EFFECT OF CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE OF NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUNDS IN KENYA

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Effect of Corporate Governance Practices on Performance of National Government Affirmative Action Funds in Kenya

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University

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This thesis has been submitted for examination with our approval as the University supervisors.

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DEDICATION

I dedicate this thesis to my family for making me understand that the best knowledge is acquired for the sake of knowledge and that the greatest task in life is finding reality through continuous learning.

ACKNOWLEDGEMENT

This work would not have been possible without the support of all who in one way or another assisted in this project to its completion. I am especially indebted to Dr. Gladys C. Rotich and Dr. Kepha Ombui of Jomo Kenyatta University of Agriculture and Technology for accepting to be my supervisors and who spent a lot of their time reading through this work right from when it was just a nascent and obscure idea to what it has now become. I am grateful to all those I have had the pleasure to work with during this period of intense research and consultation. Each of the members of my Dissertation Committee has provided me extensive personal and professional guidance and taught me a great deal about both scientific research and life in general.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA Analysis of Variance

CEOs Chief Executive Officers

CFOs Chief Financial Officers

CGR Corporate Governance Rating

CVs coefficients of variation

GCI- Corporate Governance Index

GOK-Government of Kenya

GSE Ghana stock exchange

HCM- Human Capital Management

HRIS-Human Resource Information System

HRM- Human Resource Management

ICT- Information Communication Technology

IOD- Institute of Directors

ISE- Istanbul Stock Exchange

IT- Information Technology

KMO- Kaiser-Meyer-Olkin

NDFPD-National Development Fund for Persons with Disability

NGCDF-National Government Constituencies Development Fund

NGSAF-National Government Social Affirmative Fund

NYS-National Youth Service

OECD-Institution for Economic Co-operation and Development

PLCs- Private Limited Companies

SAGA-Semi-Autonomous Government Agencies

SEC -Securities and Exchange Commission

SHRM-Strategic Human Resource Management

SME –Small and Medium Enterprises

SM-Succession Management

SP -Succession Planning

SPSS- Statistical Package for Social Sciences

UF- Uwezo Fund

UK- United Kingdom

US –United States

VIF- Variance Inflation Factor

WEF -Women Enterprise Fund

YEDF- Youth Enterprise Development Fund

OPERATIONAL DEFINITION OF TERMS

Corporate Governance: Is the leadership, culture, policies, procedures and controls that help an institution to meet its strategic goals (Dunn, 2016).

Corporate Governance Practices: are the specific mutual or habitual ways of developing Institutional structures, Institutional Leadership, Directors and Executive Compensation, CEO's Duality and control mechanisms that directs performance of a public institution to achieve its objectives (Gupta & Shallu 2014).

Effectiveness and Efficiency: the degree to which a public financial institution achieves its mandate by instituting ways of making outputs interact with socio- economic environment (Zheng, 2010) and efficiency is a relationship between inputs and outputs and how successful the inputs have been transformed into outputs (Low, 2000).

External Mechanisms: Are the exogenous systems and practices that affect institutions level governance and are not directly under the control of the institution. (Young, P., Ahlstrom, B., & Jiang, 2008).

Institutional Structure: is the composition, size and manner of reporting in a public institution in consideration of the legal framework, to achieve best practices (Machira, 2016).

Institutional Leadership: focuses on the process of convincing the organization staff to adopt and focus their energies in achieving the mandate of the institution (Dunn, 2016).

Performance of Affirmative Action Funds: is the actual conducting of activities to meet responsibilities according to standards (Winch et al. 2003) as cited in Awase (2006) in Funds set aside by National Government to address direct needs of special interest groups.

ABSTRACT

Good corporate governance practices are essential for improvement of performance in public entities. The study was instigated by the continuous poor performance of public entities. It's in common knowledge that the services offered by most of these public entities do not commensurate with the tax-payers burden. The evidence of this status is documented in National Government reports by various entities. Reported corporate accounting and financial scandals in public sector have been on rise as reported by Governance institutions such as Ethics and Anti-Corruption Commission, Controller of Budgets and Office of the Auditor General. These scandals often involved Heads of Institutions, CEOs, Directors, Board Members and Heads of Departments- acting unethically in pursuit of financial gains. All these are indicators of poor corporate governance practices. The status of these performance leads to scholarly question that makes the researcher enquire on whether there exists a relationship between the corporate governance practices and performance of the National Government Affirmative Action Funds in Kenya. The relationship between the Corporate governance practices and performance of the Affirmative Action Funds in Kenya has not been explored. This study therefore addressed effect of corporate governance practices on performance of National Government Affirmative Action Funds in Kenya. In the study, descriptive survey design was used. The variables used were derived from corporate governance mechanisms such as institutional leadership, Directors and Executive Compensation, institutional structure, CEO's Duality, control mechanisms and institutional culture. The study sought to develop models of corporate governance that were considered to have effect on the performance of National Government Affirmative Action Funds. The study population was Women Enterprise Fund, National Government Social Affirmative Fund, Uwezo Fund, National Government Constituencies Development Fund, Youth Enterprise Development Fund, and the National Development Fund for Persons with Disability. The study used census research method since there were only six affirmative action funds in which all the senior management staff were targeted. Structured and unstructured questionnaires were used to collect data from the population. Descriptive statistics was used to analyze the results of the research.

The study found out that institutional leadership, directors and executive compensation, institutional structure, CEO's duality have a positive and significant relationship with performance of National Government Affirmative Action Funds in Kenya. The study further concluded that control mechanism significantly moderates the effect of institutional leadership, executive compensation, institutional structure and CEOs duality on the performance of affirmative funds. Based on the study findings, the study recommended that institutional leaders to adopt a culture that allows them to influence other staff into achieving organizational goals and objectives and that necessity to transfer leadership capabilities into the strategic assets of institutions. Boards were recommended to nominate a compensation committee whose main role is to decide and review CEOs compensation package and to base the compensation not on the performance of the institution but on their mandate. Further, the study recommended institutions to adopt a policy that does not allow CEO to have both executive powers as well as being the chairperson of the board. The management was recommended to come up with a board composition policy that states the number of board members, gender constituent, expertise and other diversities such as religion, race and nationality. The study f recommended institutional managers to adopt control mechanisms that are not biased on institutional leadership, CEOs compensations, CEOs mandate and the structure on the institution. Finally, according to the study findings and conclusions drawn, the study has recommended for a number of key areas for further studies. The study recommended further research on the influence of various institutional leadership style on performance of affirmative action funds.

CHAPTER ONE

INTRODUCTION

This chapter discusses the background of the study, concept of corporate governance practices on global, regional and local perspectives, statement of the problem, objectives of the study, research hypothesis, justification of the study, and the scope of the study

1.1Background of the Study

The reported collapse of big corporate institutions in the world that were erstwhile thought to be performing well has led to increased discourse on corporate governance in both developed and developing economies. This is more so in the direction of improved governance with interest being generated in use of robust Corporate Governance Practices. The employment of such practices can assist in averting the management crisis that result in financial loss witnessed over the years (Baydoun, Maguire, Ryan & Willett, 2013).

Some of the cases which have necessitated rethinking in terms of corporate governance include the doctoring of financial performance at Enron and the collapse of Lehman Brothers (Baydoun, Maguire, Ryan & Willett, 2013) and the sub Prime Mortgage crisis that led to the Wall Street crisis of Summer in 2007 (Zywicki, 2013). All these glitches signified the extent of corporate governance hitches. As such, Corporate Governance Practices could be important for averting such problems.

Even though the cases of the collapsed companies are related to private entities, it is practical to relate governance of such entities with public institutions. Benz and Frey (2007), for instance, have noted that corporate governance in public institutions can learn from private institutions. Private governance practices could give a new insight to improve public governance practices of institutions. When proper governance practices for corporate governance are put in place, it is possible to avert crisis that befell some of the institutions (Mulyadi, Anwar, & Ikbal, 2012).

Corporate governance practices are vital in many ways. According to Fidanoski, Mateska and Simeonovski (2014), corporate governance practices provide an avenue for accountability of individual employees and assure trust by the shareholders and stakeholders. A sound corporate governance system should, therefore, provide effective protection for stakeholders in public institutions so that they can assure themselves of getting a proper return on investment (Adeoye, 2015).

1.1.1 Global Perspective of Corporate Governance Practices

Corporate Governance Practices have been emphasized upon by both the developing and the developed nations. According to Mousavi and Moridipour (2013), the conceptualization of corporate governance practices is attributed to the Institution for Economic Co-operation and Development (OECD). Having a working system and practices that manage corporate governance in an institution is important as such will create room for establishing an enabling environment needed for doing businesses in the markets and hence competition (Pham, Yu & Agha, 2018).

