This study explores the impact of performance contracting on service delivery at the Teachers Service Commission in Kenya. The main appeal of performance contracting as a tool of managing public enterprises is that it introduces private sector management attitudes and processes into state enterprises, while limiting bureaucracy and unproductive systems. In Kenya, performance contracting was introduced in 1995 (Republic of Kenya, 2005a) to improve on excessive regulations, frequent political interference, poor management, outright mismanagement of resources and bloated staff establishments. Reform measures undertaken by government therefore aim at reorienting service delivery from being process oriented to results based. The study adopted descriptive as well as an explanatory research design. Findings reveal that performance contracting had enhanced performance at the Commission though there were some challenges that hindered the effectiveness of the method. The findings of the study will be useful to inform the Commission on possible factors that influence performance contracting and how they can be effectively addressed to improve on overall service delivery.