terms is done without prior communication, conflict is likely to arise (Dawson, 2014) for instance changes in bonus or salary increment without prior notice may lead to unrest, uncertainty and fear of loss/job insecurity. If the situation is not managed properly, staff may resort to litigation due to contract breach. This in turn may lower morale of staff and ultimately affect the corporate performance (Ibid, 2013). This study sought to find out the impact of litigation on performance.

The breach could be as a result of wrongful dismissal, demotion, workplace accidents and perceived unfair treatment. Wrongful dismissal can lead to build up of tensions if the issue is not managed properly (Dawson, 2014) and conflict arising from such could resort to litigation. For instance in Kenya, the case of David Muhoro Vs Ol Pejeta conservancy whereby David, the former finance manager sued the employer for wrongful dismissal and was awarded Kshs. 22
million for damages. The wrongful dismissal cost the organization financially and in turn affected the overall performance of the Organization to recover the unexpected costs. This study sought to find out the influence of litigation on performance.

Unresolved conflict can make employees to resort to litigation (Kenyan Law Review, 2015). In 2005 the Court in Kenya ordered Samsung Electronics East Africa to compensate an employee for sexual discrimination, racism & wrongful months compensation for sexual and racial discrimination as well as unlawful termination of Kshs. 7,152,000 and costs of the suit. The result of this was costly to the organization and the financial performance of the organization was affected by the lawsuit that had not been anticipated. The performance of the company was also affected since she was performing key role in the organization termination (Kenya Law, 2015) The Claimant won the case and was entitled to one month’s salary in lieu of notice Kshs. 596,000. Kshs. 437,066.60 bonus payment duly earned in the first quarter of 2013 being equivalent to her monthly salary Kshs. 596,000. Such payments directly affect the organization and performance could be affected by payments made towards legal fees and the affected staff. This study sought to find out the influence of litigation on performance.

Workplace accidents can also result in litigation and the employer may pay damages worth 8 times the annual basic salary of the affected staff (Kenyan Law Review, 2015). Engineering and construction companies are the most common participants in litigation involving workplace accidents due to defective work products and tools. An employee can sue in the case of an accident if he/she thinks he will not be given fair compensation commensurate to the damages caused (Kenyan Law Review, 2015). Contractual damages are generally awarded so as to protect the claimant’s expectation interest, to give him the benefit of the bargain: the claimant ‘is mostly compensated using monetary terms. Contractual damages are generally awarded so as to protect the claimant’s expectation interest, to give him the benefit of the bargain.

According to an article by Business Daily 2015, Telkom Kenya workers threatened to down their tools if they did not receive the same bonuses as their seniors. According to the workers, the company was discriminating and victimizing them simply because they decided to join union. According to Metcalf and woodland (2003), Strikes affects not only the local economy but,
businesses and employees alike. Employment relationships between both parties could become strained and this could affect teamwork, performance and profitability Budd (2004). Businesses suffer production and financial losses and consumer confidence is adversely affected. This study sought to find out the influence of litigation on Organizational performance.

Historically, the use of litigation as a conflict management strategy has faced some resistance, which it still evident in modern organizations (Redfern 2011). There are even countries in which parties are encouraged or required to try some kind of mediation before advancing into court. Taking as an example the United States of America (USA), numerous laws firms and companies have committed by themselves to use other alternatives prior to litigation. Mediation is also mandatory in a number of USA states, including California, Florida, Oregon, and Texas (Barbieri, Gina Lea 2011) since it is perceived that litigation has a tendency to lower financial performance of an organization for instance not long ago, General Motors settled a discrimination lawsuit for more than $3 million in direct payments, more than $13 million in raises for employees who said they had been discriminated against, and changes in pay raise practices that were estimated to cost between $20 million and $40 million over several years (Lind 2004). Settlement of this conflict through litigation led to increased costs which had a direct effect on performance (Barbieri, Gina Lea 2011) this study sought to determine the influence of litigation on performance in an organization.

Notably, these objectives and principles are similar to the provisions of Uganda, however unlike Kenyan Constitution (Article 10 of the Constitution of Kenya 2010), Ugandan Constitution does not make any direct reference as to the adoption of litigation as the preferred mode of managing domestic conflicts whether resource based or general ones. What stands out is the foreign policy on settlement of international disputes by peaceful means. The above argument therefore implies that litigation as a conflict management strategy has not been fully adopted in organizations, so as to understand its influence on organizational performance. This study therefore seeks to add to existing literature by understanding litigation as a conflict management strategy and its impact on performance in organizations. Similarly, the current framework of litigation and its effect on performance in Stima Sacco has not been researched in Stima Sacco. Therefore this study aimed to ascertain the influence of litigation as a conflict management strategy on performance.
Litigation as a means to manage conflict is a resort that most Organizations wish to be the last resort (Metcalf and woodland 2003) However with the current sensitization on human rights, most Organizations face litigation from internal and external customers. (Lind 2004). The recent trend adopted by Corporations is to have an established legal department that advises the Board on matters that could lead to litigation and alternative ways to out of court settlement with conflicting parties. In the developed countries like the United States of America (USA), numerous law firms and companies have committed by themselves to use other alternatives prior to litigation Budd (2004).

Third party interventions refer to all those decision-making processes but not limited to negotiation, enquiry, mediation, conciliation, expert determination, litigation and arbitration. Third party interventions are used in management of a wide range of conflicts and disputes. However, the choice of mechanism to be used depends on whether it is a conflict or a dispute that is to be managed and its effect on the overall organizations performance. However, it noteworthy that these techniques are not essentially mutually exclusive in any particular conflict, but can be used successively or in a modified combination with other adjudicative methods for managing disputes (Hamilton 2014) Conflicts are issues about values which are non-negotiable. They are needs and values that are shared by the parties, which values and needs are inherent in all human beings.

The choice of conflict management a company resorts to must therefore be informed by the desire to address the underlying issues and in turn increase organizational performance though effective resolution mechanisms such as third party interventions. Organizational conflict may be interest- based, rights-based or power-based. Interest-based conflicts are best addressed through negotiation and mediation, rights-based disputes through litigation while power-based disputes are addressed through *inter alia*, use of force, threats and violence.

This section reviewed and presented literature on Third party intervention specifically Mediation, Arbitration and Litigation as and their influence on performance. It studied the existing legal and institutional framework that had been established to handle conflict. Various scholars agree that a
third party usually comes in place to handle processes, issues and disputes where the parties in conflict are not able to settle disputes face to face or amicably. Muigua (2012) asserted that the third party resolves conflict using mediation, Arbitration and Litigation. Mediation uses a third party to help disputing parties resolve issues on their own, Arbitration is more forceful and the decision of the arbitrator is final while litigation involves filing a lawsuit in court. The approaches above all aim at resolving the conflict however research has shown that litigation in the developing countries has been criticized especially on Kenyan Courts due to slow processes. Few studies have looked at the effect of third party intervention in Sacco’s performance in Kenya. This study therefore sought to fill in this gap in literature by determining the influence of third party innovation in Saccos and more so in Stima Sacco. The next section addressed the influence of communication on organizational performance.

2.5 Communication and Organizational Performance

Modern management techniques to a large extent aim to raise organizational performance by using the power of communication (Erogluer, 2011). Communication is a process that contains expressing, listening and understanding (Banerji and Dayal, 2005). Research has also shown that communication improves performance (Goris, 2007), Chen et al (2006) pointed out that research is lacking in examining employee satisfaction with communication process. There is therefore the need to explore the relationship between organizational communication and performance since communication integrates different units and functions in the organization Chen et al (2006). The successive evolution in communication technology has significantly altered the conduct of conflicts, warfare, and conflict resolution. Compared to people of earlier ages, people around the world today know much more and much sooner about major developments in international relations (Gilboa, 2002). This is why communication is considered a powerful tool in organizations.

Otieno, Waiganjo &Njeru (2015), explored the effect of employee communication on Organization performance in Kenya’s horticultural sector. The study found that communication facilitates exchange of information and opinion with the organization, and that communication helps in improving operational efficiency thus improving organization performance. It concluded that communication is a major determinant of organization performance. Koontz (2001) notes
that, in as much as communication aims at influencing organizational performance, there are many unwanted interference that can distort a message and remain always a potential threat to effective communication, because it can interfere with the accuracy of a message being communicated. This study will seek to find out the influence of communication on organizational performance at Stima Sacco.

Communication is the dissemination of information which is related to the daily performance of an employee’s job (Redfern 2011). Communication is the process by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages (Richmond et al, 2005). Awan and Anjum (2015) say that properly managed conflict promotes open communication, collaborative decision making, regular feedback, and timely resolution of conflict. Open communication and collaboration enhance the flow of new ideas and strengthen work relationship, which can have a positive effect on organization performance. Regular feedback and timely resolution of conflict has the potential of improving employee satisfaction and job performance. Cheruiyot (2012) conducted a study on the effect of communication on Kenya Post and Savings Bank. The findings show that communication through advertising, direct marketing, personal selling, sales promotion and public relations enhance the company’s performance. According to Rowe, (2001), effective communication is needed for management to develop and sustain a competitive advantage for organizational performance and improvement. This study sought to find out the influence of communication on performance at Stima Sacco.

A study on mobile banking in Kenya using a case of Safaricom Mpesa (Mbiti & Weli 2014) examined the impact of communication on performance and how Mpesa money transfer system operated by Safaricom – Kenya’s largest cellular phone provider had brought unexpected change in communications and a boost in the financial performance of Safaricom. By 2015 they had a 38 percent rise in profit after tax from Kshs 23 billion to Kshs 31.9 billion. This study explored literature on communication and how it helped in timely resolution of conflict, improving customer satisfaction, collaborative decision making and its effect on organization performance. The next subsection reviewed literature on communication and timely resolution of conflict.
2.5.1 Communication and Timely Resolution of Conflict

Communication plays a central role in handling conflict. Conflict is an interactive process between two or more parties that requires effective human interaction. (Brower & Darrington 2012). By communicating effectively, leaders and followers can successfully resolve conflicts to bring positive results. When conflict exists in leadership situations, it is recognized and expressed through communication. (Brower & Darrington 2012). Communication is the means that people use to express their disagreements or differences. (Gottman & DeClaire, 2001) Communication also provides the avenue by which conflicts can be successfully resolved, or worsened. To understand conflict, we need to understand communication. Most people know that in order to resolve conflicts, they need to communicate about the issue; but negative patterns of communication can often lead to greater frustration and escalation of conflict. (Brower & Darrington 2012). Every organization should therefore endeavor to make effective communication an essential integral part in effect management strategies to help minimize organizational conflict so as to improve performance (Dreu, 2006).

Most organizational conflict has been traced to breakage in communication as supported by Mukhtar, Qureshi, & Sharif (2012), therefore overcoming communication roadblocks requires effective speaking and listening skills. Awan and Anjum (2015) argue that a negative work environment that does not promote communication and conflict resolution can result in poor performance. A study in Nigeria by Ngonzi & Ifeoma (2015) show that effective communication is the remedy to effective and efficient management of organizations conflict. Studies have also been conducted in Kenya around the influence of communication in management of conflict. For instance, Chebii (2010) conducted a study on the role of media in conflict management in Uasin Gishu. The study found that media played both conflict escalation and de-escalation roles during 2007/08 Post Election Violence. From the above school of thought, Communication can be the foundation for sound management or a medium of chaos (Dreu, 2006). Conclusively, effective communication to the management and staff is the panacea for sustained and increased productivity of the workforce and organizational performances. It is not enough to have a good or ideal conflict management strategies in place, but awareness and participation as a means of communication will help to enhance organizational performance (Ngozi & Okonkwo 2015). The
next section studied literature on communication in improving customer satisfaction and highlighted the gaps that the study aimed to fill.

2.5.2 Communication in Improving Customer Satisfaction
Loyal customers not only repurchase, but also advocate products and services to their friends pay less attention to competitive brands and often buy product and service line extensions (Baumeister, 2002). Swift, (2000) asserts that an enterprise approach to understanding and influencing customer behavior can be done through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty and customer profitability then banks are left no choice but to adopt proper communication channels so as to remain profitable. Good or bad communications affect the areas of accomplishment in business, customers, employees, profitability, and investors (Hener 2010). Customer communication problems represent some of the most important business issues today because it is an area that has such significant repercussions on the future of your business and its profitability (Rahim, 2002)

The repercussions of an ineffective, poorly managed company communications program can alienate and be potentially seriously costly to customer and your company Al Caldwell (2011). A study by Wanjau (2011) on the effect of communication on Customer service showed that there was need at promoting a healthier relationship between customers and the bank in general. There was need to increase focus in communication and customer recognition which would in turn enhance the relationship that traditional banking used to elicit to its customers in order to make huge profit margin.

Unmanaged conflict promotes dysfunctional communication and poor behavior among staff. Poor behavior on the part of one employee has the power to affect overall employee morale, which results in lower performance. According to Dana (2000), conflict is not just an annoyance. It costs money and those costs can be calculated, in terms of wasted time, bad decision, lost employees which affect the financial performance of an organization. Most financial institutions have adopted communication channels in improving customer and satisfaction. Worldwide, in June 2012, the global economy and consumer confidence in the banking industry was quite low
due to poor communication channels. As at December 2015, consumer confidence in the banking industry is on the rise, as was trust in individual institutions, and customers are broadly satisfied with their primary banking relationships. This is because of the improvement in communication infrastructure. However, consumer demands and expectations continue to evolve, fueled by experiences not necessarily within the banking sector (Rahim, 2012). Consumers are therefore increasingly likely to develop relationships with multiple financial services providers whose communication strategy is in place Muniu (2015) conducted a study on customers in Standard Chartered bank and concluded that communication can be a tool to improve morale, customer satisfaction and performance. This study sought to find out the influence of communication as a conflict management strategy on performance.

In view of the foregoing, improved customer experience is the key to realizing the financial performance of organizations and it is for this reason that Stima Sacco has adopted a one-stop shop communication solution approach in serving its members using mobile banking. With customers always on the look-out for better financial services, Stima Sacco has realized the need to earn the highest levels of communication to retain customers and to win more business. This study will seek to find out if there has been improved communication channels on mobile platforms mobile payments, mobile shopping, mobile bank transactions, and internet banking services at Stima Sacco and their influence on improving financial performance.

Similarly, organizations in Kenya have been faced with an array of communication problems that seem to be an impediment to the growth of any organization such as, mismanagement of funds and resources, poor leadership skills, low level of real income, and poor infrastructural facilities to mention but a few (Spaho 2013). It is not possible to imagine organizational communication without conflicts. Conflicts are normal in any organization, because people have different opinions. However, an effective communication is required in order to manage conflict, not only for maintaining human relations, but also for achieving good business performance. (Matteson, 2002). In addition, practical experience shows that there is no communication without conflicts. Sometimes, conflicts can be useful, as they help to make correct decision, although they might represent a huge obstacle to an organization and its business (Spaho 2013) Poor communication on the other hand can have negative effects on organizational performance and in turn
productivity especially when organizations do not broadly communicate information about their conflict resolution process. (Brunetto & FarrWhartons 2004) It is in this context that this study examined the impact of communication on performance in Stima Sacco. This study sought to find out the influence of communication on organization performance and add to the existing literature the knowledge gap that exists in Stima Sacco on the influence of communication on performance. The next session discussed the influence of Third party intervention using studies and literature on the topic.

2.5.3 Communication and Information Flow

According to Opara (2003), information is the life blood of modern organizations. That is to say that without information, an organization is bound to collapse. Information is needed to control the day-to-day running of an organization. Psychologists have described information dissemination or communication as a need comparable with other basic needs while philosophers posit that the free flow of information is a right of the people which enables them to participate effectively in the process of economic and socio-political activities in the society and enhances education, knowledge and the learning process (Agoulu, 2002). Communication enables coordination and integration of activities of departments, engaged in relatively independent tasks (Miljković, Rijavec, 2008). Autonomous teams are particularly well suited to illustrate how the management of team processes, such as communication and conflict management, can enhance versus detract team performance McGrath & Berdahl (2000). Because decision-making power about team processes is shifted from a manager directly to team members about how to coordinate efforts toward meeting goals, autonomous team members are also responsible for managing the communication and conflict that results from task decisions and subsequent group processes since team viability, or sustainable success over time, depends on a team’s ability to adapt in response to changes in the environment, to learn from feedback, and to resolve conflicts when faced with differences between old ways of doing things and new performance expectations (Vancouver, 2000)

More often, official lines of information that flow within organizations correspond closely with the lines of authority. (Kennan& Hazleton, 2006). The most formalized information flow are
downward communication, upward communication, lateral communication, diagonal and external communication. (Gay, Mahoney & Graves, 2005).

