

Abstract

This study sought to determine the influence of performance contracting on strategy implementation in commercial state corporations in Kenya. Performance contracting is a management process in which responsibilities and expectations between the government and a public agency are defined. The contract establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets. It controls the outcome rather than the process. The objective of the study is to identify the relationship between performance contracting and strategy implementation. The study used descriptive survey design. The target population for this study was 31 commercial State Corporations in Kenya as presented in the SCAC guidelines. Sample of 20 respondents one from each organization was found ideal. 13 commercial state corporations responded. Data were analyzed through descriptive statistics and Pearson correlation analysis. The findings were that the cascading of the performance among staff at various levels and in the organization functions sample mean was 85 while that of implementing strategy was found to be 85 and 75 during the previous and the current strategic plan period respectively. The relationship between the two variables was negative during the previous strategic plan period and negative during the current strategic plan period. This was so because some of the organizations had just began implementing the current strategic plan. The study thus discloses that though there was a negative relationship between cascading of performance contract and strategy implementation other aspects of performance contracting need to be studied to determine their influence to strategy implementation in the Commercial State Corporations.