PERFORMANCE CONTRACTING AND STRATEGY EVALUATION IN STATE CORPORATIONS IN KENYA

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By design, performance contracts are intended to implement strategic plans of organizations. It is argued that, the results obtained from the performance contracts give the extent to which organizations strategic plans have been implemented and that these results should inform the evaluation of the very strategies. This study set to establish the link between performance contract and strategy evaluation in State Corporations in Kenya. To achieve this objective, primary data was used. The data was collected from individual State Corporations by email and drop and pick. The findings realized suggest that, to a less extent, the State Corporations’ performance contract results inform their strategy evaluation. The findings also suggest that strategic plans of State Corporations are not comprehensively developed and miss out on clear intentions. This in turn affects the process of target setting, implementation and evaluation of performance contracts. The results may have been constrained by the level of understanding on the relationship between the organizations’ strategic plan and the performance contract. An understanding of this would have further enhanced the research findings. There should be put in place measure to ensure that performance contracts are designed in such a way that they comprehensively cover issues in the strategic plans. The government needs to develop policies that direct institutions to evaluate their strategies annually, along the performance contract timelines and using the performance contract results. At the same time, it should be declared during the public pronouncement of the performance contract results that the results obtained in the performance contract are a reflection of the level of implementation of the institutions’ strategic plan and that these results must be the building blocks in the evaluation of the strategy and in the development of new strategic direction.