Some errors come from people’s inability to listen to each other. In addition, errors come from information lost in upward and downward communication, due to inadequate understanding.

Downward communication flows from top management to employees. This type of communication is characteristic for companies with an authoritative style of management (Weimann, Hinz, Scott & Pollock, 2010), many factors prevent employees from direct and open communication the result is a high risk of conflict situations. If the managers apply direct communication on time, the conflict can be avoided, or its impact can be minimized. According to Mckinney, Barker, Smith & Davis (2004), communication is essential to effective team performance.

Upward communication flows from employees to top management. The main task of this communication is to inform top management of the situation on the lower levels. It is the best way for top management to analyze the efficiency of downward communication and organizational communication in general (Miljković, 2008). This occurs because the supervisor is always telling an employee what to do and tries to ‘micro-manage’, while/although he/she should let the employee to do his/her job. This type of conflict exists in organizations where the organizational structure has a high degree of formality (Williams, 2007).

Horizontal communication flows between employees and departments, which are on the same organizational level. It enables coordination and integration of activities of departments, engaged in relatively independent tasks (Rijavec, 2008). Occur between employees within the same department, i.e. on the same hierarchical level. These conflicts can manifest themselves for many reasons, such as the different interests/ideas related to distribution of resources;

Diagonal communication flows between people, which are not on the same organizational level and are not in a direct relationship in the organizational hierarchy. This type of communication is rarely used – usually in situations when it supplements other types of communication (Miljković, Rijavec, 2008). Diagonal communication is used, e.g. as labor unions organize direct meetings
between employees and top management, avoiding the first line and middle level managers occur between support staff and line employees, within a department or an organization.

Conflicts exist in organizations where the communication structure has a high degree of formality. This is because of the different interests/ideas related to distribution of resources and personal causes such as errors in communication, distrust and bad estimation of a person (Petković et al, 2008). Downward flow of Communication is used by managers to transmit work-related information to the employees at lower levels. Employees require this information for performing their jobs and for meeting the expectations of their managers. Examples include organizational publications, circulars, letter to employees (D’Aprix, 2006). Conflict can stem from an incomplete or otherwise fallacious understanding of the assignment given to an employee at a specific moment in time. Upward Flow of Communication is used by subordinates to manage conflict by conveying problems to their superiors using the grievance redressal system, complaint and suggestion box, Job satisfaction surveys (Agoulu, 2002). Lateral / Horizontal Communication takes place at same levels of hierarchy in an organization between peers, between managers at same levels or between any horizontally equivalent organizational members (Opara, 2003). Diagonal Communication takes place between a manager and employees of other workgroups. It can also be used for resolving conflicts of a department with other department or conflicts within a department. External Communication takes place between a manager and external groups such as - suppliers, vendors, banks, financial institutions (Kennan& Hazleton, 2006). Communication can be used for Conflict management and solving conflicts, instead of reducing, eradicating or limiting their duration. This means that each organization should have a macro strategy, reducing the negative consequences of conflicts (Gonan Božac et al, 2008).

William (2002) conducted a study in which he identified and categorized types of internal communication systems. Findings from the study indicated that there was a varying degree of leadership in the management of internal flow of communication. The study further showed that the most important element of conflict management is problem recognition. Only in the case of recognizing the right problem, was it possible to make an effective intervention. In this stage, it was necessary to communicate with the parties in conflicts, as well as to explore the relationship
between affective and substantive conflicts and explore strategies which are used by managers in solving these conflicts (Schulze, 2006). There was a positive relation between communication and performance. This study sought to establish the influence of communication as a conflict management strategy on performance.

This study examined the influence of communication as a conflict management strategy on organization performance by looking into the basics of organizational communication and, later, by focusing on communication as a conflict management strategy. Every organization endeavors to make effective communication an essential integral part in effect management strategies to help minimize organizational conflict, less misunderstanding, improving information management and promote cordial relationship in groups. Communication is the mainstream of any organization growth that will bring about increased performance of all parties involved in the communication process or chain. According to Banihashemi (2011), communication is a medium to performance, or as constitutive, as the end in itself. Communication is a critical factor in directing and mobilizing an organization towards the accomplishment of the organizational goals or objectives. By creating understanding it enhances co-operation, reduces the levels of conflict by creating shared understanding, reduces uncertainty or role ambiguity and promotes effective performance. According to (Mckinney, Barker, Smith & Davis, 2004) communication is essential to effective team performance since all members are aware of what is expected of them, and deviations from required standards communicated to provide controls. Communications for any organization is like blood flow in the human body (Banihashemi, 2011), therefore any organization that understands the importance of communication uses it in their organizational environment to improve performance (Peterson, 2000).

A study by Karanja (2015) on the Influence Of Communication Practices On Performance In Kimisitu Sacco Ltd revealed that internal communication practices contributed to higher performance and profitability. Most Co-operatives in Kenya have not fully embraced effective communication practices that can help them to adapt easily to the ever changing business trends and compete favorably with other players in the financial sector, hence impacting greatly on their performance and remaining obscure (Karanja 2015). This study specifically aimed to establish the influence of communication on performance at Stima Sacco.
2.6 Chapter Summary

This chapter reviewed literature in relation to the research objectives presented in this study specifically negotiation, third party intervention and communication. These strategies are required to solve organization conflict due to the complex nature of people who constantly get into conflicts which have been viewed as inevitable.

Negotiation as a conflict management strategy  The study further looked at the possible outcomes of negotiation which include win-win , win- lose and lose-lose outcome and the potential of these outcomes of negotiation as a conflict management strategy to influence performance. Most disputes are resolved through amicable negotiations however other forms of conflicts and disputes cannot be resolved without the assistance of an impartial third party.

Third party intervention is increasingly being used to resolve disputes in many organizations. It is one of the processes within the alternative dispute resolution (ADR) and involves a neutral third party bringing two sides together with the aim of reaching a mutual agreement. Most organizations in the past have resorted to strikes and lockouts as a conflict management strategy. Other forms of dispute mechanism include litigation, however this has not been fully adopted in organizations due to the perception that it is costly, therefore more studies on the topic will be a build up to existing literature. In as much as research has examined the impact of third party intervention as a conflict management strategy in organizations, no study has been done in Stima Sacco. This study therefore sought to add to existing literature by studying third party intervention as a conflict management strategy and its impact on performance in organizations specifically Stima Sacco.

Communication is a conflict management strategy that can be used to improve organization performance by creating understanding, enhancing co-operation and promoting effective performance (Williams, 2007). Many factors prevent employees from direct and open communication; the result is a high risk of conflict situations, hence any breakdown in communication process or chain can have serious adverse effects on organizational performance (Robbins, 2006). Third party intervention and negotiation all rely on communication to convey
the intended message. A good negotiation must have a good communication strategy in place so that the agreements arrived at are understood by all parties involved in a conflict.

Thus, the literature in this section examined negotiation, Third party intervention and Communication as conflict management strategy and their influence on performance in organizations. From survey of relevant literature, it has been found that there are few studies specific to Kenya on the influence of conflict management on organization performance and specifically on Sacco’s such as Stima Sacco. This study therefore intended to fill these pertinent gaps in literature by studying the influence of conflict management on organization performance. Chapter three of this study presented the study methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This purpose of this study was to determine the influence of conflict management on the performance of Stima Sacco as an organization. This chapter looked into the methods and procedures employed to conduct this research in order to answer the research questions raised. It covered the research design, population and sample, data collection methods, sampling design and sample size, research procedures and data analysis methods.

3.2 Research Design

Kothari (2003) defined research design as the conceptual structure within which research is conducted. It constitutes the blue print for the collection, measurement and analysis of data. According to Burns and Groove (1997), the design of a study is the end result of a series of decisions made by the researcher concerning how the study will be conducted. The design is closely associated with the framework of the study and guides planning for implementing the study. According to Polit and Hungler (1995) research designs vary with regard to how much more structure the researcher imposes on the research situation and how much flexibility is allowed once the study is underway.

The research used the descriptive research design. According to Kothari (2004) descriptive research design seeks to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. This method was preferred because it sought to identify and describe how the independent factors influenced the dependent variable. For this study, the independent variables were negotiation, communication and third party intervention, while the dependent variable was organizational performance.
3.3 Population and Sampling Design

3.3.1 Population
Cooper and Schindler define population as the total collection of elements from which individuals wish to draw a conclusion. The study population will be drawn from all employees in Stima Sacco Society Limited, which has a total population of 153 employees. The research was interested in the influence of conflict management on organizational performance.

Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>17</td>
<td>11%</td>
</tr>
<tr>
<td>Finance</td>
<td>30</td>
<td>20%</td>
</tr>
<tr>
<td>Procurement</td>
<td>5</td>
<td>3%</td>
</tr>
<tr>
<td>Operations</td>
<td>60</td>
<td>10%</td>
</tr>
<tr>
<td>Marketing</td>
<td>26</td>
<td>17%</td>
</tr>
<tr>
<td>ICT</td>
<td>9</td>
<td>6%</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>153</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: (Stima Sacco, 2016)

3.3.2 Sampling size and Design
According to Nesbary (2007) a sample is a subset of a population that has been selected and contains the characteristics of a population. According to this study, the sample size was proportional to the population size in each department at Stima Sacco Society.

3.3.2.1 Sampling Frame
Sampling frame is the set of all the available sample units from which a researcher can choose from at a given stage in the sampling process or the working population in which all the population members are represented and there is no duplication of members (Cook & Reichardt, 1979). The study's sample frame was the staff register that is managed at the Human Resource Department,
which enlists staff by Department, type of contract, Geographical region among others. This formed the sampling frame for the study and was retrieved from the Human Resource Office.

### 3.3.2.2 Sampling Technique

According to Cooper and Schindler (2001), sampling lowers cost, gives more accurate results, and ensures greater speed of data collection and availability of population elements. For this study, the census method was adopted therefore all the Departments formed the strata. These include Administration, Finance, ICT, Procurement, Operations, Marketing and Internal Audit.

### 3.3.2.3 Sample Size

Sample size is the finite part of a statistical population whose characteristics are researched in order to gain information about the organization (Naoum, 2009). The criteria used when deciding the sample size is the extent to which the sample is representative of the population. The sample size for this study was 153 employees working at Stima Sacco since it is a census, all the employees were involved in the research.

#### Table 3.2 Sample Distribution

<table>
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<td>6</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>153</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: (Stima Sacco, 2016)

### 3.4 Data Collection Methods

This research used both primary and secondary data. Primary data for this study was collected using structured questionnaires. Schwab (2005) defined a questionnaire as measuring
instruments that asks individuals to answer a set of questions or respond to a set of statement. Mugenda and Mugenda (2003) and Kothari (2004) defined a questionnaire as a document that consists of a number of questions printed or typed in a definite order on a form or set of forms. The overriding objective of the questionnaire was to translate the researcher’s information needs into a set of specific statements that respondents were willing and able to answer. It was simple to administer, time saving and a lot of information was collected within a short period.

Kothari (2004) defined secondary data as data that is already available, referring to the data which have already been collected and analyzed by someone else. Polit and Beck (2003) explained that secondary research involves the use of data gathered in a previous study to test new hypothesis or explore new relationships. Secondary data was obtained through published and unpublished materials and annual reports of Stima Sacco. This method of data collection was timesaving.

The questionnaire was guided by the research objectives which formed the sections of the questionnaire. The sections were as follows: Demographic characteristics of the respondents to ascertain if there were employees with institutional memory, Organizational Performance and the influence of Conflict Management. The other section sought to find out the influence of Negotiation influences Performance, another section focused on how Third Party Intervention influences performance and finally the influence of Communication on Organizational Performance at Stima Sacco Society. This formed the research data that was analyzed, interpreted and thereafter conclusions and recommendations made.

The Structured questionnaire was used formalizing a set of questions for obtaining information from respondents. According to Dawson (2002), there are three basic types of questionnaire items closed ended, open-ended or a combination of both. The questionnaire for this study was closed ended, containing boxes that the respondents ticked to indicate the extent to which the respondents agreed or disagreed with the research statement. The questionnaire was designed in a simple, understandable language so as to provide accurate, unbiased and complete information.

**3.5 Research Procedures**
Before the data was collected, the questionnaire was pre-tested to establish its validity and reliability but this was not included in the study. It was pre tested by having 7 respondents fill the questionnaire exploring the wording, grammatical content, questions and ascertaining ways to improve the quality of the data under study. After Pilot testing, the amendments were done to improve the questionnaire based on the comments and recommendations made. The researcher sought permission from Stima Sacco management and administered the questionnaire to all staff in person since it was a census. The researcher then gave each respondent at least twenty minutes to fill the questionnaire. All the questionnaires were collected on the same day by the researcher.

3.6 Data Analysis Methods

Once the data was received, it was edited by checking for missing data or unfilled sections of the questionnaire. Only sections properly filled were used. After cleaning and editing of data, coding was done in the statistical software. The statistical software used to analyze was SPSS (Statistical Package for Social Sciences) due to its ease of use and to communicate the research findings. Data collected was quantitative data.

To test the influence of conflict management on performance, descriptive and inferential statistics through correlation was used. Descriptive statistics in this study helped to describe, show and summarize the large amount of data collected in a meaningful manner. The descriptive analysis adopted in this study included frequencies and percentages. This was the most appropriate in order to deduce any patterns emerging from the data for a meaningful interpretation.

Inferential statistics were done to deduce from the sample data what the population results may conclude. This is a mathematical formula that uses the probability theory to deduce the properties of the population from analysis of properties that will be drawn from it. The collected data was presented using frequency tables, this enhanced easier interpretation and a better understanding of the research findings.
The inferential statistics used was regression analysis. This is a mathematical method that uses probability to infer to the properties of a population from the properties of the drawn sample. It was used due to its simplicity in deducing the information.

Thus the model is \( Y = 1.531 + 0.190X_1 + 0.329X_2 + 0.062X_3 \)

Where \( Y \) = Organizational Performance, \( X_1 \) = Negotiation, \( X_2 \) = Third Party Interventions, \( X_3 \) = Communication

Correlation was used to describe the degree of relationship between the dependent and independent variable in this case, the influence of conflict management on the organizational performance. The results were presented using tables.

3.7 Chapter Summary

The purpose of this chapter was to describe the research methodology of this study. The proposed research design was the descriptive research design which sought to answer the research problem under study. The study population was drawn from all employees in Stima Sacco which had a total of 153 employees; the sample size in this regard was the 153 staff since the research adopted the census technique. Data was collected using questionnaires which were self-administered by the researcher to all staff. This method had the advantage of collecting quality information within a short time.

Statistical Package for Social Sciences (SPSS) was the data analysis software that was adopted through which data was converted to percentages and inferential statistics deduced from the data. Correlation was used to capture the influence of Conflict Management strategies on Organizational Performance. The results were presented using tables to give the research findings a clear picture at first glance.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study of the research questions with respect to the data information collected from the respondents. The chapter begins with the analysis and reports on General information with respect to the respondents; consequently second part looks on the reports of the analysis of the organizational performance, the third part covers on the report of the analysis of the extent to which negotiations influence organizational performance, the forth part covers on the analysis and report of the extent to which third party interventions influences organizational performance, the fifth part covers on the analysis and reports of to what extent communications influences organizational performances and finally the last part covers on the inferential statistics showing the regression coefficient analysis and the correlation test.