The measures of Corporate Governance Rating were structured into shareholder rights, transparency, corporate governance commitment, management supervisory, board matters, and auditing. Said, Azhar and Kamarudin (2018) says that between firm performance, measured by Tobin’s Q, and compliance with Germany Corporate Governance Code is a negative correlation, for a period of one year and using publicly available date. With the previous unfortunate incidents, (Baydoun, Maguire, Ryan, & Willett, 2013) many have studied about the relationship between corporate governance and firm performance and interestingly found different results. Some of them found a positive association between corporate governance and firm performance (Hassan, Rashid, Yusuf & Ibneyy, 2010).

Good corporate governance practices (Baydoun, 2013) have become necessary for improving firm performance in Europe by establishing investor rights, enhancing the investment atmosphere and encouraging economic development (Braga-Alves & Shastri, 2011) and has gained extensive fame in the stock market economy (Adiloglu & Vuran, 2012). Another research stated that corporate governance in developed countries influence firm performance inversely (Yermack, 2017). Moreover, according to Bhagat and Black (2002) as quoted by Oguz and Dincer (2016), there is no relationship between corporate governance practices and firm financial performance.

1.1.2 Regional Perspective of Corporate Governance Practices

Corporate governance has implications for economic development and is therefore of importance in Africa. According to Agyeman, Aboagye and Ahali (2013), an institution that embarks on good corporate governance practice offers essential information to its equity holders and other stakeholders, thus minimizing information asymmetry. They add that the capability of a firm to entice or attract prospective investors is subject to how effective its corporate governance is practiced.

A study undertaken in 2000, by the Institute of Directors (IOD) in Ghana targeting top 100 companies and some state-owned enterprises (Royaee, & Banitalebi, 2013) on state of corporate governance practices in both the private and public sectors found out that a critical challenge facing institutions was impoverished ethical behaviour and non-existent ethical leadership (Petrovic, 2008). In Nigeria, the Securities and Exchange Commission (SEC), directed quoted companies to release their financial results to all stock market operators in order to stave off insider abuses that had characterized the system in terms of access to market information in the past (Tait & Megan 2017).

Zimbabwe, Ghana, Uganda and South Africa have put in place national institutional mechanisms to promote good corporate governance (Tait & Megan, 2017). Training, technical and awareness raising support has been extended by the World Bank and the Commonwealth Secretariat to various African countries such as Botswana, Senegal, Tunisia, Mali, Mauritania, Cameroon, Gambia, Mozambique, Mauritius, Sierra Leone and Zambia to help them put in place appropriate mechanisms to promote good corporate governance (Tait & Megan, 2017).

In South Africa, corporate governance has been recognized as a fundamental objective for the efficient utilization and management of state-owned assets. The first as well as the second King Commission Reports on Corporate Governance in South Africa have been pivotal in issuing new corporate governance guidelines. Notwithstanding the above, in Africa, corporate governance needs to be improved. The challenge is to take cognizance of the peculiarities of the sub-region and develop mechanisms and strategies to achieve this (Tait & Megan, 2017).

According to the International Monetary Fund and World Bank's reports, cited in Kiyanga (2014), a number of corporate reporting challenges in Botswana including fragmented legal provisions regulating corporate reporting, lack of a financial reporting enforcement mechanism, poor accounting education and training system and lack of an auditing oversight body, are cited as being some of the corporate governance issues facing most state-owned entities. Further, Agyemang and Castellini (2015) say that lack of good corporate governance in state-owned entities in Ghana has led to terrible performance and failure of the institutions in most cases.

In addition, according to Kyazze, Nkote, & Wakaisuka-Isingoma (2017), good governance practices are regarded as important in reducing risk for investors, attracting investment capital, and improving the performance of institutions, especially in the developing economies. Furthermore, Kyazze (2017) adds that corporate governance reforms that have been embarked upon in sub-Saharan Africa have placed particular importance stakeholders on improving institutional practices for all corporates. In Nigeria, for instance, the informal nature of most businesses and the high level of government ownership of enterprises pose challenges to the practice of corporate governance (Sugathan & George, 2015).

1.1.3 Local Perspective of Corporate Governance Practices

Just like in most developed economies in the world and developing nations in the region, Kenya is not left behind in terms of Corporate Governance Practices in state owned entities. According to Malenya (2011) corporate governance continues to deteriorate in Kenya even though there is a tight regulatory framework. According to Koech and Ogollah (2018), many institutions in Kenya have been characterized with scandals of different levels and magnitudes. A study conducted by Mwende (2012) on the effect of corporate governance on performance of public corporations in Kenya established that corporate governance is one of the determinants in the level of performance. Further, developing countries like Kenya are often faced with (Ayandele, & Emmanuel (2013) a multitude of problems that include uncertain economies, weak legal controls, protection of investors and frequent government intervention. These problems make it even more necessary for developing countries to adopt effective corporate governance structures. It has also been suggested that improved corporate governance systems can serve as an incentive for attracting foreign investment (Ayandele, & Emmanuel, 2013).

1.1.4 The National Government Affirmative Action Funds in Kenya

Apart from Kenya, countries such as South Africa and Tanzania have had unprecedented push for the governments to decentralize many services; social, political and financial amongst others. Indeed, it has been emphasized that there should be devolution of authority to local units of governance that are accessible and accountable to the local people at the grass-root level (Ochieng & Ruth, 2013). According Olalusi and Otunola (2012) countries in the Caribbean, East Asia, and East Europe long embraced decentralization as a crucial component of the development. The long experiences they have accumulated over the years have seen them fare better their African countries (Olalusi & Otunola, 2012). It has been observed in these countries that decentralization strengthens local governance, democratization and greater efficiency and equity in the use of public resources and service delivery for development (Ochieng & Ruth, 2013). The birth of affirmative action funds is then traced to this realization.

Thus, this study focused on Government Affirmative Action Funds since such funds are of great importance to any nation; developing and developed. For these funds to operate, Government Affirmative Funds Oversight Boards have been constituted to oversee their operations. The Oversight Boards are expected to be effective in order to achieve concrete development outcomes and eliminate poverty at the constituency level. Despite the expansion of these funds' mandates, little research had been done to understand their performance so as to achieve their objectives effectively, efficiently and sustainably. The government affirmative funds support various activities including; Education, health, water, transportation, marketing and processing of agricultural and livestock production.

The National Affirmative Action Funds are premised on the idea that the target group of beneficiaries is systematically or structurally marginalized from the mainstream development activities, hence their aspirations are not met, neither are their input in the development process acknowledged or compensated adequately. These are the youth, women and those living with disabilities and such sections of the country or constituency that appears marginalized. These funds are aimed at making it possible for institutional financing to benefit the target groups or society as a way of addressing unemployment, insecurity, illiteracy, economic dependency and other social issues which essentially affects them in a unique way. The concepts are based on the premise that micro, small, and medium enterprise development initiatives are likely to have the biggest impact on job creation for these categories. The thinking behind this initiative was that these categories constitute a significant segment of our society. Therefore, they are direct stakeholders in the future of any economy and a key driver of employment growth and economic activities (Mapesa & Kibua, 2006).

A number of studies had been carried out by researchers on the Affirmative Action Funds in Kenya including National Government Constituencies Development Fund, Youth Enterprise Development Fund and Women Enterprise Fund. However, these studies had mainly focused on how projects under these funds were implemented and evaluated (Ngugi, 2014). For instance, Baskin (2010) concluded in his study that the biggest challenge that faced affirmative action funds projects was that projects undertaken were substandard and implemented selectively.

1.2 Statement of the Problem

Good corporate governance practices are essential for improvement of performance in public entities. The study was instigated by the continuous poor performance of public entities. It’s in common knowledge that the services offered by most of these public entities do not commensurate with the tax-payers burden. The evidence of this status is documented in National Government reports by various entities

Reported corporate accounting and financial scandals in public sector have been on rise as reported by Governance institutions such as Ethics and Anticorruption Commission, Controller of Budgets and Office of the Auditor General. These scandals often involved Heads of Institutions, CEOs, Directors, Board Members and Heads of Departments- acting unethically in pursuit of financial gains. All these are indicators of poor corporate governance practices. The status of these performance leads to scholarly question that makes the researcher enquire on whether there exists a relationship between the corporate governance practices and performance of the National Government Affirmative Action Funds in Kenya

On a global perspective, studies such as Khalil, 2018; Agrawal & Cooper, 2017; Primavera and Loveluck, 2016; Aguilera, Desender, Bednar and Lee, 2015 indicated the existence of Corporate Governance Practices in public institutions. Yermack (2017) noted that there exists a positive relationship between the Corporate Governance Practices and institutional performance. However, the context of these studies focused on developed nations.

