

Abstract

The state owned enterprises in Kenya have recently recorded poor performance forcing the government to bail them. This has continued to put pressure on the country's fiscal landscape. To reverse the negative trend, the government implemented capacity building strategies. However, to the best of my knowledge, there is no empirical evidence that supported the initiative. This study therefore seeks to investigate the effect of capacity building strategies on performance of state owned enterprises in Kenya. Descriptive survey style of research design was adopted for the study using questionnaire to obtain primary data. Primary data was drawn from a census sample size of 48 Commercial state owned enterprises, where the unit of analysis included two employees from each CSE comprising of one manager and one head of departments involved in the transformational strategy initiation and implementation for at least the last five years. The responses were harvested from 81 of the respondents reflecting 84.4% response rate. Using Ordinary Least Square, the findings revealed that implementation of capacity building strategies lead to an increase in performance of state owned enterprise by a factor of 0.359. The study concludes that a continuous improvement aimed at enhancing capacity building is enough to enhance performance in the state owned enterprise. The study therefore recommends that the state adopts and fully implements the capacity building strategy on Commercial State Enterprises as a means of boosting their overall performance.