A total of 153 questionnaires were administered and 107 were realized. This translates to a response rate of 70%. The findings were then presented in the same order as the research questions.

### 4.2 General Information

The general information about the respondents was collected based on sex, age, level of education, department of work and the years of experience. Majority of the respondents were male (60.7%), between 21-30 years (36.4%), most of the respondents had college education (53.3%) and majority had worked for the organization for a period of 5-10 years(64.5%). This was collected in order to ascertain the quality and link of responses given in relation the influence of conflict management on the performance of Stima Sacco as an Organization.

The section also sought to ensure there was age diversity of respondents such that all ages were represented in the study and to ascertain whether the age of the respondents affected the quality of responses, education levels of the respondents and if there was a link of the responses in relation to the influence of conflict management on organizational performance. In addition, the years of work experience of the respondents sought to ascertain whether the respondents had worked long enough to be knowledgeable on the area of the study, and if this influenced their responses on the influence of conflict management on organizational performance.

#### 4.2.1 Sex of the Respondents


From the general information it was found that 60.7\% of the respondents were male while 28\% of the respondents were females. 11.3\% of the respondents did not provide their information on sex leading to a missing value in the system.

### 4.2.2 Age

From the general information based on the ages of the respondents, it was found that 6.5\% of the respondents were between 18-20 years old, 36.4\% were between 21-30 years old, 28\% were between 31-40 years old, 15\% of the respondents were between 41-50 years old and 14\% of the respondents were between 51-60 years old as shown in Table 4.2.

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-20</td>
<td>7</td>
<td>6.5%</td>
</tr>
<tr>
<td>21-30</td>
<td>39</td>
<td>36.4%</td>
</tr>
<tr>
<td>31-40</td>
<td>30</td>
<td>28.0%</td>
</tr>
<tr>
<td>41-50</td>
<td>16</td>
<td>15.0%</td>
</tr>
<tr>
<td>51-60</td>
<td>15</td>
<td>14.0%</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
4.2.3 Education
From the general information provided on the level of education, it was found that 11.2% of the respondents had secondary certificate as their highest level of education, 53.3% of the respondents had a College certificate as the highest level of their education, 17.8% of the respondents had university Bachelor Degree as their highest level of Education and 17.8% of the respondents had post graduate degree as their highest level of Education. The majority (53.3%) of the respondents had College certificate as the highest level of education as shown in Table 4.2.

Table 4.2: Level of Education

<table>
<thead>
<tr>
<th>Levels of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>12</td>
<td>11.2</td>
</tr>
<tr>
<td>College</td>
<td>57</td>
<td>53.3</td>
</tr>
<tr>
<td>University</td>
<td>19</td>
<td>17.8</td>
</tr>
<tr>
<td>Post graduate</td>
<td>19</td>
<td>17.8</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.4 Department
From the information provided by the respondents it was found that 5.6% of the respondents were in the Administration department, 31.8% of the respondents were in the finance department, 27.1% of the were in internal audit, 18.7%% of the were from ICT department, 14% were in Branch and 0.9% of the respondents were in the MBDS department. 2 did not respond to this item. The majority (31.8%) of the interviewed officers were Finance officers as shown in Table 4.3
### Table 4.3: Department

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>6</td>
<td>5.6</td>
</tr>
<tr>
<td>Finance</td>
<td>34</td>
<td>31.8</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>29</td>
<td>27.1</td>
</tr>
<tr>
<td>ICT</td>
<td>20</td>
<td>18.7</td>
</tr>
<tr>
<td>Branch</td>
<td>15</td>
<td>14.0</td>
</tr>
<tr>
<td>MBDS</td>
<td>1</td>
<td>0.9</td>
</tr>
<tr>
<td>Missing System</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### 4.2.5 Period worked for the Organization

From the general information based on the work experience in the organizations, it was found that, 11.2% of the respondents had less than 1 year of experience, 64.5% of the had 1-5 years of experience, 18.7% of the respondents had 5-10 years of job experience and 5.6% of the respondents had above 10 years of experience. The majority (64.5%) of the respondents had 1-5 years of experience as shown in Table 4.4 below.

### Table 4.4: Period worked for the Organization

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>12</td>
<td>11.2</td>
</tr>
<tr>
<td>1-5 years</td>
<td>69</td>
<td>64.5</td>
</tr>
<tr>
<td>5-10 years</td>
<td>20</td>
<td>18.7</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>6</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100.0</td>
</tr>
</tbody>
</table>

From the general information of the respondents, it is observed that, there was a good representation of respondents in terms of sex, age and level of education. There was also a good distribution of respondents with different years of experience in all the departments of work at
the Stima Sacco Society limited. The next section provides the findings on the organizational performance of the Stima Sacco Society limited.

4.3 Organizational Performance

This study measured the dependent variable, organizational performance using the likert scale of 1-5, 1 Being - Strongly Disagree, 2 being Disagree, 3 being Neutral, 4 being Agree, 5 being Strongly Agree. The purpose was to establish whether conflict management had an influence on performance in the Organization. Data was collected on Quality, Innovation and Timeliness as measures of Organizational Performance. The results under each of the constructs are presented next.

4.3.1 Factor Loadings for the Constructs on Organizational Performance.

This section presents the factor loadings for organizational performance constructs with the highest statement “an individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal in stima Sacco” with a factor loading coefficient of 0.776.

The factor analysis was done to define the collection of observed variables in terms of smaller collection of unobservable latent variables, in order to explore or interpret underlying patterns and structure in data. It was also used to summarize the information in the variables using a smaller number of latent variables. From the 15 statements, 6 statements were dropped while 9 were retained since they met the expected threshold of 0.5. The 9 statements that met the coefficient expected value of 0.5 were used to do the correlations against negotiation, third party intervention and communication. The loadings are as per their strength in Table 4.5.
Table 4.5: Factor loadings for Organizational Performance Constructs

<table>
<thead>
<tr>
<th>Statement</th>
<th>Component Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal in Stima Sacco</td>
<td>0.776</td>
</tr>
<tr>
<td>2. Efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost</td>
<td>0.744</td>
</tr>
<tr>
<td>3. Staff could intentionally defraud the company by use of technology</td>
<td>0.724</td>
</tr>
<tr>
<td>4. Innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets</td>
<td>0.72</td>
</tr>
<tr>
<td>5. Innovation plays a key role in conflict management performance at Stima Sacco</td>
<td>0.699</td>
</tr>
<tr>
<td>6. Innovation consists of firms developing new production processes to better perform their operations</td>
<td>0.655</td>
</tr>
<tr>
<td>7. Tasks conflicts have an effect on organizational performance in Stima Sacco</td>
<td>0.641</td>
</tr>
<tr>
<td>8. Innovation has an impact on a firm performance at Stima Sacco</td>
<td>0.613</td>
</tr>
<tr>
<td>9. Performance is the achievement of quantified objectives in Stima Sacco</td>
<td>0.559</td>
</tr>
<tr>
<td>10. Continuous performance is an important objective at Stima Sacco</td>
<td>0.469</td>
</tr>
<tr>
<td>11. Stima Sacco has increased its financial performance as a result of conflict management</td>
<td>0.449</td>
</tr>
<tr>
<td>12. Stima Sacco continually enhances staff skills through continuous performance monitoring</td>
<td>0.428</td>
</tr>
<tr>
<td>13. Stima Sacco has lowered its costs as a result of better conflict management</td>
<td>0.338</td>
</tr>
<tr>
<td>14. Conflict management may prevent wasted time and help an organization achieve its goals</td>
<td>0.296</td>
</tr>
<tr>
<td>15. The balanced score card is an effective method of measuring performance in Stima Sacco</td>
<td>0.201</td>
</tr>
</tbody>
</table>

4.3.2 Frustration

Frustration occurs when a certain obstacle stands in the way of an employee achieving his or her goal in Stima Sacco. This study sought to assess the impact of frustration on goal achievement. It was found that 32.7% of the respondents disagreed and strongly disagreed with the statement, 35.5% of the respondents agreed and strongly agreed with the statement while 29.9% of the respondents were neutral about the statement. 2 did not respond. The majority (35.5%) of the respondents agreed and strongly agreed with the statement that an individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal in Stima Sacco as shown in Table 4.6.
4.3.3 Efficiency
Efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost. This study sought to ascertain the impact of efficiency on resource cost. It was found that 17.7% of the respondents disagreed and strongly disagreed with the statement, 52.4% of the respondents agreed and strongly agreed with the statement while 25.2% of the respondents were neutral about the statement. 5 did not respond. The majority (52.4%) of the respondents agreed and strongly agreed with the statement that efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost as shown in Table 4.6.

4.3.4 Technology
Staff could intentionally defraud the company by the use of technology. This study sought to assess the impact of technology in lowering performance through fraud. It was found that 6.5% of the respondents disagreed and strongly disagreed with the statement, 67.3% of the respondents agreed and strongly agreed with the statement while 21.5% of the respondents were neutral about the statement. 5 did not respond. The majority (67.3%) of the respondents agreed and strongly agreed with the statement that innovation consists of firms developing new production processes to better perform their operations. All the findings are presented in Table 4.6.

4.3.5 Innovation act
Innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets. This study sought to ascertain the impact of innovation on driving performance. It was found that 4.7% of the respondents disagreed and strongly disagreed with the statement, 68.3% of the respondents agreed and strongly agreed with the statement while 24.3% of the respondents were neutral about the statement. 3 did not respond. The majority (68.3%) of the respondents agreed and strongly agreed with the statement that innovation consists of firms developing new production processes to better perform their operations as shown in Table 4.6.

4.3.6 Innovation
Innovation is a firm’s ability to come up with new technology, products and services that meet the customers demand. The respondents were asked to indicate whether innovation plays a key role in conflict management performance at stima Sacco. This was to ascertain the impact of innovation on performance. It was found that 12.1% of the respondents disagreed and strongly disagreed with the statement, 63.6% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 4 did not respond. The majority (64.6%) of the respondents agreed and strongly agreed with the statement that innovation plays a key role in conflict management performance at stima Sacco as shown in Table 4.6.

4.3.7 Innovation Impact
Innovation has an impact on a firm’s performance at stima Sacco. This study sought to investigate the impact of innovation on better performance in Stima Sacco. It was found that 7.4% of the respondents disagreed and strongly disagreed with the statement, 70.1% of the respondents agreed and strongly agreed with the statement while 15.9% of the respondents were neutral about the statement. 7 did not respond. The majority (70.1%) of the respondents agreed and strongly agreed with the statement that innovation consists of firms developing new production processes to better perform their operations as shown in Table 4.6.

4.3.8 Task Conflicts
Task conflicts are those conflicts that result from perceived differences among group members. The study sought to investigate the impact of task conflicts on Organizational Performance. It was found that 7.5% of the respondents disagreed and strongly disagreed with the statement, 63.6% of the respondents agreed and strongly agreed with the statement while 24.3% of the respondents were neutral about the statement. 5 did not respond. The majority (63.6%) of the respondents agreed and strongly agreed with the statement that task conflicts have an effect on organizational performance at Stima Sacco as shown in Table 4.6.

4.3.9 Innovation in Firms
Innovation consists of firms developing new production processes to better perform their operations. This study sought to assess the impact of Innovation on performance. It was found
that 6.6% of the respondents disagreed and strongly disagreed with the statement, 63.5% of the respondents agreed and strongly agreed with the statement while 26.2% of the respondents were neutral about the statement. 4 did not respond. The majority (63.5%) of the respondents agreed and strongly agreed with the statement that innovation consists of firms developing new production processes to better perform their operations as shown in Table 4.6.

4.3.10 Performance as a Quantified Objective
Performance is the achievement of measurable objectives in Stima Sacco. This study sought to determine if performance was the achievement of quantified objectives in Stima Sacco. It was found that 4.6% of the respondents disagreed and strongly disagreed with the statement, 64.5% of the respondents agreed and strongly agreed with the opinion while 26.2% of the respondents were neutral about the opinion. 5 did not respond. The majority (64.5%) of the respondents agreed and strongly agreed with the opinion that performance is the achievement of the quantified objectives in Stima Sacco as shown in Table 4.6.
Table 4.6: Organizational Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal in Stima Sacco</td>
<td>9.3%</td>
<td>23.4%</td>
<td>29.9%</td>
<td>23.4%</td>
<td>12.1%</td>
<td>1.9%</td>
<td>100%</td>
</tr>
<tr>
<td>2. Efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost.</td>
<td>9.3%</td>
<td>8.4%</td>
<td>25.2%</td>
<td>37.4%</td>
<td>15.0%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>3. Staff could intentionally defraud the company by use of technology</td>
<td>2.8%</td>
<td>3.7%</td>
<td>21.5%</td>
<td>39.3%</td>
<td>28.0%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>4. Innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets</td>
<td>1.9%</td>
<td>2.8%</td>
<td>24.3%</td>
<td>47.7%</td>
<td>20.6%</td>
<td>2.8%</td>
<td>100%</td>
</tr>
<tr>
<td>5. Innovation plays a key role in conflict management performance at Stima Sacco</td>
<td>3.7%</td>
<td>8.4%</td>
<td>20.6%</td>
<td>34.6%</td>
<td>29.0%</td>
<td>3.7%</td>
<td>100%</td>
</tr>
<tr>
<td>6. Innovation consists of firms developing new production processes to better perform their operations.</td>
<td>1.9%</td>
<td>4.7%</td>
<td>26.2%</td>
<td>38.3%</td>
<td>25.2%</td>
<td>3.7%</td>
<td>100%</td>
</tr>
<tr>
<td>7. Task conflicts have an effect on organizational performance at Stima Sacco</td>
<td>2.8%</td>
<td>4.7%</td>
<td>24.3%</td>
<td>37.4%</td>
<td>26.2%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>8. Innovation has an impact on a firms performance at Stima Sacco</td>
<td>0.9%</td>
<td>6.5%</td>
<td>15.9%</td>
<td>43%</td>
<td>27.1%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>9. Performance is the achievement of quantified objectives in stima Sacco</td>
<td>0.9%</td>
<td>3.7%</td>
<td>26.2%</td>
<td>37.4%</td>
<td>27.1%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
</tbody>
</table>

KEY: SD- Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree, M=Missing, T= Total

4.3.17 Cross Tabulation between Organizational Performance and General Information

4.3.17.1 Sex of the Respondents

The study sought to investigate based on sex the statement that an individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal in Stima Sacco. It was found that 1.6% of the males and none of the females disagreed and strongly disagreed with the statement while 67.2% of the males and 82.1% of the females agreed and strongly agreed with the statement and 31.1% of males and 17.9% of females were neutral about the statement. Thus majority of the respondents agreed and strongly agreed with the statement but bigger percentage of females (82.1%) agreed and strongly agreed with the statement than males as shown in Table 4.7

Table 4.7: Sex of respondents

<table>
<thead>
<tr>
<th>Sex</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
An individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his or her goal in Stima Sacco.

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>1.60%</td>
<td>0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>31.10%</td>
<td>17.90%</td>
</tr>
<tr>
<td>Agree</td>
<td>42.60%</td>
<td>32.10%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>24.60%</td>
<td>50.00%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

4.3.17.2 Level of Education

The study sought to investigate based on the level of education on the statement that staff could intentionally defraud the company by use of technology. It was found that 7.5% of college level of education, 5.3% of those with university level of education and 11.8% of those with post graduate level of education disagreed and strongly disagreed with the statement while 81.8% of those with secondary level of education disagreed and strongly disagreed with the statement while 81.8% of those with college level of education, 63.1% of those with university level of education and 70.6% of those with post graduate level of education agreed and strongly agreed with the statement. Thus, majority of the respondents agreed and strongly agreed with the statement but bigger percentage (81.8%) of those with secondary level of education agreed and strongly agreed with the statement than other groups as shown in Table 4.9.