Local studies include Mutua and Kilika (2016) conducted a survey of the role of audit committees in promoting corporate governance and accountability in constituency development fund management; A case study of Nairobi province and concluded that audit committees positively contribute to corporate governance and accountability in Constituency Development Fund management. Ngaithe (2016) assessed the effect of transformational leadership on staff performance in state owned enterprises in Kenya and established a positive link between transformation leadership practices and staff performance. Ongore, Kobonyo, Ogutu and Bosire (2015) investigated the influence of board composition on financial performance for companies listed at the Nairobi Stocks exchanges and found a positive association between board size and financial performance.

However, studies by Mutua and Kilika (2016); Ngaithe (2016); Ongore, Kobonyo, Ogutu and Bosire (2015) either focused on private entities or the entire state-owned enterprises and non-focused purely on all the Affirmative Action Funds in Kenya. In addition, empirical studies on the relationship between the corporate governance practices and performance of the Funds is scanty. Also, conceptual gap exists in the reviewed studies since generic corporate governance practices are employed. The unique variables used in this study include institutional leadership, institutional structure, Executive Director's compensation, CEO's Duality and control mechanisms. It is for these contextual and conceptual gaps that this study sought to develop models of corporate governance practices that had an effect on the performance of National Government Affirmative Action Funds.

1.3 Objectives of the Study

The study was guided by both General and Specific objectives as described below

1.3.1 General Objective

The general objective of the study was to assess the effect of Corporate Governance Practices on Performance of National Government Affirmative Action Funds in Kenya.

1.3.2 Specific Objectives

The following specific objectives guided the study:

1. To examine the effect of institutional leadership on performance of National Government Affirmative Action Funds in Kenya.
2. To assess the effect of director & executive compensation on performance of National Government Affirmative Action Funds in Kenya
3. To assess the effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya
4. To establish the effect of CEO's duality on performance of National Government Affirmative Action Funds in Kenya

5. To determine the moderating effect of control mechanisms on performance of National Government Affirmative Action Funds in Kenya

1.4 Research Hypotheses

The following were the formulated hypotheses for the study;

H_{01}: Institutional Leadership has no significant effect on Performance of National Government Affirmative Action Funds in Kenya.

H_{02}: Directors' & Executive compensation has no significant effect on Performance of National Government Affirmative Action Funds in Kenya.

H_{03}: Institutional Structure has no significant effect on performance of National Government Affirmative Action Funds in Kenya.

H_{04}: CEO's Duality has no significant effect on performance of National Government Affirmative Action Funds in Kenya.

H_{05}: Control Mechanisms have no significant moderating effect on Performance of National Government Affirmative Action Funds in Kenya.

1.5 Justification of the Study

This study expected to contribute significantly to the existing body of knowledge about public corporate governance and institutional performance. This was because the study delved into how corporate governance practices affected performance of National Government Affirmative Action Funds given the existing institutional leadership, Directors' & Executive compensation, institutional structure, CEO's Duality and Control Mechanisms. Unravelling this nexus provided methodological and theoretical insights into the need to develop models of corporate governance that considered the conditions under which institutions operate in order to rate their performance. Although a number of studies had been conducted in the area of Corporate Governance Practices, such studies had a shortcoming in developing nations like Kenya. They further appeared to be more focused on private institutions and hence need to assess a public context in the Kenya's National Affirmative Action Funds. Also, the studies appeared to be more focused on other aspects of corporate governance and less effort spent on identifying the effect of Corporate Governance Practices on performance of National Government Affirmative Action Funds. If adopted, the findings of this study would be useful in the public policy planning. Therefore, the following are the specific beneficiaries of the study:

1.5.1 Institutional Leaders

This study would be highly useful for both current and future leaders, governance experts, senior officials, Board directors and commissioners in Agencies Government Ministries, Departments, of state corporations, regulatory institutions and National Government. The research study on Effect of Corporate Governance Practices on Performance of National Government Affirmative Action Funds in Kenya will have a considerable benefit on public institutions charged with responsibility of providing services to citizens. The study will help these institutions become sensitive to the institutional leadership which may impinge on performance of their mandates and how they can effectively manage the various leadership factors and top the opportunities for enhanced efficiency in service delivery.

1.5.2 Senior Managers, Chief Executive Officers and Leadership of the institutions

The knowledge obtained from this study will enable the senior managers, CEOs and general leadership of the Funds to understand the extent to which internal controls may affect the performance of specific institutions and for the survival and growth of public institutions.

1.5.3 National Government Institutions

The study will equally be useful in the sense that knowledge the Corporate Governance Practices will upscale and be useful during peer to peer technological and formulation of policies towards advancement and sharing within the public institutions.

1.5.4 Research Institutions

The research information will also contribute to the existing body of knowledge on Corporate Governance Practices. This will serve as reference for future researchers and scholars in the field of management.

1.6 Scope of the Study

This study sought to assess effects of Corporate Governance Practices on Performance of National Government Affirmative Action Funds in Kenya. The focus of the study was on Corporate Governance Practices and the performance of National Government Affirmative Action Funds in Kenya. Geographically, the study was undertaken in the head offices of the aforementioned Funds located in Nairobi. Conceptually, focus on corporate governance practices delved into institutional leadership, CEOs duality, Directors/Executive compensation, Control mechanisms, and Institutional Structure, as related to performance being the broad variables of the study.

1.7 Limitations of the Study

This study was limited by various factors. Unwillingness of some of the respondents to provide information was experienced. This was overcome by explaining to them that the information gathered would only be used for academic purposes and not any other purpose. The study was also limited by the tight schedule of the respondents who were senior managers and therefore accessing them was difficult. This was addressed by dropping and giving them time to fill up the questionnaires.

The study assumed that institutional structures, directors'/executive compensation, institutional leadership and CEO's duality were the only independent variable that influence the dependent variable; performance of National Government Affirmative Action Funds in Kenya. There were other independent variables which could influence performance in national government affirmative action funds such as politics, environments and legal procedures among others but were assumed to have no significant contribution on the results because the variables under study were assumed to take care of all the other factors. Also, there was limited literature available that linked corporate governance practices and performance of national government affirmative action funds in Kenya to draw lessons from. This necessitated the review of literature relevant to the study from around the world.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical review of literature related to the study, conceptual framework and empirical review of study literature, a critique of the study, research gaps, summary and the conclusion of the study.

2.2 Theoretical Framework

Theoretical perspectives relevant to the study of governance and performance of National Government Affirmative Action Funds were based on the governance structures, processes and practices that affect the performance of such institutions in Kenya. According to Neuman (2006), a theory is a system of interconnected ideas that condense and organize knowledge about the world. The following Section reviewed the theoretical perspectives of a national government affirmative action institutions' accountability that was relevant for this study, drawn on agency theory, stewardship theory and stakeholder theory as main corporate governance.

2.2.1 Agency Theory

Many studies undertaken on corporate governance are informed by agency theory, which posits that corporate governance is necessary in order to ensure that the principal-agent problem is mitigated (Otieno, Odhiambo & Ngwenya, 2015). An 'agent' is someone who performs work on behalf of another individual. The difficulty that arises from the principal-agent relationship is that it is not possible for principals to contractually define everything that the agent should do in every conceivable situation (Moenga, 2015). The 'ideal' or 'complete' contract is impossible due to bounded rationality. The problems arising from the principal-agent relationship may be exacerbated by three factors: hidden information, sunk costs and opportunism (Njau, 2016). Hidden information occurs when agents possess knowledge that the principal is unaware of (Aimone & Butera, 2016), and the agent has an incentive to conceal this knowledge from the principal, ceteris paribus. The significance of hidden information is that the agent will be able to 'shirk' or minimise efforts to the detriment of the principal (Aimone & Butera, 2016).

According to Bongjooo Lee and Joo-Ho Sung (2017), overcoming such hidden information necessitates both the promotion of transparency (which in itself incurs transaction costs) and the development of incentive mechanisms that encourage the agent to reveal their hidden knowledge. Overcoming opportunism is difficult as it is premised on the very same conception of human behaviour that guides assumptions of organisational performance and the benefits of market guided corporate governance systems: the self-interested behaviour of individuals. Nevertheless, opportunism can be minimised through transparent reporting and observation. The implications of agency theory for why corporate governance best practice systems may provide productivity gains and competitive advantages to institutions are thus centred on the assumption that corporate governance is necessary to ensure agent behaviour is geared toward the interests of principals (Aimone & Butera, 2016).

