

**ASSESSMENT OF EFFECTS OF PERFORMANCE CONTRACTS ON EMPLOYEE
PRODUCTIVITY IN THE PUBLIC SECTOR:**

A CASE OF KENYA POWER COMPANY



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ABSTRACT

The purpose of this study is to establish the effects of performance contracting on the productivity at the Kenya Power Company. The data collection method is questionnaire which was designed to help the respondent give the required feedback. Stratified random sampling design will be used with a target population of 800 employees and a sample population of 80 employees, both closed and open ended questionnaires shall be used while the data analysis and presentation shall adopt the qualitative and quantitative methods. The findings of the study will help the management put more emphasis and invest on performance contracting that will lead to the improvement of results due, the adoption or rejection of performance contracts. The target population was eight hundred comprising of the management and the staff members of the organization. and a sample was taken through random sampling where 10% of the target population was selected from the groups it was through the sample size that the researcher was able to carry out the study through issuing of questionnaires that helped to achieve the objectives of the study. From the research, the findings were that the performance contracting system affected staff performance, motivation has been considered as the most important factor to employee performance within the organization, employees see themselves as performers where efficiency and effectiveness is concerned and they are mostly affected by the performance contracts in the company and the recommendations are that The organization should motivate its employees and also sustain commitment to the organization and also the organization should maintain awareness and ensure that they give top priority to the challenges that the employees face so as to boost job satisfaction, and reduce the rate of labour turnover, conflicts and stress levels so that performance can be maximized and hence appreciate the importance of performance contracts. The recommendations are therefore given that there is need to involve employees in the management and daily running the business as this will create motivation and job satisfaction.