Table 4.9: Level of Education

<table>
<thead>
<tr>
<th>Staff could intentionally defraud the company by use of technology</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest education level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>0.0%</td>
<td>0.0%</td>
<td>18.2%</td>
<td>27.3%</td>
<td>54.5%</td>
</tr>
<tr>
<td>College</td>
<td>0.0%</td>
<td>7.5%</td>
<td>13.2%</td>
<td>41.5%</td>
<td>37.7%</td>
</tr>
<tr>
<td>University</td>
<td>0.0%</td>
<td>5.3%</td>
<td>31.6%</td>
<td>52.6%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>5.9%</td>
<td>11.8%</td>
<td>11.8%</td>
<td>64.7%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

KEY: SD- Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree, M=Missing, T= Total

4.3.17.3 Department
The study sought to investigate based on department on the statement that Innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets. It was found that 20.3% of internal audit and 10% of ICT disagreed and strongly disagreed with the statement while 50% of administration, 80% of finance, 51.7% of internal audit, 75% of ICT, 57.1% of the branch department and 100% of MBDS agreed and strongly agreed with the statement. Thus, majority of the respondents agreed and strongly agreed with the statement but bigger percentage (100%) of MBDS department respondents agreed and strongly agreed with the statement than other departments as shown in Table 4.10.

Table 4.10: Department worked

<table>
<thead>
<tr>
<th>Department of work</th>
<th>Admin</th>
<th>Finance</th>
<th>Audit</th>
<th>ICT</th>
<th>Branch</th>
<th>MBDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets</td>
<td>SD 0.0%</td>
<td>0.0%</td>
<td>10.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>D 0.0%</td>
<td>0.0%</td>
<td>10.3%</td>
<td>10.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>N 50.0%</td>
<td>20.0%</td>
<td>27.6%</td>
<td>15.0%</td>
<td>42.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>A 16.7%</td>
<td>60.0%</td>
<td>31.0%</td>
<td>25.0%</td>
<td>35.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>SA 33.3%</td>
<td>20.0%</td>
<td>20.7%</td>
<td>50.0%</td>
<td>21.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

4.3.17.4 Period worked for the Organization

The study sought to investigate based on the period worked in the organization on the statement that Innovation consists of firms developing new production processes to better perform their operations. It was found that 1.5% of those who have worked for 1-5 years and 5% of those who have worked for 5-10 years disagreed and strongly disagreed with the statement while 91.6% of those who have worked for less than 1 year, 67.7% of those who have worked for 1-5 years, 55% of those who have worked for 5-10 years and 66.7% of those who have worked for above 10 years agreed and strongly agreed with the statement. Thus, majority of the respondents agreed and strongly agreed with the statement but bigger percentage (67.7%) of those who have worked for 1-5 years agreed and strongly agreed with the statement than other groups as shown in Table 4.11.
Table 4.11: Period worked for the organization

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Disagree</th>
<th>1-5 years</th>
<th>5-10 years</th>
<th>Above 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>1.5%</td>
<td>5.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5 years</td>
<td>30.9%</td>
<td>30.0%</td>
<td>58.3%</td>
<td>33.3%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>30.0%</td>
<td>35.0%</td>
<td>32.4%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Above 10 years</td>
<td>33.3%</td>
<td>16.7%</td>
<td>30.0%</td>
<td></td>
</tr>
</tbody>
</table>

Innovation consists of firms developing new production processes to better perform their operations.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Less than 1 year</th>
<th>1-5 years</th>
<th>5-10 years</th>
<th>Above 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>8.3%</td>
<td>30.9%</td>
<td>30.0%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Agree</td>
<td>58.3%</td>
<td>32.4%</td>
<td>35.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>33.3%</td>
<td>35.3%</td>
<td>30.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

This section looked at organizational performance and the statements of the respondents with most of the statements on the performance of the Stima Sacco. The study findings show that most of the respondents agree that organizational performance is influenced by various conflict management strategies. The next section presents the study findings on Negotiation as a conflict management strategy.

4.4 Negotiation and Organizational Performance

This study measured the independent variable negotiation using the Likert scale of 1-5, 1 being - Strongly disagree, 2 being disagree, 3 being neutral, 4 being agree, 5 being strongly agree. The purpose was to establish whether conflict management had an influence on performance in the Organization. Data was collected on win-win negotiation outcome, win-lose negotiation outcome and lose-lose negotiation outcome. The results under each of the constructs are presented next.
4.4.1 Factor Loadings for Negotiation

This section presented the factor loadings for negotiation constructs with the highest statement “The win lose outcome can affect the financial performance of an organization” with a factor loading coefficient of 0.955. The factor analysis was done to reduce the number of variables to a meaningful and interpretable set of factors. From the 15 statements, 3 statements were dropped while 12 were retained since they met the expected threshold of 0.5. The 12 statements that met the coefficient expected value of 0.5 were used to do the inferential tests. The loadings are as per their strength in Table 4.12.

Table 4.12: Factor loading for Negotiation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Component Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The win lose outcome can affect the financial performance of an organization</td>
<td>0.955</td>
</tr>
<tr>
<td>2. Persuading tactic assumes using different methods and manners to win over partners in Stima SACCO</td>
<td>0.953</td>
</tr>
<tr>
<td>3. Deceitfulness tactic assumes presenting false data and arguments</td>
<td>0.778</td>
</tr>
<tr>
<td>4. It is important to have negotiation at the beginning of the performance contract so that an employee is well informed of what is expected</td>
<td>0.778</td>
</tr>
<tr>
<td>5. The resolutions to the conflict are likely to be accepted voluntarily in a win-win negotiation</td>
<td>0.774</td>
</tr>
<tr>
<td>6. Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made</td>
<td>0.756</td>
</tr>
<tr>
<td>7. Threat tactic is based in deterrence from the side which holds a better position, or has more power</td>
<td>0.705</td>
</tr>
<tr>
<td>8. The ability to negotiate with diverse people and organizations increasingly become a critical competency to resolve daily conflicts</td>
<td>0.697</td>
</tr>
<tr>
<td>9. Promise tactic is based on having a better position and more power</td>
<td>0.693</td>
</tr>
<tr>
<td>10. Negotiation has influenced Stima SACCO Performance Appraisal process</td>
<td>0.689</td>
</tr>
<tr>
<td>11. Performance appraisal negotiations provide employees in Stima SACCO with useful feedback to improve performance</td>
<td>0.683</td>
</tr>
<tr>
<td>12. The win-win outcome has a collective bargain and support from affected parties in the negotiation</td>
<td>0.554</td>
</tr>
<tr>
<td>13. Concession tactic is an important tactic where both sides make a concession</td>
<td>0.493</td>
</tr>
<tr>
<td>14. Disagreements in Stima SACCO require intervention through negotiation</td>
<td>0.386</td>
</tr>
<tr>
<td>15. Stima SACCO has an effective negotiation strategy in place to manage conflicts</td>
<td>0.382</td>
</tr>
</tbody>
</table>
4.4.2 Win-Lose Outcome
The win-lose outcome can affect the financial performance of an organization. This study sought to investigate the impact that the win-lose outcome had on financial performance of Stima Sacco, it was found that 4.6% of the respondents disagreed and strongly disagreed with the statement, 76.6% of the respondents agreed and strongly agreed with the statement while 15.9% of the respondents were neutral about the statement. 3 did not respond. The majority (76.6%) of the respondents agreed and strongly agreed with the statement that the win-lose outcome can affect the financial performance of an organization as shown in Table 4.13.

4.4.3 Persuading Tactic
Persuading tactic assumes using different methods and manners to win over partners in Stima Sacco. This study sought to assess the impact of the persuading tactic in performance. It was found that 23.4% of the respondents disagreed and strongly disagreed with the statement, 49.5% of the respondents agreed and strongly agreed with the statement while 24.3% of the respondents were neutral about the statement. 3 did not respond. The majority (49.5%) of the respondents agreed and strongly agreed with the statement that persuading tactic assumes using different methods and manners to win over partners in Stima Sacco as shown in Table 4.13.

4.4.4 Deceitfulness Tactic
Deceitfulness tactic assumes presenting false data and arguments. This study sought to investigate the impact of deceitfulness tactic on winning arguments. It was found that 9.3% of the respondents disagreed and strongly disagreed with the statement, 64.5% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 6 did not respond. The majority (64.5%) of the respondents agreed and strongly agreed with the statement that persuading tactic assumes using different methods and manners to win over partners in Stima Sacco as shown in Table 4.13.
4.4.5 Informing Employees

It is important to have a negotiation at the beginning of the performance contract so that an employee is well informed of what is expected. This study sought to investigate the influence of negotiations on performance. It was found that 6.6% of the respondents disagreed and strongly disagreed with the statement, 68.2% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 5 did not respond. The majority (64.4%) of the respondents agreed and strongly agreed with the statement that concession tactic is an important tactic where both sides make a concession as shown in Table 4.13.

4.4.6 Resolution to conflict

Resolution to conflict is likely to be accepted voluntarily in a win-win negotiation. This study sought to assess the impact of win-win negotiation outcome on parties in conflict. It was found that 15.9% of the respondents disagreed and strongly disagreed with the statement, 60.7% of the respondents agreed and strongly agreed with the statement while 18.7% of the respondents were neutral about the statement. 5 did not respond. The majority (55.2%) of the respondents agreed and strongly agreed with the statement that the resolution to the conflict is likely to be accepted voluntarily in a win-win negotiation as shown in Table 4.13.

4.4.7 Employees and Manager

Employees want to feel involved in the decisions that affect them by negotiating with managers before decisions are made. This study sought to find out the impact of involvement of employees on decision making. It was found that 3.7% of the respondents disagreed and strongly disagreed with the statement, 71% of the respondents agreed and strongly agreed with the statement while 19.6% of the respondents were neutral about the statement. 6 did not respond. The majority (71%) of the respondents agreed and strongly agreed with the statement that concession tactic is an important tactic where both sides make a concession as shown in Table 4.13.
4.4.8 Threat Tactic
Threat tactic is based in deterrence from the side which holds a better position or has more power. This study sought to investigate the impact of the threat tactic on negotiation. It was found that 2.8% of the respondents disagreed and strongly disagreed with the statement, 69.2% of the respondents agreed and strongly agreed with the statement while 6.5% of the respondents were neutral about the statement. 7 did not respond. The majority (69.2%) of the respondents agreed and strongly agreed with the statement that threat tactic is based in deterrence from the side which holds a better position or has more power as shown in Table 4.13.

4.4.9 Ability to Negotiate
The ability to negotiate with diverse people and organizations has increasingly become a critical competency to resolve daily conflicts. This study sought to assess the influence of the ability to negotiate on performance at Stima Sacco. It was found that 8.4% of the respondents disagreed and strongly disagreed with the statement, 60.8% of the respondents agreed and strongly agreed with the statement while 24.3% of the respondents were neutral about the statement. 7 did not respond. The majority (60.8%) of the respondents agreed and strongly agreed with the statement that the ability to negotiate with diverse people and organizations increasingly become a critical competency to resolve daily conflicts as shown in Table 4.13.

4.4.10 Promise Tactic
Promise tactic is based on having a better position and more power. This study sought to investigate the influence of the promise tactic on negotiation. It was found that 3.7% of the respondents disagreed and strongly disagreed with the statement, 63.5% of the respondents agreed and strongly agreed with the statement while 27.1% of the respondents were neutral about the statement. 6 did not respond. The majority (63.5%) of the respondents agreed and strongly agreed with the statement that promise tactic is based on having a better position and more power as shown in Table 4.13.
4.4.11 Negotiation Influence
Negotiation has influenced Stima Sacco performance appraisal. This study sought to ascertain the influence of negotiation on performance appraisal. It was found that 6.5% of the respondents disagreed and strongly disagreed with the statement, 64.4% of the respondents agreed and strongly agreed with the statement while 21.5% of the respondents were neutral about the statement. 8 did not respond. The majority (71%) of the respondents agreed and strongly agreed with the statement that concession tactic is an important tactic where both sides make a concession as shown in Table 4.13.

4.4.12 Performance Appraisal Negotiation
Performance appraisal negotiations provide employees in Stima Sacco with useful feedback to improve performance. This study sought to investigate the impact of appraisal negotiations on improved performance. It was found that 9.3% of the respondents disagreed and strongly disagreed with the statement, 55.2% of the respondents agreed and strongly agreed with the statement while 29% of the respondents were neutral about the statement. 7 did not respond. The majority (68.2%) of the respondents agreed and strongly agreed with the statement that performance appraisal negotiations provide employees in Stima Sacco with useful feedback to improve performance as shown in Table 4.13.

4.4.13 Win-win Outcome
The win-win outcome has collective bargain and support from affected parties in the negotiation. This study sought to assess the impact of support of affected parties on the win-win outcome of negotiation. It was found that 1.9% of the respondents disagreed and strongly disagreed with the statement, 76.6% of the respondents agreed and strongly agreed with the statement while 13.1% of the respondents were neutral about the statement. 9 did not respond. The majority (76.6%) of the respondents agreed and strongly agreed with the statement that the ability to negotiate with diverse people and organizations increasingly becomes a critical competency to resolve daily conflicts as shown in Table 4.8.
Table 4.13: Negotiation Descriptive Statistics

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The win lose outcome can affect the financial performance of an organization.</td>
<td>3.7%</td>
<td>0.9%</td>
<td>15.9%</td>
<td>36.4%</td>
<td>40.2%</td>
<td>2.8%</td>
<td>100%</td>
</tr>
<tr>
<td>2. Persuading tactic assumes using different methods and manners to win over partners in Stima Sacco.</td>
<td>2.8%</td>
<td>20.6%</td>
<td>24.3%</td>
<td>30.8%</td>
<td>18.7%</td>
<td>2.8%</td>
<td>100%</td>
</tr>
<tr>
<td>3. Deceitfulness tactic assumes presenting false data and arguments</td>
<td>0.9%</td>
<td>8.4%</td>
<td>20.6%</td>
<td>40.2%</td>
<td>24.3%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>4. It is important to have a negotiation at the beginning of the performance contract so that an employee is well informed of what is expected</td>
<td>1.9%</td>
<td>4.7%</td>
<td>20.6%</td>
<td>33.6%</td>
<td>34.6%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>5. The resolutions to the conflict are likely to be accepted voluntarily in a win-win negotiation.</td>
<td>10.3%</td>
<td>5.6%</td>
<td>18.7%</td>
<td>32.7%</td>
<td>28.0%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>6. Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made.</td>
<td>0%</td>
<td>3.7%</td>
<td>19.6%</td>
<td>35.5%</td>
<td>35.5%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>7. Threat tactic is based in deterrence from the side which holds a better position, or has more power.</td>
<td>0%</td>
<td>2.8%</td>
<td>21.5%</td>
<td>40.2%</td>
<td>29.0%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>8. The ability to negotiate with diverse people and organizations increasingly become a critical competency to resolve daily conflicts.</td>
<td>0%</td>
<td>8.4%</td>
<td>24.3%</td>
<td>37.4%</td>
<td>23.4%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>9. Promise tactic is based on having a better position and more power</td>
<td>0%</td>
<td>3.7%</td>
<td>27.1%</td>
<td>30.8%</td>
<td>32.7%</td>
<td>5%</td>
<td>100%</td>
</tr>
<tr>
<td>10. Negotiation has influenced Stima Sacco Performance Appraisal process</td>
<td>0.9%</td>
<td>5.6%</td>
<td>21.5%</td>
<td>36.4%</td>
<td>28.0%</td>
<td>7.5%</td>
<td>100%</td>
</tr>
<tr>
<td>11. Performance appraisal negotiations provide employees in Stima Sacco with useful feedback to improve performance</td>
<td>0%</td>
<td>9.3%</td>
<td>29.0%</td>
<td>34.6%</td>
<td>20.6%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>12. The win – win outcome has a collective bargain and support from affected parties in the negotiation</td>
<td>0%</td>
<td>1.9%</td>
<td>13.1%</td>
<td>55.1%</td>
<td>21.5%</td>
<td>8.4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

KEY: SD- Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree, M=Missing, T= Total

4.4.17 Pearson Correlation between Negotiation and Organizational Performance

The results in Table 4.8 showed the correlation between organizational performance and the negotiation with Pearson correlation (r= 0.438) meaning there is a positive relationship and the Sig. (2-tailed) is 0.00 which is less than 0.01 level of significance (p-value ≤0.05). This implies that an increased level of Negotiation is associated with an increase in Organizational Performance
Table 4.14: Pearson Correlation between Negotiation and Organizational Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organizational Performance</th>
<th>Negotiation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation (1)</td>
<td>Pearson Correlation (0.438**)</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>Sig. (2-tailed) (0.000)</td>
</tr>
<tr>
<td>Organizational</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This section presented the results for the Influence of Negotiation on Organizational Performance at Stima Sacco as the first research objective. The findings indicated that an effective negotiation strategy can lead to increased Organizational performance at Stima Sacco and lack of negotiation may also lead to poor organizational performance as most of the respondents agreed with the most statements about negotiations. The next section presented the findings on the Influence of third party intervention as a conflict management strategy on the organizational performance at Stima Sacco.