The role of the governing board and the agency problem has been examined in a large body of literature (Aimone & Butera, 2016; ABlander, Roloff, & Nayır, 2016; De Andrés-Alonso, Azofra-palenzuela. & Romero-Merino, 2009; Bongjooo & Joo-Ho, 2017; Kiel & Nicholson, 2003), and those researchers examined the impact of the institutional structure as the monitoring mechanism to mitigate the principal agent problem which is the main focus of agency theory. In conclusion, Fanta, Kemal and Waka (2013) says that assumptions made in agency theory about individualistic utility motivation resulting in principal-agent interest divergence may not hold for all managers; and therefore, exclusive reliance on agency theory is undesirable, because the theory ignores the complexities of institutional life.

2.2.2 Stewardship Theory

In contrast to agency theory, stewardship theory assumes managers are good stewards who will act in the best interest of the owners (Wan Yusoff, & Alhaji, 2012). The fundamentals of stewardship theory are based on social psychology, which focuses on the behaviour of executives who believe their duty is to safeguard the interest of the principal. In a similar vein to the agency approach, stewardship theory posits that the corporate governance of an organisation is necessary to ensure that the interests of stakeholders and the long-term survival of the institution are realised (Keay, 2017). The steward's behaviour is pro-institutional and collectivistic and has higher utility than individualistic self-serving behaviour.

According to Keay (2017), the steward's behaviour will not deviate from the interest of the institution because the steward seeks to optimise the objectives of the institution where steward's utilities are also maximised as organisational success increases; which is very important to achieve the mission of the stewards (Smallman, 2004). According to this theory, corporate governance is necessary to ensuring that the organisation is headed in the right direction, with this direction referring to the interests of stakeholders (Prasad, 2017). As Gordon (2017) argued, stewardship theory revolves around the notion that leaders can instil a common set of values and understanding within an institution and that stewardship has the capacity to subsume and incorporate concerns about efficiency into a more socially responsible, normative framework.

Stewardship theory finds a strong relationship between stewards and the success or the performance of the firm and therefore the stewards protect the institution and maximise the performance and try to satisfy most of the stakeholder groups in an institution. Gordon (2017) adds that stewardship theory makes three key assumptions in regard to corporate governance and organisational survival. He says that these assumptions are that long-term contractual relations are developed based on trust, reputation, collective goals, and involvement where alignment is an outcome that results from relational reciprocity.

According to Davis, Schoorman and Donaldson (1997), corporate governance should revolve around the capacity of leading individuals within the organisation to manage the organisation in a manner that secures its long-term viability. This leadership role necessitates acceptance of management by members of an organisation (Davis, Schoorman & Donaldson, 1997).

Donaldson and Davis, (1991) is quoted by Wan Yusoff, and Alhaji (2012) and posit that in Stewardship Theory, there is no inherent problem of executive control, meaning that institutional managers tend to be benign in their actions. Also, the essential assumption underlying the prescriptions of Stewardship Theory is that the behaviours of the manager are aligned with the interests of the principals (William, 2011). Stewardship Theory places greater value on goal convergence among the parties involved in corporate governance than on the agent's self-interest (William, 2011). Further, Awoyemi and Abioye (2015) adds that the leadership of an organisation should be a function of the interests of principals, with principals defined more loosely to include stakeholders.

The implication of this contention is that principals, who may not possess direct ownership rights over a firm are those who have a direct interest in the organisation. Awoyemi and Abioye (2015) adds that the long-term viability of the organisation requires its leaders to implement strategies and practices that provide value-added benefits to the organisation. These three assumptions have been duly noted in regard to National Government Affirmative Action Funds' governance. The governing structure of an institution of public institution, entrusts the conduct of running the institution to management staff while maintaining a general overview. In order to fulfil these duties, the boards should be aided by, and even may insist upon, the development of long term planning by the Management (Keay, (2017). When ignorance or ill will threatens the whole institution or any part of the institution, it is the responsibility of the governing board to provide the support.

According to stewardship theory, the position of the CEO and Chairman is held by a single person and the power to determine strategy and the future of the institution is the responsibility of a single person. According to Awoyemi and Abioye (2015), the focus of stewardship theory is on structures that facilitate and empower rather than monitor and control, and thus this theory has a relaxed view of the separation of the role of chairman and CEO which supports appointment of the CEO as the chair of the board with dual leadership and a majority of specialist executive directors rather than non-executive directors (Awoyemi & Abioye, 2015). Stewardship theory implies that reciprocally trusting relationships, empowering organizational structures, and involvement-oriented contexts foster pro-organizational behaviors and company performance (Corbetta & Salvato, 2004; Davis et al., 1997).

2.2.3 Stakeholder Theory

Stakeholder theory endeavours to incorporate elements of agency and stewardship theories Keay (2017). The theory represents recognition by management scholars that current approaches to understanding the business environment fail to take account of a wide range of groups who can affect or are affected by the corporation, its stakeholders (Mutua & Kilika, 2016).

The contention of stakeholder theory is that the long term commercial and strategic performance of institutions, particularly corporatized firms, is dependent on its relationship with stakeholders. Stakeholders, however, must be parties that have indirect interests in the activities and performance of an organisation (e.g. employees, communities in which the organisation operates and shareholders) (Bourne, 2016). As Bourne (2016) agrees with Donaldson & Preston (1995), the 'stake' denoted by the term 'stakeholder' is understood to impose normative obligations and hence a stake is identified as 'an interest' for which a valid normative claim can be advanced (Bourne, 2016).

In other words, stakeholders have an obligation from, and on, the organisation that may be identifiable, justified and reasonably measured. It can be seen that stakeholder theory is an extension of the agency perspective, where responsibility of the governing body is increased from shareholders to other stakeholders' interests (Smallman, 2004). The significance of stakeholder theory is that it recognises that institutions are not controlled or affected purely by those that exercise ownership rights in the organisation. As Davis, Schoorman and Donaldson (1995), Bourne, (2016) and Freeman, and Parmar (2004) argued: the notion that shareholders govern the corporation is largely a fiction; typically, executives have the greatest power.

In this sense, Donaldson and Preston (1995) contend that the conventional model of the corporation, in both legal and managerial forms, has failed to discipline 'self-serving' managerial behaviour. The fundamental consequence of stakeholder theory for corporate governance is that it necessitates governance structures that promote alignment not just between agents and principals. For stakeholder theory, corporate governance is an intuitive and managerially rationale requirement for robust organisational performance (Donaldson & Preston, 1995). Stakeholder theory claims that whatever the ultimate aim of the corporation or other form of business activity, managers and entrepreneurs must take into account the legitimate interests of those groups and individuals who can affect (or be affected by) their activities (Herremans, Nazari & Mahmoudian, 2016).

Assumptions about stakeholder behaviours are important because they influence the types of governance structures adopted - particularly incentive mechanisms (Freeman, Wicks & Parmar, 2004). First, stakeholders are fundamental to the long-term viability of institutions. The consequence of this assumption is that corporate governance needs to emphasis performance outcomes that are beneficial to all stakeholder groups, which tends to result in incentive structures and reporting requirements that promote non-financial outcomes, such as ‘triple bottom line accounting (Berg, 2016). Second, stakeholder theory recognises that meeting stakeholder interests is difficult because there are a wide variety of stakeholders who hold different values and expectations in regard to the organisation. Underlying stakeholder approaches are thus important assumptions about stakeholder behaviour particularly managerial behaviour. Behaviours may be characterised as being normative instrumental or somewhat unpredictable (Freeman, 2010; Freeman, Wicks & Parmar, 2004).

Third, Stakeholder theory assumes that stakeholder exercise different degrees and types of power. Differences in stakeholder power arise from varying forms of legitimacy such as formalized authority in the form of laws granted to particular stakeholders (Jackson & Rathert, 2016). Stakeholders who thus have control over greater resources, vis-à-vis other stakeholders, may thus be able to exercise disproportionate influence and power over an organisation and hence its corporate governance structure.

According to Gomes (2006), the implication of legitimacy is that stakeholders may be broadly classified into two key groups of Primary and Secondary stakeholders. He points that primary stakeholders are those who have formal and economical relationships with the Institution. Secondary stakeholders are those agents that are not directly related to the institution despite being able to influence and be influenced by its operation and outcomes (Gomes, 2006). According to Smallman (2004), the main criticism of stakeholder theory is focusing on identifying the problem of who constitutes genuine stakeholders. Another argument is that meeting stakeholders' interests also leads to corruption, as it offers agents the opportunity to divert the wealth away from shareholders to others (Smallman, 2004).

The three central theories to corporate governance which includes agency, stewardship and stakeholder theories subsequently recognise that corporate governance involves a number of inter-related and mutually supportive components. While differences exist between the theories, it is apparent that all the three emphasis the need for corporate governance to centre on creating transparency, responsibility and accountability (Kiel & Nicholson, 2003). All these theories are fundamentally concerned with ensuring that corporate governance promotes the long-term viability of institutions through the enforcement of perceived 'best practice' methods (Clarke, 2004; Nelson 2009; Osborne & Bell, 2009).