4.5. Influence of Third Party Intervention on Organizational Performance

The second objective of the study was to investigate the extent to which third party intervention as a conflict management strategy influences organization performance in Stima Sacco. The study measured the independent variable, Third Party Intervention using the likert scale of 1-5, 1 Being - Strongly Disagree, 2 being Disagree, 3 being Neutral, 4 being Agree, 5 being Strongly Agree. The purpose was to establish whether conflict management had an influence on performance in the Organization. Data was collected on Mediation, Litigation and Litigation as measures of Third Party Intervention. The results under each of the constructs are presented next.
4.5.1 Factor Loadings for Third Party Intervention.

This section presents the factor loadings for third party intervention constructs with the highest statement “A third party assists in resolving the dispute by providing information and options but leaves the decision to the parties themselves” with a factor loading coefficient of 0.96. The factor analysis was done to reduce the number of variables to a meaningful and interpretable set of factors. All the statements were retained since they met the expected threshold of 0.5. All the 15 statements that met the coefficient expected value of 0.5 were used to do the inferential tests. The loadings are as per their strength in Table 4.15.

**Table 4.15: Factor loading for The Third Party Intervention Constructs**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Component Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A third party assists in resolving the dispute by providing information and options but leaves the decision to the parties themselves</td>
<td>0.96</td>
</tr>
<tr>
<td>2. The arbitrator usually makes a decision resolving the dispute</td>
<td>0.91</td>
</tr>
<tr>
<td>3. Litigation has a cost implication that affects financial performance of Stima SACCO</td>
<td>0.894</td>
</tr>
<tr>
<td>4. Arbitration leads to an increase in the effort of the aggrieved parties</td>
<td>0.868</td>
</tr>
<tr>
<td>5. A mediator will not resolve the conflict but will help facilitate a discussion between parties in conflict</td>
<td>0.835</td>
</tr>
<tr>
<td>6. Arbitration has been embraced in Stima SACCO as a third party intervention to improve performance</td>
<td>0.834</td>
</tr>
<tr>
<td>7. Third party intervention may worsen a conflict if the size of the intervention is not sufficiently high</td>
<td>0.814</td>
</tr>
<tr>
<td>8. Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in Stima SACCO</td>
<td>0.807</td>
</tr>
<tr>
<td>9. Litigation is a resort for conflicts resulting from misunderstandings of more complex human right issues</td>
<td>0.789</td>
</tr>
<tr>
<td>10. Performance in Stima SACCO is improved when litigation strategy is adopted</td>
<td>0.769</td>
</tr>
<tr>
<td>11. Mediation is used to solve conflict arising from personal difference in Stima SACCO</td>
<td>0.731</td>
</tr>
<tr>
<td>12. The mediator helps with communication and promotes reconciliation between the parties to reach a mutually accepted agreement</td>
<td>0.73</td>
</tr>
<tr>
<td>13. Mediation is used a conflict management strategy in Stima SACCO</td>
<td>0.707</td>
</tr>
<tr>
<td>14. Stima SACCO has an effective third party intervention strategy to manage conflicts</td>
<td>0.705</td>
</tr>
<tr>
<td>15. Litigation is an effective strategy in conflict management at Stima SACCO</td>
<td>0.583</td>
</tr>
</tbody>
</table>

4.5.2 Third Party Assistance
Third party assists in resolving the dispute by providing information and options but leaves the decision to the parties themselves. This study sought to determine the impact of Third party in resolving disputes in Stima Sacco. It was found that 10.3% of the respondents disagreed and strongly disagreed with the statement, 62.6% of the respondents agreed and strongly agreed with the statement while 23.4% of the respondents were neutral about the statement. 4 did not respond. The majority (62.6%) of the respondents agreed and strongly agreed with the statement that a third party assists in resolving the dispute by providing information and options but leaves the decision to the parties themselves as shown in Table 4.16.

4.5.3 Arbitrator Resolve Dispute
Arbitration usually involves making a decision resolving the dispute. This study sought to determine the effect of arbitration on dispute resolution. It was found that 20.6% of the respondents disagreed and strongly disagree with the statement, 43.9% of the respondents agreed and strongly agreed with the statement while 30.8% of the respondents were neutral about the statement. 5 did not respond. The majority (43.9%) of the respondents agreed and strongly agreed with the statement that arbitration usually makes a decision resolving the dispute as shown in Table 4.16.

4.5.4 Litigation Affects Financial Performance
Litigation has cost implication that affects financial performance of Stima Sacco. This study sought to ascertain the effect of litigation on the financial performance of Stima Sacco. It was found that 8.4% of the respondents disagreed and strongly disagreed with the statement, 73.8% of the respondents agreed and strongly agreed with the statement while 15% of the respondents were neutral about the statement. 3 did not respond. The majority (73.8%) of the respondents agreed and strongly agreed with the statement that litigation has cost implication that affects financial performance of Stima Sacco as shown in Table 4.16.
4.5.5 Arbitration Increase Efforts
Arbitration leads to an increase in the effort of the aggrieved parties. This study sought to assess the impact of arbitration in increasing effort of solving conflict. It was found that 9.3% of the respondents disagreed and strongly disagreed with the statement, 67.3% of the respondents agreed and strongly agreed with the statement while 18.7% of the respondents were neutral about the statement. 5 did not respond. The majority (67.3%) of the respondents agreed and strongly agreed with the statement that arbitration leads to an increase in the effort of the aggrieved parties as shown in Table 4.16.

4.5.6 Mediator Facilitates Discussions
A mediator will not resolve the conflict but will help facilitate a discussion between parties in conflict. This study sought to determine the effect of the mediator in facilitating discussions between parties in conflict. It was found that 11.2% of the respondents disagreed and strongly disagreed with the statement, 62.6% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 6 did not respond. The majority (62.6%) of the respondents agreed and strongly agreed with the statement that mediation is used as a conflict management strategy in Stima Sacco as shown in Table 4.16.

4.5.7 Arbitration Embraced
Arbitration has been embraced in Stima Sacco as a third party intervention to improve performance. This study sought to establish the effect of arbitration on the performance of Stima Sacco. It was found that 9.4% of the respondents disagreed and strongly disagreed with the statement, 69.1% of the respondents agreed and strongly agreed with the statement while 15.9% of the respondents were neutral about the statement. 6 did not respond. The majority (69.1%) of the respondents agreed and strongly agreed with the statement that arbitration has been embraced in Stima Sacco as a third party intervention to improve performance as shown in Table 4.16.
4.5.8 Third Party Intervention Worsen Conflict

Third party intervention may worsen a conflict if the size of the intervention is not sufficiently high. This study sought to establish the effect of the size of intervention on worsening conflict. It was found that 4.7% of the respondents disagreed and strongly disagreed with the statement, 71.9% of the respondents agreed and strongly agreed with the statement while 19.6% of the respondents were neutral about the statement. 4 did not respond. The majority (71.9%) of the respondents agreed and strongly agreed with the statement that party intervention may worsen a conflict if the size of the intervention is not sufficiently high as shown in Table 4.16.

4.5.9 Third Party Intervention Solve Conflict

Third party intervention is used to solve conflicts arising from unclear organization of work and delegation. This study sought to assess the impact of third party intervention in solving conflicts in Stima Sacco. It was found that 3.8% of the respondents disagreed and strongly disagreed with the statement, 71% of the respondents agreed and strongly agreed with the statement while 19.6% of the respondents were neutral about the statement. 6 did not respond. The majority (71%) of the respondents agreed and strongly agreed with the statement that third party intervention is used to solve conflicts arising from unclear organization of work and delegation in Stima Sacco as shown in Table 4.16.

4.5.10 Litigation as a Resort for Conflict

Litigation is a resort for conflicts resulting from misunderstanding of more complex human right issues. This study sought to establish the influence of litigation is a last resort for conflict. It was found that 6.5% of the respondents disagreed and strongly disagreed with the statement, 71.9% of the respondents agreed and strongly agreed with the statement while 15% of the respondents were neutral about the statement. 7 did not respond. The majority (71.9 %) of the respondents agreed and strongly agreed with the statement that litigation is a resort for conflicts resulting from misunderstanding of more complex human right issues as shown in Table 4.16.
4.5.11 Litigation Improve Performance
Performance in Stima Sacco is improved when litigation strategy is adopted. This study sought to establish the impact of litigation on performance at Stima Sacco. It was found that 5.6% of the respondents disagreed and strongly disagreed with the statement, 63.6% of the respondents agreed and strongly agreed with the statement while 24.3% of the respondents were neutral about the statement.
7 did not respond. The majority (63.6%) of the respondents agreed and strongly agreed with the statement that Stima Sacco is improved when litigation strategy is adopted as shown in Table 4.16

4.5.12 Mediation Solving Personal Differences
Mediation is used to solve conflict arising from personal differences in Stima Sacco. This study sought to assess the effect of mediation in solving conflict arising from personal differences in Stima Sacco. It was found that 14% of the respondents disagreed and strongly disagreed with the statement, 62.6% of the respondents agreed and strongly agreed with the statement while 15.9% of the respondents were neutral about the statement. 8 did not respond. The majority (62.6%) of the respondents agreed and strongly agreed with the statement that the mediator helps with communication and promotes reconciliation between the parties to reach a mutually accepted agreement as shown in Table 4.16.

4.5.13 Mediation Promotes Reconciliation
The mediator helps with communication and promotes reconciliation between the parties to reach a mutually accepted agreement. This study sought to determine the impact of the mediator in the negotiation process. It was found that 15.9% of the respondents disagreed and strongly disagreed with the statement, 58% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 6 did not respond. The majority (58%) of the respondents agreed and strongly agreed with the statement that the mediator helps with communication and promotes reconciliation between the parties to reach a mutually accepted agreement as shown in Table 4.16.

4.5.14 Mediation Strategy
Mediation is used as a conflict management strategy to improve performance. This study sought to establish the effect of mediation in conflict management in Stima Sacco. It was found that 11.2% of the respondents disagreed and strongly disagreed with the statement, 59.8% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 9 did not respond. The majority (59.8%) of the respondents agreed and strongly agreed with the statement that mediation is used as a conflict management strategy in Stima Sacco as shown in Table 4.16.

4.5.15 Third Party Intervention Strategy
An effective third party intervention strategy is useful in order to manage conflicts. This study sought to ascertain the impact of Third party in resolving disputes in Stima Sacco. It was found that 7.5% of the respondents disagreed and strongly disagreed with the statement, 72.9% of the respondents agreed and strongly agreed with the statement while 15% of the respondents were neutral about the statement. 5 did not respond. The majority (72.9%) of the respondents agreed and strongly agreed with the statement that Stima Sacco has an effective third party intervention strategy to manage conflicts below as shown in Table 4.16.

4.5.16 Litigation as Effective Strategy
Litigation is an effective strategy in conflict management at stima Sacco. This study sought to establish the effect of litigation as an effective strategy in managing conflict. It was found that 3.7% of the respondents disagreed and strongly disagreed with the statement, 68.2% of the respondents agreed and strongly agreed with the statement while 21.5% of the respondents were neutral about the statement. 7 did not respond. The majority (68.2%) of the respondents agreed and strongly agreed with the statement that litigation is an effective strategy in conflict management at stima Sacco as shown in Table 4.16.
### Table 4.16: Third Party Intervention Descriptive Statistics

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A third party assists in resolving the dispute by providing information and options but leaves the decision to the parties themselves</td>
<td>10.3%</td>
<td>23.4%</td>
<td>43.0%</td>
<td>19.6%</td>
<td>3.7%</td>
<td>10.3%</td>
<td>100%</td>
</tr>
<tr>
<td>2. The arbitrator usually makes a decision resolving the dispute</td>
<td>4.7%</td>
<td>15.9%</td>
<td>30.8%</td>
<td>24.3%</td>
<td>19.6%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>3. Litigation has a cost implication that affects financial performance of stima Sacco</td>
<td>3.7%</td>
<td>4.7%</td>
<td>15.0%</td>
<td>38.3%</td>
<td>35.5%</td>
<td>2.8%</td>
<td>100%</td>
</tr>
<tr>
<td>4. Arbitration leads to an increase in the effort of the aggrieved parties</td>
<td>2.8%</td>
<td>6.5%</td>
<td>18.7%</td>
<td>44.9%</td>
<td>22.4%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>5. A mediator will not resolve the conflict but will help facilitate a discussion between parties in conflict.</td>
<td>2.8%</td>
<td>8.4%</td>
<td>20.6%</td>
<td>36.4%</td>
<td>26.2%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>6. Arbitration has been embraced in Stima Sacco as a third party intervention to improve performance</td>
<td>1.9%</td>
<td>7.5%</td>
<td>15.9%</td>
<td>38.3%</td>
<td>30.8%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>7. Third party intervention may worsen a conflict if the size of the intervention is not sufficiently high</td>
<td>0%</td>
<td>4.7%</td>
<td>19.6%</td>
<td>46.7%</td>
<td>25.2%</td>
<td>3.7%</td>
<td>100%</td>
</tr>
<tr>
<td>8. Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in Stima Sacco</td>
<td>1.9%</td>
<td>1.9%</td>
<td>19.6%</td>
<td>36.4%</td>
<td>34.6%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>9. Litigation is a resort for conflicts resulting from misunderstandings of more complex human right issues</td>
<td>0%</td>
<td>6.5%</td>
<td>15.0%</td>
<td>35.5%</td>
<td>36.4%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>10. Performance in Stima Sacco is improved when litigation strategy is adopted</td>
<td>0%</td>
<td>5.6%</td>
<td>24.3%</td>
<td>29.0%</td>
<td>34.6%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>11. Mediation is used to solve conflict arising from personal differences in Stima Sacco</td>
<td>8.4%</td>
<td>5.6%</td>
<td>15.9%</td>
<td>30.8%</td>
<td>31.8%</td>
<td>7.5%</td>
<td>100%</td>
</tr>
<tr>
<td>12. The mediator helps with communication and promotes reconciliation between the parties to reach a mutually accepted agreement.</td>
<td>5.6%</td>
<td>10.3%</td>
<td>20.6%</td>
<td>31.8%</td>
<td>26.2%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>13. Mediation is used as a conflict management strategy in Stima Sacco</td>
<td>3.7%</td>
<td>7.5%</td>
<td>20.6%</td>
<td>32.7%</td>
<td>27.1%</td>
<td>8.4%</td>
<td>100%</td>
</tr>
<tr>
<td>14. Stima Sacco has an effective third party intervention strategy to manage conflicts</td>
<td>0%</td>
<td>7.5%</td>
<td>15.0%</td>
<td>40.2%</td>
<td>32.7%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>15. Litigation is an effective strategy in conflict management at Stima Sacco</td>
<td>0%</td>
<td>3.7%</td>
<td>21.5%</td>
<td>32.7%</td>
<td>35.5%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**KEY:** SD- Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree, M=Missing, T= Total

#### 4.6.17 Pearson correlation between organizational performance and Third party intervention

The analysis in Table 4.13 revealed that there is a positive significant Pearson correlation between organizational performance and the third party intervention, with Pearson correlation ($r=0.539$) meaning there is a positive relationship and the Sig. (2-tailed) is 0.00 which is less than
0.01 level of significance. This implies that an increased level of third party intervention is associated with an increased organizational performance.