2.3 Conceptual Framework

A conceptual framework is to enable a researcher to understand on how a particular variable in a study connect and relate with each other. The framework (Regoniel, 2015) identifies the variables required in the research investigation and it is the researcher's "map" in pursuing the investigation. The conceptual framework is used to explain how the independent variables affect the dependent variable. In this study, the independent variables were; Institutional Leadership, Directors'/Executive Compensation, Institutional Structure and CEO's Duality. The study had Control Mechanisms as a moderating variable. The study sought to understand how these Independent Variables determine the performance of National Government Affirmative Action Funds in Kenya, which was the dependent variable.

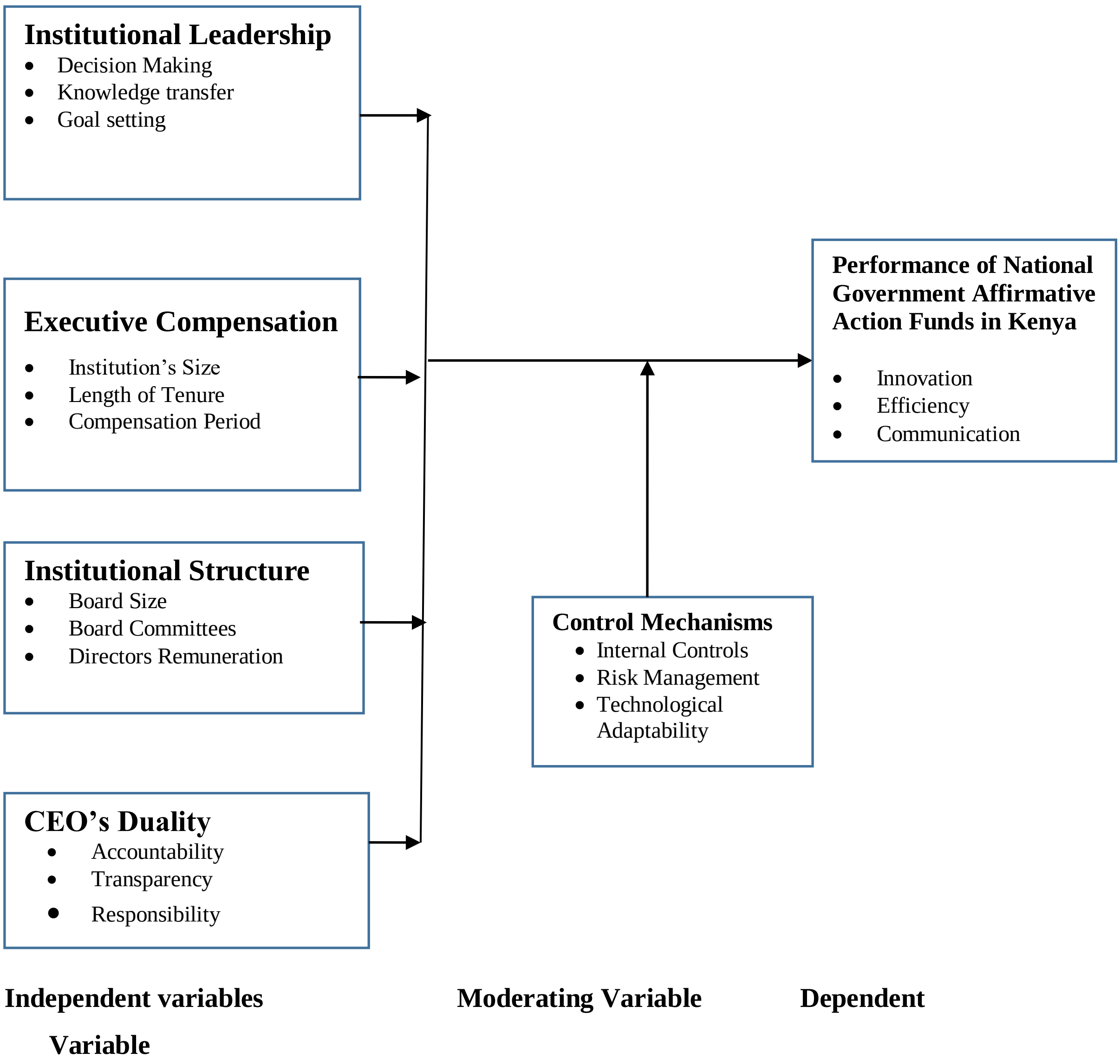


Figure 2.1: Conceptual Framework

2.3.1 Institutional Leadership

Institutions can be steered towards meeting their goals through proper leadership. Leadership, as defined by Igbaekemen (2014), is the process of influencing people to direct their efforts towards achievement of some particular goal or goals. He adds that corporate governance can mean leadership, institutional structures and processes, all which help an institution to sustain and extend its objectives. Wheatley (2011) adds that leadership has a direct cause and effect relationship upon institutions. The objectives, in this sense, include the culture, policies, procedures and controls that help ensure a company will meet its business goals.

As posited by Ganescu and Gangone (2013), one aspect of corporate governance is the development of responsibility in Institution Leadership. This refers to utilising the resources of corporations to bring about social change. A leader in responsible corporate governance sees the whole policy approach as an opportunity rather than a challenge. This is agreed upon by Wagenberg and Gutiérrez (2016), who reiterate on the importance of creation of a demand for sustainable action.

The contemporary concept of responsibility and leadership in corporate governance is not without its dynamics. Bachman (2016) postulates that the responsibility of a leader in public sector has since changed from solving problems in a specific environment to solving problem of adaptation and closing the gap between the real and the ideal. Without proper tools and styles of leadership, institutions may fail to adapt to change demand as it appears in most institutions managing funds in African context (Owoye & Bissessar, 2012). They say that Africa's corruption is a manifestation of its leadership and institutional failure post-independence. Obiwuru, Okwu, Akpa and Nwankwere (2011) rightly point out that inappropriate leadership style could be one of the reasons for high failure of most institutions. In their literature, they have identified leadership as an important subject in the field of institutional behaviour.

Leadership styles affect the way all employees perform in an institution. This could be in many ways. Chuang (2013) explain that proper leadership inspires subordinates' potential to enhance efficiency, as well as meeting their objectives Ngaithe (2016) posits that understanding the effects of leadership on performance is important because it is seen as a potential source of management development. Obiwuru (2011) also had a similar opinion and insisted that effective leadership helps improve the competitive advantage of an institution. Open communication helps the leadership of an institution to pass across their objectives and expectations in clear manner.

According to Mullen and Kelloway (2009) leadership conditions institutional leadership to provide strategy by guiding and clarifying the performance indicators as well as recognising and rewarding those who delivers in their mandates or targets.

2.3.2. Executive Compensation

According to Md. Musfiqur. (2018), CEO Compensation has received massive attention in recent years because CEO compensation plays a pivotal role to meet the company's objectives or shareholders goals. Executive compensation information is not disclosed properly in many countries and even pay setting process is also not clear or transparent. Board of the director decides the CEO pay without the approval of shareholders. Most of the firms form a compensation committee comprised of nonexecutive directors or outsiders to determine the executive pay stated that compensation committee may not play the independent role due to reciprocal relationship with the executive directors. He adds that pay setting process is determined by the boards, or compensation committee or corporate governance guidelines or peer group review. Md. Musfiqur (2018) adds that pay setting process also varies from industry to industry and country to country.

Recent empirical research by Conyon (2008) comparing Executive pay at UK and US firms found little empirical support for the view that the use of remuneration consultants in the UK had led to higher pay outcomes. The same research suggested that there was a positive correlation between the use of consultants and the amount of equity based pay as a fraction of total pay for CEOs (OECD, 2011).

Determinants of CEO compensation are examined through firm performance, corporate governance mechanisms (including board composition and ownership structures) and external monitoring parameters. Corporate governance scholars have long attempted to understand a myriad of factors that underpin executive compensation. The most popular stream of research based on agency theory suggests that the board of directors and performance based incentives are among the critical governance mechanisms that allow reducing opportunistic behavior of executives and aligning their interests with those of shareholders (Luo, 2015).

Empirical evidence finds mixed result by using the same performance measures in different parts of the world. The reason is explained by Luo (2015) who stated that pay performance relationship varies based on different data, institutions and model specifications. The bursting of the dotcom bubble in 2000 and the ensuing corporate scandals triggered a collapse of well-known companies resulting in massive destruction of shareholder wealth as well as damage to other stakeholders (Rober, 2016). Olaniyi and Obembe (2017) argues that since the key component in models of optimal contracting is the variance of the firm's performance, not managerial ownership per se, these estimates, however low, may well be consistent with the predictions of agency theory for sufficiently risk-averse executives. They also added that modest movements in shareholder wealth can lead to large swings in executive wealth even when pay-performance sensitivity is low.

The fundamental dilemma of corporate governance is the imperfect alignment of incentives between shareholders and managers, which can lead to behaviors and decisions by managers that are not in the interests of the firm's shareholders (Hong, Zhichuan, Li & Dylan, 2015). When managers act in their own personal interest at the expense of shareholders, this results in agency costs for the firm's owners, reducing the level of shareholder value (Hong, 2015).

2.3.3 Institutional Structure

The institutional structure refers to the composition, size and the manner of reporting of an institution, in consideration of the legal framework, by ensuring that the institution operates in accordance *w*ith the best practices (Machira, 2016). Institutions should have well defined structures upon which the behaviour of its stakeholders is dictated. Structures of an institution are formed basing on the norms, the rules and the routines that give guidance of behaviour. In some instances, such structures can only be limited within an institution and in others, they may be influenced both by the society around which the institution operates and the institution itself. According to Machira (2016), an effective corporate governance structure creates institutional efficiency by specifying the rights and responsibilities of all stakeholders. The need for corporate governance derives from the "expectation gap" problem which arises when the behaviour of corporate institutions falls short of the shareholders' and other stakeholders' expectation (Achua & Lussier, 2002).

Institutional structures are useful in asserting a sense of accountability and direction in employees of organizers. Khongmalai (2010) aver that corporate governance structure helps in securing accountability of corporate managers as shareholder's agents. This accountability is stemmed from the fact that they have been provided with authority and incentives to promote wealth creating strategies. Apart from the accountability of corporate managers, the board is also subject to the institutional structures. Arguments on institutional structures have centred on agency theoretical perspectives, where a corporate board is predominantly structured to monitor and protect shareholders from self-interested managers (Kim & Ozdemir, 2014). However, as part of their fiduciary role, corporate boards should also be concerned with advising and coaching managers to assist with profit maximizing decisions.

2.3.4 CEO's Duality

The board of directors is the most important corporate governance mechanism between the institution's shareholders and those who manage the firm. At the same time, the board of directors primarily monitors financial performance of the institution and counsel firm's management, with the aim of protecting interests of shareholders. The most important role of the board of directors and its chairman is to hire, monitor, discipline, compensate, and fire the Chief Executive Officer (CEO). It is also expected of the CEO to manage the firm in line with the interests of shareholders of the firm and to inform the board of directors concerning the firm's activities (Isik, 2017).

The board of directors is generally composed of inside and outside members. Inside members are selected from executive officers and the shareholders. Outside directors are members whose only affiliation with the institution is their directorship (Gill & Mathur, 2011). They further add that the business of an institution is managed under the direction of a board of directors who delegates to the CEO and other management staff that provides the day to day management of the affairs of the institution.

The directors, with their wealth of experience, provide leadership and direct the affairs of the board with high sense of integrity, commitment to the firm, its business plans, and long-term shareholder value. It has been found that the larger board size negatively impacts the value of the firm. According to Antwi, and Binfor, (2013) financial economists have paid considerable attention to the role of boards in monitoring managers and in removing non-performing CEOs. Antwi, and Binfor (2013) posit that a lack of independent leadership makes it difficult for boards to respond to failure in top management team.

Antwi, and Binfor (2013) further argues that concentration of decision management and decision control in one individual reduces board’s effectiveness in monitoring top management. Relating CEO duality more specifically to firm performance, researchers however find mixed evidence. Epstein (2013) finds no relationship between CEO duality and performance in entrepreneurial firms. Aktas, Panayiotis, Karasamani, and Dennis (2018) also shows that CEO duality is not associated with inferior performance.

According to Hong, and Dylan (2015) possessing higher degrees of managerial power also allows managers to have greater influence over how they are compensated, leading to overcompensation of managers through contract terms that are less transparent or more difficult to value. Hong, and Dylan (2015) adds that managers with greater influence over the structure of their compensation contracts will be more likely to have incentives if social performance activities represent an agency cost.

Aktas *et al.* (2018) adds that there is need to provide an equitable allocation of resources in an efficient a manner that it will informs a positive effect on CEOs' compensation. All in all, their study strongly supported the application of the agency theory in terms of resource allocation and as an instrumental policy whose affects are as a result of the CEO's duality in an institution.

2.3.5 Control Mechanisms

In this section, the researcher will discuss the important role of internal governance mechanisms in enhancing corporate governance. It goes without saying that mechanisms are a vital ingredient in corporate governance. The foremost sets of controls for a corporation come from its internal mechanisms. According to Davoren, (2018), these controls monitor the progress and activities of the institution and take corrective actions when the business goes off track. He adds that maintaining the corporation's larger internal control fabric, they serve the internal objectives of the corporation and its internal stakeholders, including employees, managers and owners. These objectives include smooth operations, clearly defined reporting lines and performance measurement systems. Internal mechanisms include oversight of management, independent internal audits, structure of the board of directors into levels of responsibility, segregation of control and policy development.

Some studies on this aspect of corporate governance focus on the building blocks such as the constitution of boards and the secretariat. (Mitchell *et al*, 2016). Still others studies relate such internal mechanisms to the wider organisational structures. Of interest in case are those mechanisms that relate to board structures and sub committees (Gomes & Novaes, 2005). This school of thought posits that far-reaching measures aimed at improving corporate governance, in particular in public institutions, including board members' skills, competence and commitment, and shareholders' involvement with companies in their portfolios. Gomes and Novaes (2005) goes ahead to argue that compliance with the institution's objectives includes the adoption of internal control mechanisms that are capable of ensuring that their actions are directed to compliance with the plans. According to Pinho (2015), all institutions must implement more or less extensive, complex or formal control systems that enable them to achieve the institutions' objectives. Such systems should be improved according to size and complexity of their activities.

In Kenya, strong internal controls and governance are being implemented by companies since there have been a few cases such as Trust Bank, Chase Bank, Uchumi Supermarket, National Bank, Kenya Re, and Kenya Cooperative Creameries which had management issues (Wangui, 2014). Internal governance mechanisms are characterised by distinct traits. Hill (2004) names some of these traits as the use of board of directors, large shareholders and debt holders and executive compensation schemes. The board acts as a bridge between the owners (the public) and management. They provide balance and mediate the conflicts of interest between a small group of key managers based in corporate headquarters and a vast group of shareholders spread all over the world.

Directors are elected by the shareholders of the institutions and have a fiduciary responsibility in fulfilling the mandate of that institution. Boards usually consist of a mix of internal and external directors. These scenarios are often dictated by legislative or regulatory contexts and mandates. Outside directors, sometimes referred to as non-executive or independent directors, are not employees of the firm. In many cases they are recruited for their specific expertise in areas that are valuable to the firm (Monks & Minow, 2010). In practice, though, as argued by Monks and Minow (2010) it is a matter of conjecture to determine whether the average board has sufficient incentives and abilities to perform its monitoring task.

Executive compensation is another approach to internal governance mechanism and focuses on two principal concerns: the level of executive pay and the sensitivity of pay to performance (Mayur & Saravanan, 2017). According these authors, compensation is determined by the base salary, bonuses, stock options, and long-term incentive plans. The sensitivity of executive compensation to firm performance arises through managerial ownership and particularly the use of stock options. Corporate governance can therefore be improved to new levels if internal mechanisms are well implanted. Ward *et al.* (2009) argued that various combinations of internal governance mechanisms can result in equally effective governance in terms of reducing managers' opportunistic behaviour and increasing wealth protection. Hickmann (2013) emphasises this idea by stressing that this control is aimed at business maintenance for continuity purpose.

2.3.6 Performance of National Government Affirmative Action Funds

According to Heeks (2002) there are common problems with government funded projects in South Africa which is similar with the problems seen in other parts of Africa. He offers proposals on how to make such projects effective using a model called 'simplify, standardize, replicate and monitor'. Simiyu (2016) has also studied project outcomes in context of cost and attributed it to poor communication among the stakeholders, inadequate financial resources, lack of motivation and training, tendering methods and poor project definition and institution. Building on this argument, Mapesa and Kibua (2006) depict that affirmative action funds are faced with a number of challenges. These include but are not limited to lack of monitoring and evaluation, low awareness levels, lack of community participation, and political interference. This study, however, takes a different trajectory, focusing on the relationship between Corporate Governance Practices on the performance of these funds in Kenya.

A service delivery is an activity or a series of activities of more or less intangible nature that normally, but not necessarily, takes place in interactions between the customer and service employees and/or systems of service providers, which are provided as solutions to customer problems (Kehinde, Adegbuyi, Omotayo & Mosunmola, 2016). The process of passing these products from the institution to the customers is known as service delivery. Quality of service delivery can be in terms of conformance or perception of the customers.