Table 4.17 Pearson Correlation between Third Party Intervention and Organizational Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organizational Performance</th>
<th>Third Party Intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>Pearson Correlation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Party Intervention</td>
<td>Pearson Correlation</td>
<td>0.539**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
</tr>
</tbody>
</table>

This section presented the results of the Influence of Third Party Intervention on Organizational Performance at Stima Sacco as the first research objective. The findings indicated that an effective Third Party Intervention strategy can lead to increased Organizational performance at Stima Sacco and lack of Third Party Intervention may also lead to poor organizational performance as most of the respondents agreed with the most opinions about Third Party Intervention. The next section presents the findings on the Influence of Communication as a conflict management strategy on the organizational performance at Stima Sacco.

4.6 Communication and Organizational Performance

The third objective of the study is to investigate the extent to which communication as a conflict management strategy influences organization performance in Stima Sacco. This study measured the independent variable, Communication using the likert scale of 1-5, 1 being - Strongly disagree, 2 being Disagree, 3 being Neutral, 4 being Agree, 5 being Strongly Agree. The purpose was to establish whether conflict management had an influence on performance in the Organization. Data was collected on Communication and timely resolution of conflict, Communication in improving customer satisfaction and communication and information flow as measures of Communication. The results under each of the constructs are presented next.

4.6.1 Factor Loading for Communication Constructs

This section presents the factor loadings for communication constructs with the highest statement “Stima SACCO has a well-established corporate communication channel” with a factor loading
The coefficient of 0.885. The factor analysis was done to reduce the number of variables to a meaningful and interpretable set of factors. All the statements were retained since they met the expected coefficient threshold of 0.5. All the 15 statements that met the coefficient expected value of 0.5 were used to do the inferential tests. The loadings are as per their strength in Table 4.18.

Table 4.18: Factor Loading for the Communications Constructs

<table>
<thead>
<tr>
<th>Statement</th>
<th>Component Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stima SACCO has a well-established corporate communication channel</td>
<td>0.885</td>
</tr>
<tr>
<td>2. Communication is used in the timely resolution of conflicts in Stima SACCO</td>
<td>0.884</td>
</tr>
<tr>
<td>3. Negative patterns of communication can lead to greater frustration and escalation of conflict</td>
<td>0.806</td>
</tr>
<tr>
<td>4. Communication can be a tool to improve morale, customer satisfaction and performance</td>
<td>0.798</td>
</tr>
<tr>
<td>5. Communication in Stima SACCO is a process that contains expressing, listening and understanding</td>
<td>0.788</td>
</tr>
<tr>
<td>6. Communication is important to understand expectations and targets required in Stima SACCO.</td>
<td>0.777</td>
</tr>
<tr>
<td>7. Communication can be used to solve an array of problems such as mismanagement of funds and resources.</td>
<td>0.776</td>
</tr>
<tr>
<td>8. Communication is considered a powerful tool in solving performance deviations.</td>
<td>0.769</td>
</tr>
<tr>
<td>9. Communication provides an avenue by which conflicts can be successfully resolved or worsened.</td>
<td>0.766</td>
</tr>
<tr>
<td>10. Communication creates understanding and enhances cooperation.</td>
<td>0.753</td>
</tr>
<tr>
<td>11. Communication about the issue helps improve the performance at Stima SACCO.</td>
<td>0.736</td>
</tr>
<tr>
<td>12. Communication problems are an impediment of growth in Stima SACCO.</td>
<td>0.71</td>
</tr>
<tr>
<td>13. Communication is used to reduce the negative consequences of conflict in Stima SACCO.</td>
<td>0.697</td>
</tr>
<tr>
<td>14. Conflict in Stima SACCO is often brought about by breakage in communication.</td>
<td>0.687</td>
</tr>
<tr>
<td>15. Effective communication is required in order to achieve good business performance.</td>
<td>0.678</td>
</tr>
</tbody>
</table>
4.6.2 Communication Channel
Communication channels are important in disseminating important information within the organization. The study sought to assess the impact of a well-established communication channel on Organizational performance. It was found that 22.4% of the respondents disagreed and strongly disagreed with the statement, 45.8% of the respondents agreed and strongly agreed with the statement while 27.1 of the respondents were neutral about the statement. 5 did not respond. The majority (45.8%) of the respondents agreed and strongly agreed with the statement that Stima Sacco has a well-established communication channel as shown in Table 4.19.

4.6.3 Communication in Timely Resolutions of Conflict
Communication is used in the timely resolution of conflicts. This study sought to determine the effect of communication on timely resolutions of conflicts in Stima Sacco. It was found that 2.8% of the respondents disagreed and strongly disagreed with the statement, 75.7% of the respondents agreed and strongly agreed with the statement while 16.8% of the respondents were neutral about the statement. 5 did not respond. The majority (75.7%) of the respondents agreed and strongly agreed with the statement that communication is used in the timely resolution of conflicts in Stima Sacco as shown in Table 4.19.

4.6.4 Negative Patterns
Negative patterns of communication can lead to greater frustration and escalation of conflict. This study sought to assess the impact of negative patterns of communication in escalating frustration. It was found that 14% of the respondents disagreed and strongly disagreed with the statement, 70.1% of the respondents agreed and strongly agreed with the statement while 10.3% of the respondents were neutral about the statement. 5 did not respond. The majority (70.1%) of the respondents agreed and strongly agreed with the statement that negative patterns of communication can lead to greater frustration and escalation of conflict as shown in Table 4.19.
4.6.5 Communication Improves Morale
Communication provides an avenue by which conflicts can be successfully resolved or worsened. This study sought to assess the influence of communication in resolving or worsening conflict. It was found that 11.2% of the respondents disagreed and strongly disagreed with the statement, 63.6% of the respondents agreed and strongly agreed with the statement while 18.7% of the respondents were neutral about the statement. 7 did not respond. The majority (63.6%) of the respondents agreed and strongly agreed with the statement that communication provides an avenue by which conflicts can be successfully resolved or worsened as shown in Table 4.19.

4.6.6 Communication in the Sacco
Communication in Stima Sacco is a process that contains expressing, listening and understanding. This study sought to determine the effect of communication on organizational performance. It was found that 6.5% of the respondents disagreed and strongly disagreed with the statement, 56% of the respondents agreed and strongly agreed with the statement while 30.8% of the respondents were neutral about the statement. 7 did not respond. The majority (56%) of the respondents agreed and strongly agreed with the statement that Communication in Stima Sacco is a process that contains expressing, listening and understanding as shown in Table 4.19.

4.6.7 Communication Important to Understand Expectations and Targets
Communication is important to understand expectations and targets required in Stima Sacco. This study sought to determine the effect of communication in understanding performance targets. It was found that 8.4% of the respondents disagreed and strongly disagreed with the statement, 63.5% of the respondents agreed and strongly agreed with the statement while 21.5% of the respondents were neutral about the statement. 7 did not respond. The majority (63.5%) of the respondents agreed and strongly agreed with the statement that communication is important to understand expectations and targets required in Stima Sacco as shown in Table 4.19.
4.6.8 Communication and Problem Solving
Communication can be used to solve an array of problems such as mismanagement of funds and resources. This study sought to determine the effect of communication in resolving conflict arising from mismanagement of funds in Stima Sacco. It was found that 11.2% of the respondents disagreed and strongly disagreed with the statement, 63.6% of the respondents agreed and strongly agreed with the statement while 18.7% of the respondents were neutral about the statement. 7 did not respond. The majority (63.6%) of the respondents agreed and strongly agreed with the statement that communication can be used to solve an array of problems such as mismanagement of funds and resources as shown in Table 4.19.

4.6.9 Communication as a Powerful Tool
Communication is considered a powerful tool in solving performance deviations. This study sought to ascertain the impact of communication in solving performance deviations. It was found that 1.9% of the respondents disagreed and strongly disagreed with the statement, 73.9% of the respondents agreed and strongly agreed with the statement while 16.8% of the respondents were neutral about the statement. 5 did not respond. The majority (73.9%) of the respondents agreed and strongly agreed with the statement that communication is used in the timely resolution of conflicts in Stima Sacco as shown in Table 4.19.

4.6.10 Communication Worsens or Resolve Conflict
Communication provides an avenue by which conflicts can be successfully resolved or worsened. This study sought to ascertain the influence of communication in worsening or resolving conflict. It was found that 13.1% of the respondents disagreed and strongly disagreed with the statement, 66.3% of the respondents agreed and strongly agreed with the statement while 15.9% of the respondents were neutral about the statement. 5 did not respond. The majority (66.3%) of the respondents agreed and strongly agreed with the statement that communication is important to understand expectations and targets required in Stima Sacco as shown in Table 4.19.
4.6.12 Communication to Improve Performance
Communication about an issue helps improve performance. This study sought to assess the impact of communication in improving performance at Stima Sacco. It was found that 14% of the respondents disagreed and strongly disagreed with the statement, 57.9% of the respondents agreed and strongly agreed with the statement while 20.6% of the respondents were neutral about the statement. 8 did not respond. The majority (57.9%) of the respondents agreed and strongly agreed with the statement that communication about issue helps improve performance at Stima Sacco as shown in Table 4.19.

4.6.13 Communication Problems
Communication problems are an impediment of growth in stima Sacco. This study sought to establish the effect of communication on the growth of Stima Sacco. It was found that 9.3% of the respondents disagreed and strongly disagreed with the statement, 58.9% of the respondents agreed and strongly agreed with the statement while 24.3% of the respondents were neutral about the statement. 8 did not respond. The majority (58.9%) of the respondents agreed and strongly agreed with the statement that communication problems are an impediment of growth in stima Sacco as shown in Table 4.19.

4.6.14 Communication Reduce Negative Consequences
Communication is used to reduce the negative consequences of conflict. This study sought to determine the effect of communication in reducing the negative consequences of conflict. It was found that 13.1% of the respondents disagreed and strongly disagreed with the statement, 66.3% of the respondents agreed and strongly agreed with the statement while 15.9% of the respondents were neutral about the statement. There were 5 did not respond. The majority (66.3%) of the respondents agreed and strongly agreed with the statement that communication is used to reduce the negative consequences of conflict in Stima Sacco as shown in Table 4.19.

4.6.15 Communication Breakage
Conflict is often brought about by breakage in communication. This study sought to establish the impact of communication breakage on conflict management. It was found that 2.8% of the respondents disagreed and strongly disagreed with the statement, 75.7% of the respondents
agreed and strongly agreed with the statement while 16.8% of the respondents were neutral about the statement. 5 did not respond. The majority (75.7%) of the respondents agreed and strongly agreed with the statement that Stima Sacco is often brought about by breakage in communication as shown in Table 4.19.

4.6.16 Effective Communication

Effective communication is required in order to achieve good business performance. This study sought to determine if communication had an impact on Organization Performance. It was found that 8.4% of the respondents disagreed and strongly disagreed with the statement, 59.8% of the respondents agreed and strongly agreed with the statement while 23.4% of the respondents were neutral about the statement. 9 did not respond as shown in Table 4.19.
<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stima Sacco has a well-established Corporate Communication channel</td>
<td>6.5%</td>
<td>15.9%</td>
<td>27.1%</td>
<td>28.0%</td>
<td>17.8%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>2. Communication is used in the timely resolution of conflicts in Stima Sacco</td>
<td>0.0%</td>
<td>2.8%</td>
<td>16.8%</td>
<td>50.5%</td>
<td>25.2%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>3. Negative patterns of communication can lead to greater frustration and escalation of conflict</td>
<td>0.9%</td>
<td>5.6%</td>
<td>24.3%</td>
<td>34.6%</td>
<td>28%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>4. Communication can be a tool to improve morale, customer satisfaction and performance.</td>
<td>1.9%</td>
<td>9.3%</td>
<td>18.7%</td>
<td>39.3%</td>
<td>24.3%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>5. Communication in Stima Sacco is a process that contains expressing, listening and understanding</td>
<td>0.9%</td>
<td>5.6%</td>
<td>30.8%</td>
<td>33.6%</td>
<td>22.4%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>6. Communication is important to understand expectations and targets required in Stima Sacco</td>
<td>0.9%</td>
<td>7.5%</td>
<td>21.5%</td>
<td>33.6%</td>
<td>29.9%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>7. Communication can be used to solve an array of problems such as mismanagement of funds and resources.</td>
<td>0.9%</td>
<td>10.3%</td>
<td>18.7%</td>
<td>41.1%</td>
<td>22.4%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>8. Communication is considered a powerful tool in solving performance deviations</td>
<td>0.0%</td>
<td>1.9%</td>
<td>16.8%</td>
<td>42.1%</td>
<td>31.8%</td>
<td>7.5%</td>
<td>100%</td>
</tr>
<tr>
<td>9. Conflict in Stima Sacco is often brought about by breakage in Communication</td>
<td>0.0%</td>
<td>2.8%</td>
<td>16.8%</td>
<td>41.1%</td>
<td>34.6%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>10. Communication provides an avenue by which conflicts can be successfully resolved or worsened</td>
<td>7.5%</td>
<td>6.5%</td>
<td>10.3%</td>
<td>40.2%</td>
<td>29.9%</td>
<td>5.6%</td>
<td>100%</td>
</tr>
<tr>
<td>11. Communication creates understanding and enhances cooperation</td>
<td>0.9%</td>
<td>10.3%</td>
<td>18.7%</td>
<td>41.1%</td>
<td>22.4%</td>
<td>6.5%</td>
<td>100%</td>
</tr>
<tr>
<td>12. Communication about the issue helps improve performance at Stima Sacco</td>
<td>1.9%</td>
<td>12.1%</td>
<td>20.6%</td>
<td>33.6%</td>
<td>24.3%</td>
<td>7.5%</td>
<td>100%</td>
</tr>
<tr>
<td>13. Communication problems are an impediment of growth in Stima Sacco</td>
<td>0.9%</td>
<td>8.4%</td>
<td>24.3%</td>
<td>35.5%</td>
<td>23.4%</td>
<td>7.5%</td>
<td>100%</td>
</tr>
<tr>
<td>14. Communication is used to reduce the negative consequences of conflict in Stima Sacco</td>
<td>1.9%</td>
<td>11.2%</td>
<td>15.9%</td>
<td>41.1%</td>
<td>25.2%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>15. Conflict in Stima Sacco is often brought about by breakage in communication</td>
<td>1.6%</td>
<td>1.2%</td>
<td>16.8%</td>
<td>38.2%</td>
<td>37.5%</td>
<td>4.7%</td>
<td>100%</td>
</tr>
<tr>
<td>16. Effective communication is required in order to achieve good business performance</td>
<td>1.9%</td>
<td>6.5%</td>
<td>23.4%</td>
<td>33.6%</td>
<td>26.2%</td>
<td>8.4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**KEY:** SD- Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree, M=Missing, T=Total
4.6.16 Pearson Correlation of Communication and Organizational Performance

A Pearson correlation analysis was conducted to investigate whether there is a correlation between organizational performance and communication as shown in Table 4.16.

The analysis in Table 4.16 revealed that there was no positive significant Pearson correlation between organizational performance and communication with Pearson correlation \(r=0.038\) and the Sig (2-tailed) is 0.699 which is more than 0.01 level of significance. This implies that communication as a conflict management strategy is not directly associated with increased performance.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organizational Performance</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>Pearson Correlation</td>
<td>0.038</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.699</td>
</tr>
</tbody>
</table>

In summary the research findings indicate that communication as a conflict management strategy has little effect on organizational performance at Stima Sacco.

4.7 Combined Variable Correlation

A Pearson correlation test was conducted to investigate whether there is a correlation between organizational performance, negotiation, third party intervention and communication. The results revealed that there is a positive significant Pearson correlation between organizational performance and negotiation \(r=0.438\) and is significantly related to organizational performance \((p \text{ value } \leq 0.05)\). This implies that an increased level of negotiation was associated with an increase in organizational performance.