According to GhalibSanjuq (2014), various service quality model revealed that the service quality outcome and measurement is dependent on type of service setting, situation, time and need factors. In addition to this, due to the dynamism in organizational environment, the clients' needs and likes varies based on time, increase in the number of encounters with a particular service and competitive environment (GhalibSanjuq, 2014). Service delivery in institutions is directly related to the input of the employees. Employees should therefore be motivated to work and in turn provide quality service delivery. According to Kimando (2012), employee's motivation to work consists of all drivers, forces and influences, conscious or unconscious that causes the employee want to achieve certain aims. Employees should be induced to work harder, faster, and more efficient and with greater enthusiasm in order to provide quality service delivery.

According to Ilona, and Evelina, (2013), effective oriented institutions are concerned with output, sales, quality, creation of value added, innovation, and cost - reduction. It measures the degree to which an institution achieves its goals or the way outputs interact with the economic and social environment. Effectiveness determines the policy objectives of the institution or the degree to which an institution realizes its own goals analysed institutional effectiveness through institutional commitment.

Ilona, and Evelina, (2013) further views efficiency as a measurement of relationship between inputs and outputs or how successfully the inputs have been transformed into outputs. They posit that efficiency is about resource allocation across alternative uses. It is important to understand that efficiency doesn't mean that the institution is achieving excellent performance in the market, although it reveals its operational excellence in the source of utilization process. The author further states that there is a difference between business efficiency and institutional efficiency. Institutional efficiency reflects the improvement of internal processes of the institution, such as institutional structure, culture and community. In institutional performance and service delivery, certain processes have to be put in place in order to achieve desired results. These processes have to be executed effectively and efficiently.

Whereas efficiency is concerned with executing activities with minimal loss of time, quality and money, effectiveness is the ability of an institution to execute its mandate in the expected manner. Work published by Chavan (2009) states that most institutions assess their performance in terms of effectiveness since their main focus is to achieve their mandates. At the same time, there is plethora of institutions which value their performance in terms of their efficiency, which relates to the optimal use of resources to achieve the desired output. Institutional effectiveness helps to assess the progress towards mission fulfilment and goal achievement. An efficient and effective institution can deliver quality services to customers. Institutional performance can be related directly to efficiency and effectiveness of processes. This thought is supported by Ma'Ayan and Carmeli (2016), who reiterate that effectiveness and efficiency are measures of the institutional performance.

2.4 Empirical Review

The theories related to corporate governance are the agency theory, Stakeholder theory and stewardship theory. These theories focused on the role of institutional leadership, the Executive Compensation, the Institutional Structure, the CEO's Duality and control mechanisms put in place in supervising and controlling the affairs as mandated by law to ensure that the resources are being utilized for activities that will realize innovation, efficiency and service delivery (Hillman & Dalziel, 2003).

2.4.1 Effect of institutional leadership on performance of National Government Affirmative Action Funds

According to the study undertaken by Shirbagi (2007) on the effect of leadership style on institutional commitment, there is positive relationship between leadership and overall institutional commitment. The study also showed that there exists a positive relationship of leadership style with three components of institutional commitment. Awino and Bwire (2018) undertook a study that conceptualized the collective effect of Top Management Team demographics, corporate strategy and organizational structure on performance of Kenyan Public Enterprises. Top Management Team demographics have been posited to influence performance; however, this position has been largely repetitive and hence need more empirical testing (Awino & Bwire, 2018). The study adopted a cross-sectional descriptive survey in which a semi-structured questionnaire was used to obtain data. The questionnaire was administered through a drop and pick method to a sample of 117 Chief Executive Officers. The study used both descriptive and inferential statistics for purposes of data analysis. Descriptive statistics used included mean, standard deviation, coefficients of variation (CVs) and t-tests. Inferential analysis involved the use of multivariate and hierarchical regression analyses.

Accordingly, Mert et al. (2010) study indicates that leadership style has a positive effect on institutional commitment of followers. Similar findings were realized by Tseng and Kang (2008) when they found out that there is a positive and significant relationship between leadership style and institutional commitment. According to Tabassum, Akram, and Hassan (2011), a research was conducted to find out effects of leadership style on institutional commitment; results revealed that transformational style of leaders has a direct bearing on commitment level of employees (Health & Safety Executive Board, 2011)

Accordingly, the Health and Safety Executive Board, (2011) report found that when senior managers were perceived as being motivated and concerned for safety, employees were more likely to comply with safety rules and procedures (safety compliance) and participate in safety activities (safety participation). On the other hand, perceptions of senior managers' transactional leadership style were associated with safety participation only (Health and Safety Executive Board, 2011).

2.4.2 Effect of Executive Compensation on performance of National Government Affirmative Action Funds

According to Kim, Kogut, and Yang, (2015) based on a sample of 903 US firms between 2007 and 2010, found out that there was a substitution effect between CEO compensation and the level of CEO ownership and that larger firms gave higher pay to their CEOs. When the sample was limited to fat cat companies only, they found that tenure and firm size was significantly positively associated with CEO compensation (Kim *et al.,* 2015). The firm size, leverage ratio and investment opportunities are found to be significantly associated with the CEO total compensation when the sample was limited to fat cat companies in the financial services industries. Overall, Kim *et al.* (2015) says that the firm size appeared to be the most important determinant of CEO compensation and that there was a general lack of linkage between pay and performance.

Further, Kim et *al.* (2015) cites Alonso and Aperte (2011) case in which they examined whether board independence and equity-linked compensation are alternative instruments of corporate governance based on a sample of European firms. They found out that the two mechanisms were complementary. Specifically, CEOs received less cash compensation but higher equity-linked compensation when the proportion of non-executive directors was higher (Kim et *al.,* 2015).

Kim *et al.* (2015) says that determinants of CEO compensation were examined on the basis of prior empirical research and managerial theories of the firm. In this study, Kim *et al.* (2015) adds that the level of CEO remuneration was used and dependent variable was the total CEO remuneration. According to Md. Musfiqur (2018) empirical evidence finds mixed result by using the same performance measures in different parts of the world. The reason was explained by Luo & Jackson (2012) and they stated that pay performance relationship varied based on different data, institutions and model specifications (Md. Musfiqur, 2018).

Nyberg, Fulmer, Gerhart and Carpenter (2010) measured firm performance using net income, return on equity, and return on assets. Aduda and Musyoka (2011) conducted a study applying a multivariate regression model to consider the functional form relationship between the levels of executive cash compensation and accounting performance measures. The study found out that accounting measures of performance were not key considerations in determining executive compensation and firm size was a key criterion in determining executive compensation.

Another study undertaken by Kees and Wittek (2016) on relational signaling and the rise of CEO Compensation. According to Kees and Wittek, (2016), this presented an alternative framework that complemented both approaches, relational signaling theory. The study conceived the transactions between boards and CEOs as a "gift exchange relationship" and explained the consistent use of premiums on top of reservation wages as an inherent element of the exchange Kees and Wittek, (2016). It stated that offering wage premiums to CEOs does not reflect a failure of corporate governance but was a socially efficient means of creating and maintaining CEO's commitment. In line with this argument, pressure from shareholders on boards to reduce compensation levels could work against their own interests. Lowering compensation levels could create negative reinforcing cycles of collaboration, which would probably not create shareholder value. Third, shareholders could try to standardize the compensation levels.

2.4.3 Effect of institutional structure on performance of National Government Affirmative Action Funds

According to Selvarajah and Adib (2017) governance factors which include Board size, types of dominant owners, board characteristics, and managerial compensation would influence the internalization tactics and the outcomes of the strategic decision which in return increased firm performance. Several studies had been researched on different aspects of innovation, corporate governance and firm service delivery (Selvarajah & Adib, 2017).

Further, Selvarajah and Adib (2017) points out another study by Marinova *et al.* (2016) which they investigated on gender diversity and firm performance on Dutch and Danish boardrooms for year 2007. According to Selvarajah and Adib (2017) a recommendation on a number of future studies included analyzing more variables in particular referring to board characteristics, use of accounting measures (ROA) instead of market-based performance measures (Tobin's Q), and to focus on non-financial indicators like innovation (Selvarajah & Adib, 2017).

Furthermore, Shukeri *et al.* (2012) put forward the need for further research on the board's characteristic in effect of the firm's performance by comprising more than one year period in order to obtain a more general result (Selvarajah & Adib, 2017). Mat et al. (2010) studied on the interaction effect of corporate governance on firm performance among Malaysian PLCs from 2005-2007 and suggest future studies to modify the length of performance.