The analysis further revealed that there is a positive significant Pearson correlation between organizational performance and the third party intervention \(r=0.539\) and is significantly related to organizational performance \((p \text{ value } \leq 0.05)\). This implies that an increase in third party intervention results to an increase in performance.
Lastly, the analysis also reveals that there is no positive significant Pearson correlation between organizational performance and communication ($r= 0.038$) which implies that an increase in communication as a conflict management strategy will not result to an increase in organizational performance.

**Table 4.21: Correlation between Organizational Performance, Negotiation, Third Party Intervention and Communication**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organizational Performance</th>
<th>Negotiation</th>
<th>Third Party Intervention</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiation</td>
<td></td>
<td>0.438**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Party Intervention</td>
<td></td>
<td>0.539**</td>
<td>0.457**</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>0.038</td>
<td>-0.087</td>
<td>-0.058</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

### 4.8 Composite Regression Analysis

Regression analysis was done to estimate the extent to which organizational performance is influenced by negotiation, third party intervention and communication at Stima Sacco Limited. Table 4.22 shows the estimated regression coefficients, standard errors of the estimates, t-values and significant levels. Inspection of the standard regression coefficients shows that the third party interventions possessed the highest explanatory power on the company’s profitability (Beta=0.431).

Thus the model is $Y = 1.531 + 0.190X_1 + 0.329X_2 + 0.062X_3$

Where $Y$ = Organizational Performance, $X_1$=Negotiation, $X_2$=Third Party Intervention, $X_3$=Communication

Thus we can conclude that change in negotiation by one unit makes organizational performance to change by 0.190, change in Third party intervention by one unit makes organizational
performance to change by 0.329 and change in communication by one unit makes the organizational performance to change by 0.062. Therefore the results indicate that Third party intervention affects the organizational performance of the Stima Sacco highly while communication does not affect organizational performance of the Sacco.

Table 4.22 Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Un standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.531</td>
<td>0.356</td>
<td>4.3</td>
<td>0</td>
<td>0.825</td>
</tr>
<tr>
<td>Negotiation</td>
<td>0.19</td>
<td>0.069</td>
<td>0.248</td>
<td>2.762</td>
<td>0.007</td>
</tr>
<tr>
<td>Third Party Intervention</td>
<td>0.329</td>
<td>0.068</td>
<td>0.431</td>
<td>4.803</td>
<td>0</td>
</tr>
<tr>
<td>Communication</td>
<td>0.062</td>
<td>0.059</td>
<td>0.084</td>
<td>1.053</td>
<td>0.295</td>
</tr>
</tbody>
</table>

4.8 Chapter Summary

This chapter presents the results and findings of the study. Findings are presented in frequency tables. The presentation is aligned to the research questions and covers on the reports of the extent to which negotiations influence organizational performance, the extent to which third party interventions influences organizational performance, and the extent to which communications influences organizational performances and finally the last part covers on the inferential statistics showing the regression coefficient analysis and the correlation test.

The findings prove that negotiation, third party intervention and communication positively influences organizational performances at Stima Sacco Limited. The influence extent from the regression model shows that change of negotiation by one unit will change the organizational
performance by 0.19, change in the third party intervention by one unit increases the performance organization by 0.329 and change in the communication by one unit increases the performance organization by 0.062.

Therefore it can be concluded that third party intervention highly and positively influences organizational performances at Stima Sacco Limited followed by communication and lastly negotiations. The next chapter summarized the results, conclusions and gave recommendations for the study.
CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study, conclusions, and recommendations based on the implications of the study findings. The chapter commences with the summary of the study with a special focus on the problem statement, objectives, findings, and general implications of the study; concomitantly, the second part articulates conclusions, the third part of the chapter deals with the recommendations for research and practitioners.

5.2 Summary of Findings

The predominant purpose of this study was to assess the impact of conflict management on organizational performance with a specific focus on Stima Sacco Society. To achieve the overall goal of the study key prerequisite objectives had to be accomplished. The literature review section of this thesis focused on defining organizational performance and its connection to different conflict management strategies. In relation to that, the study analyzed the effectiveness of negotiation, communication, and third party intervention as conflict management strategies. Establishing the connection between organizational performance and conflict management strategies necessitated a detailed analysis of each strategy while considering the role of situational factor at any given time. The study is focused on ascertaining the impact of negotiation, communication and third party intervention as conflict management strategies in Stima Sacco Society

A descriptive research design was selected because it facilitated the identification and description of independent factors and their relation to the dependent variables. Negotiation, communication and third party intervention strategies were the independent factors and organizational performance was the dependent variable in the study. The overriding focus of the study was the influence conflict management on organizational performance of Stima Sacco Society Limited, which explains why the study population was drawn from the 153 employees of Stima Sacco
Society Limited. The utilization of the Census technique permitted the use of 153 employees as the study sample size. The direct administration of structured questionnaires by the researcher made it relatively easy to collect quality data within a short time. The collected data was analyzed using frequency tables and inferential statistics (regression analysis) depending on the factors that were being analyzed. The research methodology facilitated the collection of data that solved the problems articulated in the first chapter of this dissertation.

The first research objective of the study was to determine the influence of negotiation as a conflict management strategy. The findings indicated that 64.4% of the respondents believed negotiation has positively influenced performance appraisal in Stima Sacco. Majority of the respondents believed that the concession tactic is the most effective negotiation strategy in the organization. The use of intervention through negotiation was supported by 71% of the respondents who believed it is the most effective strategy. Performance appraisal negotiation is viewed as the most effective of improving organizational performance by 55.2% while 29% of the respondents had no preferences.

The second research objective was to determine the role of party intervention in conflict management strategy. Majority of the respondents (71%) agreed that third party intervention is an effective conflict resolution strategy in Stima Sacco. However, the findings also indicated that the third party intervention could worsen a conflict if the size of the intervention is not adequate.

The third research objective the impact of communication on conflict management strategy on organizational performance in Stima Sacco. Most of the respondents (44.8%) agreed with the opinion that Stima Sacco has an effective communication channel while 22.4% disagreed. The opinion that communication is a timely tool in conflict resolution was supported by 73.95% of the respondents while 1.9% disagreed. Majority of the respondents (73.3%) termed as a communication as a powerful tool, and that a breakage in communication is a major reasons why conflict resolution is difficult. The consensus was that communication is a critical tool in conflict management strategy in Stima Sacco.
5.3 Discussion
A comprehensive discussion of all the issues related to the research objectives and findings are presented in this section.

5.3.1 Organizational Performance
The objective of the study was to determine how third party intervention, negotiation, and communication affect organizational performance with a specific focus on Stima Sacco. According to the findings, 64.5% of the respondents agreed that organizational performance is measured based on the achievement of the quantified objectives. The respondents of the study agreed that the performance measurement and the enhancement of staff skills help improve the organizational performance. Effective conflict management has played a significant role in improving organizational, which has been manifested in the form of improved organizational performance as indicated by 66.4% of the respondents. The findings concur with Muigua (2012) who asserts the important role of conflict management in improving organizational effectiveness.

The study sought to ascertain if organizational performance at Stima Sacco had improved due to conflict management. Results showed that Organization performance had increased. This was evidenced by the responses of the respondents who agreed that an individual or group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal. This statement had the highest factor loading coefficient (0.776) which means it was the statement that heavily loaded on the organization performance variable. These findings agree with those of Luthans, (2008) who asserted that an individual in the group may encounter some frustration when a certain obstacle is in the way of him/her achieving his/her goal.

The second highest statement with a factor loading of 0.744 showed that respondents agreed that efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost, the findings of the study echo the work of Song (2000) who established the effective resolution of conflicts motivates performance improvement in an organization.

Staff could intentionally defraud the company by use of technology had a factor loading coefficient of 0.724 agreed with the studies, In as much as innovation is considered a plus for an
organization, intrapersonal conflict arising from innovation may occur whereby a staff intentionally defrauds a company by use of technology (PWC, 2011).

The study findings further indicated that innovation plays a key role in conflict management performance at stima Sacco with factor loading coefficient of 0.699. These findings are in agreement with Solans 2003 who argue that innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets. In the financial service Industry, innovation is viewed as the act of creating and popularizing new financial instruments, technologies, institutions and markets which facilitates access to information (Solans, 2003).

Innovation consists of firms developing new production processes to better perform their operations had a factor loading coefficient of 0.655 while Tasks conflicts have an effect on organizational performance in Stima Sacco had a factor loading coefficient of 0.641. The findings also agree with the study by Dreu (2003) on task versus process conflict, team performance, revealed a strong relationship between conflict and team performance.

Innovation has an impact on a firm performance at Stima Sacco had a factor loading coefficient of 0.613. The findings are in agreement with (Jung & Wang, 2006) who concluded that quality improvement is an approach that firms adopt for the purpose of improving performance in terms of quality and innovation.

Performance is the achievement of quantified objectives in Stima Sacco had a factor loading of 0.559 which agrees with Armstrong (2006) who defines performance in output terms as the achievement of objectives and how these objectives are achieved.
5.3.2 Negotiation and Organizational Performance

The effectiveness of negotiation as a conflict management strategy within the context of Stima Sacco Society Limited formed the first objective of the study. Stima Sacco Society employees associated believe negotiation plays a significant role in conflict management within the organization. The respondents agreed to the baselines assumptions of concession tactic, persuasion tactic, deceitfulness tactic, promise tactic, and threat in Petkovic (2008). The factor loadings for the statement with the highest coefficient above 0.5 was the win lose outcome can affect the financial performance of an organization with a factor loading coefficient of 0.955. Majority (64%) of the employees believed that concession tactic is effective because it supports the involvement of employees in the process of making decisions that affect them. Persuading tactic assumes using different methods and manners to win over partners in Stima Sacco had a factor loading coefficient of 0.953 while Deceitfulness tactic assumes presenting false data and arguments had a factor loading coefficient of 0.77. Critical comparison of these findings with the results of the survey conducted by Downie (2007) can be done.

The survey showed that employees perceived negotiation as fairness because participation in the negotiation process permitted the creation of shared values, a perception shared by the respondents of the study; therefore, negotiation supports high performance by facilitating the involvement of employees in decision making to create an enabling environment for employees to meet the quantified objectives in all areas of the organization.

Negotiation has a significant impact on the organizational performance of Stima Sacco Society Limited had a factor loading coefficient of 0.689. This coincides with study done by Long, 2006 who asserted that It goes without saying that an effective performance appraisal system can lead an organization to takes strides towards organization performance and growth by leaps and bounds. Majority of the respondents agreed that Stima Sacco has a very effective negotiation strategy to help manage conflicts this had a factor loading of 0.697. Notably, Norreklit (2003) argued that it is important to have negotiation at the beginning of the performance contract so that an employee is well informed of what is expected. This had a factor loading of 0.778. The resolutions to the conflict are likely to be accepted voluntarily in a win-win negotiation had a factor loading coefficient of 0.774. Win-win outcomes are associated with This agreed with
study conducted by Mannix 2001 who concluded that a win-win negotiation outcome can help improve team performance by reducing tension, antagonism and distraction of members of a team.

Win-win outcomes are more effective because they have the support of all the parties involved in the negotiation process. Win-lose outcomes generates discord and discourages some members of the organization, which reflects on the financial performance of the organization; therefore, a special focus on negotiation as a strategy to guide conflict resolution is mandatory. Muganza (2013) came to the same conclusion after studying the role of conflict in a Public Service Commission.

While the statement employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made had a factor loading coefficient of 0.756, studies by Tressler 2007 indicate that negotiation influences the outcomes of behavior and improves organizational performance.

Threat tactic is based in deterrence from the side which holds a better position, or has more power had a factor loading of 0.705 which agrees with De Dreu, Weingart & Kwon (2000) who assert that negotiators can help adversaries communicate with each other in many ways. The ability to negotiate with diverse people and organizations increasingly become a critical competency to resolve daily conflicts had a factor loading of 0.697 while the ability to negotiate with a diverse group of people and organizations is a critical competency was confirmed by a study conducted by Wanjiku (2010) to determine how negotiation affects performance in Kenyan banks.

Negotiation has influenced Stima Sacco Performance Appraisal process had a factor loading of 0.689 Performance appraisal negotiations provide employees in Stima SACCO with useful feedback to improve performance had a factor loading of 0.683 while the The win-win outcome has a collective bargain and support from affected parties in the negotiation had a factor loading of 0.554. These all agree with studies conducted by Babin and Boles (2000) who asserted that
employee performance is about directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization.

The study indicated a positive relationship between negotiation and organizational performance meaning that an effective negotiation strategy can lead to increased organizational performance at Stima Sacco $r=0.438$

5.3.3 Third Party Intervention and Organizational Performance
The second research objective was to establish the extent to which third party intervention as a conflict management strategy influences organization performance in Stima Sacco.

The use of third party assistance as a strategy in conflict resolution is supported by the majority of Stima Sacco Society Limited employees. The respondents of the study believe the role of a third party is to provide additional information and options without making the decision for the negotiating parties. This had a factor loading of 0.96 and also confirms study findings according to Gregory (2004) that a third party assists in resolving the dispute by advising and providing information and options but leaves the final decision to the parties themselves since performance declines as the level of conflict increases.

The findings also showed that Stima Sacco employees believe the organization has an effective third party intervention strategy that has played a significant role in conflict resolution; especially, conflicts that are caused by the lack of clarity in work organization and delegation. The statement Stima Sacco has an effective third party intervention strategy to manage conflicts had a factor loading coefficient of 0.705.

The study also showed that an arbitrator usually makes a decision resolving the dispute and had a factor loading of 0.91. This agree with studies on conflict in the Public service commission Rwanda, Muganza, (2013) that showed that conflict has negative impact on the working environment and the organizational performance

An insufficient third party intervention causes more harm than good; therefore, it is pertinent for the organization to ensure third party intervention is considered as an option only when it is
sufficient. Stima Sacco Society Limited utilizes mediation strategy in which a mediator facilitates the discussion between the parties in conflict; for example, a mediator facilitates the communication when there is a persona conflict between workers. The role of the mediator is limited to helping the discussion between the affected parties.

Litigation and Arbitration are among the conflict management techniques used by Stima Sacco as part of its third party intervention strategy. The statement, Litigation has a cost implication that affects financial performance of Stima Sacco had a factor loading of 0.894. According to Sussman 2009, for every shilling paid to employees through litigation, at least another shilling is paid to attorneys involved in handling both meritorious and non-meritorious claims.

Arbitration supports the quick re Litigation has a cost implication that affects financial performance of Stima Sacco had a factor loading 0.834. Resolution of conflicts with aim of improving organizational performance, and the arbitrator has the authority to make the decision that resolves the conflict Muigua (2012). The process of arbitration pushes the aggrieved parties to work hard towards a resolution. Litigation is a considered as an option when it comes to the resolution of complex human rights issues.

The performance of the organization has improved since the adoption of litigation as a conflict management strategy. The statement Performance in Stima SACCO is improved when litigation strategy is adopted had a factor loading of 0.769 and agreed with the findings of Muigua (2012) who identified arbitration, litigation and mediation as the most effective third party intervention strategies. The use of litigation comes with the financial responsibilities that must be met by the company. Majority of the respondents in the study agreed that litigation affects the financial performance of the organization, and results resonate with stand taken by Sussman (2009) about the cost of litigation. Chau (2014) advises the implementation of structures and procedures that might can prevent the company from litigation exposure because of the financial implications that come with it.
5.3.4 Communication and Organizational Performance
The third objective of the study was to determine the impact of communication as a conflict management strategy in Stima Sacco Society Limited. Different communication approaches used in the organization were analyzed to determine their impact on conflict management. The study confirms that Stima Sacco Society has an established communication channel with a factor loading of 0.885 and that communication facilitates timely resolution of conflicts in the organization with a factor loading coefficient of 0.806. This agrees with studies by Koontz (2001 that Communication breakdown accounts for a sizeable number of conflicts in Stima Sacco Society; also, communication problems impede the growth in the organization as acknowledged) in another study.

Otieno, Waiganjo and Njeru (2015) established that effective communication can lead to high organizational performance, and the findings of the study confirm that the same effect is available in Stima Sacco Society Limited. Communication is key to knowing and comprehending the targets set by the organization and resolving conflicts. The study connects the effective management of conflicts with open communication, a stance that is supported by Awan and Anjum (2015). The nature of communication and the methods used determine whether it will have positive or negative effects on performance. Poor communication can lead to extra frustration that can lead to serious conflicts. This agrees with the statement that Communication provides an avenue by which conflicts can be successfully resolved or worsened which had a factor loading of 0.766. On the same note, the statement Communication is important to understand expectations and targets required in Stima Sacco had a factor loading of 0.777 and communication supports the dissemination of knowledge had a factor loading of 0.776, and makes it relatively easy to resolve conflicts had a factor loading of 0.71. All these statements disagree with those of Richmond et al, (2005) who described Communication as the process by which individuals stimulate meaning in the minds of other individuals by means of verbal or nonverbal messages.

5.4 Conclusions

5.4.1 Organizational Performance
Organization performance was the dependent variable in this study. The findings led to a conclusion that organizational performance is influenced by innovative strategies, continuous performance monitoring programs, and the frequency of task conflicts. It further concludes that innovation is a significant component of conflict management strategies in Stima Sacco Society Limited. Effective conflict management strategies are associated with improved performance and lower costs in Stima Sacco Society Limited.

5.4.2 Negotiation and Organizational Performance
The first research objective was to ascertain the extent to which negotiation as a conflict management strategy influences organizational performance in Stima Sacco. The findings led to a conclusion that there was a positive and significant relationship between organizational performance and negotiation as a conflict management strategy. This implied that the higher the organization adopted negotiation, the more the performance increased. It was also concluded that the most effective form of negotiation focuses on achieving a win-win situation, which helps improve the general working environment.

5.4.3 Third Party Intervention and Organizational Performance
The second objective of the study was to establish the extent to which Third party intervention as a conflict management strategy influences organizational performance in Stima Sacco. Based on the findings, it can be concluded that there was a positive and significant relationship between Third party Intervention and performance. The results further led to a conclusion that third party intervention has been used as conflict management strategy in Stima Sacco many time and has proved to be an effective conflict management strategy in Stima Sacco.

5.4.4 Communication and Organizational Performance
The third objective of the study was to determine the extent to which communication as a conflict management strategy influences organizational performance in Stima Sacco. Results led to the conclusion that there was no positive and significant relationship between communication as a conflict management strategy and organizational performance. It was also concluded that in as much as Stima Sacco has an effective communication channel in place, this had no direct influence on the level of organizational performance at Stima Sacco.
5.5 Recommendations

5.5.1 Suggestions for Improvement

5.5.1.1. Organizational Performance
The findings of the study confirm the key role of conflict management strategies in improving and maintaining effectiveness in an organization. Stima Sacco Society Limited should focus on increasing the utilization of conflict management strategies like negotiation and third party intervention to increase organizational performance. The management should be sensitive to conflicts and set up effective communication channels to facilitate an improvement in conflict management. The connection between employees and top management because of the impact it has on the effectiveness of conflict management strategies.

5.5.1.2 Negotiation and Organizational Performance
Mediation, concession tactic, persuading tactic and other forms of negotiation should be encouraged to ensure that the organization avoids litigation. Reviewed literature and findings confirm that litigation comes with a huge financial responsibility, which might affect the capacity of the organization to invest in new ways to improve process output. Litigation cripples organizational performance because it limits the resource available for investment. The study recommends that management adopts an increased application of mediation tactics to prevent conflicts from spiraling out of control.

5.5.1.3 Third Party Intervention and Organizational Performance
Third party intervention is an effective conflict management strategy, which speeds up the process of conflict resolution by providing conflicting parties with additional information and options. Stima Sacco management should encourage the use of third party intervention as a form of conflict management strategy. The intervening party must maintain a neutral attitude to avoid exacerbating the problem. The size of the intervention should be more than adequate to guarantee success. Sensitivity to potential conflicts makes it easy to apply different conflict management strategies within the organization. The overall impact is an improved organizational performance because employee morale is high and the cost of conflicts is reduced.
5.5.1.4 Communication and Organizational Performance

The findings of the study confirm that there is no positive and significant relationship between communication as a conflict management strategy and organizational performance. The management should therefore maintain effective communication channels and explore other ways to improve the organizational performance.

5.5.2 Suggestions for Further Research

Future research can be done to formulate a conflict management model that is optimized based on the practices, culture, and attitudes in Stima Sacco Society Limited. The current study has shown the importance of conflict management and its impact on organization performance. The findings of the study can be used as a basis for a research that focused on the formulation of a conflict management model that is customized to the requirements of Stima Sacco. Future research should explore the role of different negotiation and third party intervention styles in resolving or worsening conflicts within an organization. The outcome of the study can provide a detailed explanation of how negotiation, third party intervention and communication influences conflict management and organizational performance.
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Stephen D Bruce HR Daily Advisor  Conflict Resolution and Minimization: Tips for Employers HR Management| Saturday, June 6th, 2015


APPENDICES

Appendix I: Introduction Letter

Akoth Olang
P O BOX 51400-00100
NAIROBI

Chief Executive Officer
Stima Sacco
P O Box 75629-00200
NAIROBI

Dear Sir

RE: REQUEST FOR PERMISSION TO COLLECT DATA

I am a student at United States International University (USIU) pursuing a masters’ degree. I request to conduct a research entitled: The Influence of Conflict Management on Organizational Performance: A case of Stima Sacco Society as part of the degree requirements. I wish to be granted permission to collect the information from members of staff using a structured questionnaire in order to address the research objectives of this study.

The information collected will be treated with utmost confidentiality.

Your assistance on the same will be appreciated.

Yours faithfully

Beryl Akoth Olang
Appendix II: Questionnaire

COVER LETTER

Beryl Akoth Olang
P O BOX 51400-00100
NAIROBI

Stima Sacco Employees
P O Box 75629-00200
NAIROBI

Dear respondent,

RE: REQUEST TO RESPOND TO AN ACADEMIC QUESTIONNAIRE

I am a student at United States International University (USIU) pursuing a masters’ degree. I request to conduct a research entitled: The Influence of Conflict Management on Organizational Performance: A case of Stima Sacco Society as part of the degree requirements. This questionnaire is strictly for Academic purpose and the information collected will be used to draw conclusions on the research topic. The information will be treated with utmost confidentiality. All employees will be required to take part in this study by filling in the questionnaire regarding the Influence of Conflict Management on Organizational Performance at Stima Sacco. Kindly take a few minutes to complete the questionnaire

Thank you for accepting to participate.

Yours faithfully

Beryl Akoth Olang
The purpose of this questionnaire is to collect data on the influence of conflict management on organizational performance in Stima Sacco. This section contains general bio data regarding the respondent. Please tick as appropriate in the boxes using a tick (√) or cross mark (x)

SECTION A:
1. Respondent Particulars

   Gender: Male [ ] Female [ ]

2. Age Bracket

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Tick as Appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-20</td>
<td></td>
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<tr>
<td>21-30</td>
<td></td>
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<tr>
<td>31-40</td>
<td></td>
</tr>
<tr>
<td>41-50</td>
<td></td>
</tr>
<tr>
<td>51-60</td>
<td></td>
</tr>
</tbody>
</table>

3. Indicate the highest level of education attained.

<table>
<thead>
<tr>
<th>Education Attained</th>
<th>Tick as Appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Secondary</td>
<td></td>
</tr>
<tr>
<td>b) College</td>
<td></td>
</tr>
<tr>
<td>c) University</td>
<td></td>
</tr>
<tr>
<td>d) Post graduate</td>
<td></td>
</tr>
</tbody>
</table>

4. Which Department are you working in?

<table>
<thead>
<tr>
<th>Department</th>
<th>Tick as Appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td></td>
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<tr>
<td>Finance</td>
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<tr>
<td>Internal Audit</td>
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<tr>
<td>ICT</td>
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<tr>
<td>Branch</td>
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<tr>
<td>MBDS</td>
<td></td>
</tr>
</tbody>
</table>

5. How long have you worked for the Organization?

<table>
<thead>
<tr>
<th>Period</th>
<th>Tick as Appropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td></td>
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<tr>
<td>1-5 years</td>
<td></td>
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<tr>
<td>5-10 years</td>
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</tr>
<tr>
<td>Above 10 years</td>
<td></td>
</tr>
</tbody>
</table>
**SECTION B: ORGANIZATIONAL PERFORMANCE**

This section contains statements assessing the performance at Stima Sacco. Please tick as appropriate in the boxes using a tick (✓) or cross mark (x) the statement that describes your agreement or disagreement with each of the statements.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Performance is the achievement of quantified objectives in Stima Sacco</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2.</td>
<td>Stima Sacco continually enhances staff skills through continuous performance monitoring</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>3.</td>
<td>The Balanced score card is an effective method of measuring performance in Stima Sacco</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>4.</td>
<td>Stima Sacco has increased its financial performance as a result of conflict management</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Stima Sacco has lowered its costs as a result of better conflict management</td>
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<td>6.</td>
<td>Continuous performance is an important objective at Stima Sacco</td>
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<td>7.</td>
<td>Innovation plays a key role in conflict management performance at Stima Sacco</td>
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<td>8.</td>
<td>Task conflicts have an effect on organizational performance at Stima Sacco</td>
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<td>9.</td>
<td>An individual in the group may encounter frustration when a certain obstacle stands in the way of him or her achieving his goal in Stima Sacco</td>
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<td>10.</td>
<td>Efficiency is a process characteristic indicating the degree to which the process produces the required output at minimum resource cost.</td>
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<td>11.</td>
<td>Conflict management may prevent wasted time and help an organization achieve its goals</td>
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<td>12.</td>
<td>Innovation consists of firms developing new production processes to better perform their operations.</td>
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<td>13.</td>
<td>Innovation is the act of creating and popularizing new financial instruments, technologies, institutions and markets</td>
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<td>14.</td>
<td>Innovation has an impact on a firm's performance at Stima Sacco</td>
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<td>15.</td>
<td>Staff could intentionally defraud the company by use of technology</td>
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</tbody>
</table>
SECTION C: NEGOTIATION AND ORGANIZATIONAL PERFORMANCE
This section contains statements assessing how negotiation influences organizational performance at Stima Sacco. Please tick as appropriate in the boxes using a tick (√) or cross mark (x) the statement that describes your agreement or disagreement with each of the statements.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
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<th>Disagree</th>
<th>Neutral</th>
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<th>Strongly agree</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Stima Sacco has an effective negotiation strategy in place to manage conflicts</td>
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<td>2</td>
<td>Disagreements in Stima Sacco require intervention through negotiation</td>
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<td>3</td>
<td>Persuading tactic assumes using different methods and manners to win over partners in Stima Sacco.</td>
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<td>4</td>
<td>Deceitfulness tactic assumes presenting false data and arguments</td>
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<td>5</td>
<td>Threat tactic is based in deterrence from the side which holds a better position, or has more power.</td>
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<td>6</td>
<td>Promise tactic is based on having a better position and more power</td>
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<td>7</td>
<td>Concession tactic is an important tactic where both sides make a concession</td>
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<td>8</td>
<td>Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made.</td>
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<td>9</td>
<td>Negotiation has influenced Stima Sacco Performance Appraisal process</td>
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<td>10</td>
<td>It is important to have a negotiation at the beginning of the performance contract so that an employee is well informed of what is expected</td>
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<td>11</td>
<td>Good negotiation in Stima Sacco requires good homework and teamwork for making long term binding agreements</td>
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<td>12</td>
<td>Performance appraisal negotiations provide employees in Stima Sacco with useful feedback to improve performance</td>
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</tbody>
</table>
The resolutions to the conflict are likely to be accepted voluntarily in a win-win negotiation.

The ability to negotiate with diverse people and organizations increasingly become a critical competency to resolve daily conflicts.

The win–win outcome has a collective bargain and support from affected parties in the negotiation.

The win lose outcome can affect the financial performance of an organization.

SECTION D: THIRD PARTY INTERVENTION AND ORGANIZATIONAL PERFORMANCE

This section contains statements assessing how third party intervention influences organizational performance at Stima Sacco. Please tick as appropriate in the boxes using a tick (✓) or cross mark (x) the statement that describes your agreement or disagreement with each of the statements.

<table>
<thead>
<tr>
<th>No</th>
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<th>Agree</th>
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<tbody>
<tr>
<td>1</td>
<td>A third party assists in resolving the dispute by providing information and options but leaves the decision to the parties themselves</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>2</td>
<td>Stima Sacco has an effective third party intervention strategy to manage conflicts</td>
<td>1</td>
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<td>3</td>
<td>4</td>
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<tr>
<td>3</td>
<td>Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in Stima Sacco</td>
<td>1</td>
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<td>4</td>
<td>Third party intervention may worsen a conflict if the size of the intervention is not sufficiently high</td>
<td>1</td>
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<tr>
<td>5</td>
<td>Mediation is used as a conflict management strategy in Stima Sacco</td>
<td>1</td>
<td>2</td>
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<td>6</td>
<td>A mediator will not resolve the conflict but will help facilitate a discussion between parties in</td>
<td>1</td>
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<td>No</td>
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<td>7.</td>
<td>Mediation is used to solve conflict arising from personal differences in Stima Sacco</td>
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<td>8.</td>
<td>The mediator helps with communication and promotes reconciliation between the parties to reach a mutually accepted agreement.</td>
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<td>9.</td>
<td>Arbitration has been embraced in Stima Sacco as a third party intervention to improve performance</td>
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<td>10.</td>
<td>The arbitrator usually makes a decision resolving the dispute</td>
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<td>11.</td>
<td>Arbitration leads to an increase in the effort of the aggrieved parties</td>
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<td>12.</td>
<td>Litigation is a resort for conflicts resulting from misunderstandings of more complex human right issues</td>
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<td>13.</td>
<td>Litigation is an effective strategy in conflict management at Stima Sacco</td>
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<td>14.</td>
<td>Performance in Stima Sacco is improved when litigation strategy is adopted</td>
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<td>15.</td>
<td>Litigation has a cost implication that affects financial performance of Stima Sacco</td>
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**SECTION E: COMMUNICATION AND ORGANIZATIONAL PERFORMANCE**

This section contains statements assessing how communication influences organizational performance at Stima Sacco. Please tick as appropriate in the boxes using a tick (✓) or cross mark (x) the statement that describes your agreement or disagreement with each of the statements.

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<tbody>
<tr>
<td>1.</td>
<td>Stima Sacco has a well-established Corporate Communication channel</td>
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<td>2.</td>
<td>Communication in Stima Sacco is a process that contains</td>
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<td>1</td>
<td>expressing, listening and understanding</td>
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<td>3</td>
<td>Communication is an integral part of conflict management at Stima Sacco</td>
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<td>4</td>
<td>Communication is used in the timely resolution of conflicts in Stima Sacco</td>
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<td>5</td>
<td>Communication is considered a powerful tool in solving performance deviations</td>
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<td>6</td>
<td>Conflict in Stima Sacco is often brought about by breakage in Communication</td>
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<td>7</td>
<td>Communication problems are an impediment of growth in Stima Sacco</td>
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<td>8</td>
<td>Effective communication is required in order to achieve good business performance</td>
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<td>Communication about the issue helps improve performance at Stima Sacco</td>
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<td>10</td>
<td>Communication is important to understand expectations and targets required in Stima Sacco</td>
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<td>11</td>
<td>Communication is used to reduce the negative consequences of conflict in Stima Sacco</td>
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<td>12</td>
<td>Communication provides an avenue by which conflicts can be successfully resolved or worsened.</td>
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<td>13</td>
<td>Negative patterns of communication can lead to greater frustration and escalation of conflict</td>
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<td>14</td>
<td>Communication can be a tool to improve morale, customer satisfaction and performance.</td>
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<td>15</td>
<td>Communication can be used to solve an array of problems such as mismanagement of funds and resources.</td>
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<td>16.</td>
<td>Communication creates understanding and enhances cooperation</td>
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Thank you for your participation.