According to the literature review by Khan (2011), McColgan (2001) there was a very broader view of agency theory and corporate governance. The major interest of his research was to cover the area that where the interests of managers diverged from those of the shareholders. Further, Khan (2011) points out that the agency relationship and the agency cost arose from the relationships between the managers and the stakeholders. According to Khan (2011), McColgan (2001) who extended the work of Jensen and Meckling (1976) defined the agency relationship as a type of contract in which the principal keeps the agent to carry out the services of the firm on his behalf. The agency problem arises due to the different interest and the conflict between the ownership and control as principal delegate some decision-making authority to the agent (Khan, 2011).

Akosua, Amidu, and Abor (2016) reviewed the implications of internal corporate governance mechanisms for accounting information quality which uses discretionary accrual as a proxy. The empirical research was based on a sample of twenty (20) non-financial institutions listed on the Ghana stock exchange for 11-year period, 2003 to 2013 (Akosua, & Abor, 2016). According to Akosua and Abor (2016), the results showed that the operational earnings were more persistent than operational cash flow which suggested that in predicting future values from current ones, operational earnings gave a better output in looking at the long-term sustainability aim of a firm, than operational cash flows. Akosua, and Abor, (2016) posits that the results suggested that the board independence constraint opportunistic managers to manipulate the earnings leading to a higher level of accounting information quality. By extension, these results had important policy implications for regulators in assessing the effectiveness of corporate governance on earnings quality (Akosua, Amidu, & Abor, 2016).

2.4.4 Effect of CEO's Duality on performance of National Government Affirmative Action Funds

A study was conducted by Krause and Semadeni (2014) on apprentice, departure, and demotion: An examination of the three types of CEO–board chair separation. A total of eight forty-three (843) S&P 1500 and *Fortune* 1000 firms were involved in the study between the years 2002 and 2006. As mentioned above, Krause and Semadeni (2013) recently classified the change from duality to non-duality into three possible types: apprentice, departure, and demotion. In addition to examining the performance consequences of these types, they also considered which types were the most likely to be reversed to change result back to duality. Perhaps not surprisingly, the authors found that apprentice separations, in which the CEO remains board chair but gives up the CEO role, were by far the most likely to lead back to duality. They also found, however, that among firms undergoing a departure separation, in which the CEO – chair is replaced by two new individuals, firm performance following the separation was positively associated with recombination. In their findings, they concluded that Apprentice CEO–board chair separations had a positive effect on future recombination.

Further, another study by Krause, Semadeni and Cannella (2014) conducted a review and research on a CEO's duality by integrating the disparate literature so that future attempts to study it will benefit from a more complete understanding of the knowledge already produced. The review demonstrated antecedents and consequences of CEO duality, pointing out that while much work has been done in this area, much remains that needs to be understood. In their conclusion after examining the extant literature was that CEO duality is far too complex to be considered dichotomously, with dual CEOs viewed as wielding unchecked power and separated CEO and chair roles embodying the essence of good governance. They urge scholars to explore new theories, new methods, and new contexts in order to uncover the nuance and clarify the strategic importance of a phenomenon that has been a fixture of corporate governance research since its inception.

Doğan *et al.* (2013) conducted a study on the Impact of CEO Duality on Firm Performance: Evidence from Turkey. In the purpose of the study was to examine the impact of CEO duality on the firm performance for a sample of 204 listed firms on Istanbul Stock Exchange (ISE) between the years 2009-2010 in Turkey. A negative relation was determined between duality and company performance in all three models at the end of the analysis. In the case in which CEO was also a member of board of directors negatively affected performance.

Accordingly, Doğan *et al.* (2013) also points out a study by Ujunwa (2013), in whose findings indicated that there existed a negative relation between the size of board of directors, duality, gender variety and company performance. Doğan *et al.* (2013) says that the results were of a study on 122 companies selected in Nigeria using the data belonging to the period of 1991-2008. Further, Yıldız and Doğan (2012) studied the effect of CEO duality on mutual fund companies' performances. As a result of the study, CEO duality was found to have a positive effect on the performances of mutual fund companies (Doğan *et al.*, 2013).

2.4.5 Moderating effect of control mechanisms on performance of National Government Affirmative Action Funds

McKnight and Weir (2013) investigated the influence of governance mechanisms on the regulatory authority in disciplining the governing boards. While some studies revealed a positive relationship between the governance mechanisms and performance of public institutions (Haniffa & Hudaib, 2012; Derviş, 2015), others (Lynn, Heinrich, & Hill, 2011; Zattoni & Cuomo, 2014); indicate a negative relationship and still others (Kajola, 2013; Brown & Caylor, 2014) established no relationship between Corporate Governance Structure and Institutional performance.

Maher and Anderson (2000) also conducted an evaluation of the effects of corporate governance on firm performance and economic growth. The aim of the study was to examine the various countries and the corporate governance structures available and how they affect performance (Maher & Anderson 2000). The study revealed that the corporate governance framework can impinge upon the development of equity markets, Research and Development and innovative activity, entrepreneurship, and the development of an active SME sector, and thus impinge upon economic growth (Maher & Anderson, 2000). The study suggests that there is no single model of corporate governance and each country has through time developed a wide variety of mechanisms to overcome the agency problems arising from the separation of ownership and control (Maher & Anderson, 2000).

The study also considered the various mechanisms employed in different systems and examined the evidence on whether or not they are achieving what they were intended to do. It was revealed that for instance one of the benefits of concentrated ownership is that it brings more effective monitoring of management and helps overcome the agency problems arising from the separation of ownership and control. Some of the costs, however, are low liquidity and reduced possibilities for risk diversification.

While dispersed ownership brings higher liquidity it may not provide the right incentives to encourage long-term relationships that are required for certain types of investment (Maher & Anderson, 2000). Therefore, one of the challenges facing policy makers is how to develop a good corporate governance framework which can secure the benefits associated with controlling shareholders acting as direct monitors, while at the same time ensuring that they do not impinge upon the development of equity markets by expropriating excessive rents (Maher & Anderson, 2012).

Otieno (2011) carried out an investigation into the effect of corporate governance on financial performance of commercial banks in Kenya. The study involved a cross sectional research design of the 44 commercial banks in Kenya. Both secondary and primary data was used for the study. The findings from the study reveal that corporate governance plays an important role on bank stability, performance and bank's ability to provide liquidity in difficult market conditions. The results also indicate that corporate governance mechanisms account for 22.4 % of the financial performance of commercial banks.

Liech (2011) also conducted a study on the relationship between corporate governance practices and financial performance of local airlines in Kenya. The aim of the study was to establish how corporate governance practices affect the financial performance of local airline companies. The study measured corporate governance by using a corporate governance index, which is a score of various corporate governance questions derived from the various corporate governance codes of the Capital markets authority. The codes were grouped into four sub-indices namely: Shareholders rights, Directors composition and structure, Ownership structure, Disclosure and audit and compensation policy. The study used a census approach to collect data from all the 30 local airlines. The findings indicate that there is a significant relationship between corporate governance practices and financial performance of airlines.

2.4.6 Performance of National Government Affirmative Action Funds in Kenya

Akicho (2016) carried out an investigation influence of corporate governance practices on performance in Kenya’s public sector: a survey of selected national government ministries. Quantitative data was analyzed descriptively while inferential statistics employed regression analysis to test hypotheses. The study found a positive and significant relationship was also established between accountability and performance.

Simiyu (2016) conducted a study on factors influencing implementation of government affirmative action projects, a case of Uwezo fund projects in Embakasi east sub-county, Kenya. A total population of 95 projects and sample size of 76 projects was selected based on the Krejcie and Morgan sampling formula while a descriptive survey was used to gather information. Primary data (qualitative and quantitative) was collected from indicated target groups using a closed format questionnaire while secondary data was obtained from government monitoring and evaluation reports. Research findings showed that stakeholder involvement, level of funding, management and capacity building had an influence in the implementation of government affirmative action projects of Uwezo beneficiaries.

Mwaura (2018) carried a study on influence of corporate governance on financial management in tertiary institutions in Nakuru County, Kenya. This study adopted a cross-sectional research design. Stratified random sampling was used to draw 58 respondents from the accessible population. A structured and self-designed questionnaire which was also self-administered was used to facilitate data collection. Data analysis constituted descriptive statistics; the analysis encompassed inferential statistics in form of Spearman rank correlation and multiple regression analyses. The study revealed that corporate culture, corporate leadership, legal responsibilities, and transparency had significant influence on financial management of tertiary institutions in Nakuru County.

2.5 Critique of Existing Literature relevant to the Study

The contextual background to the study of Corporate Governance Structure generally is traceable to international concerns about the possible adverse consequences of the separation of ownership rights and control rights in a modern corporation. In this section, we conduct a review and critique of the relatively small number of contributions which have been made to the literature on corporate governance in Africa and determine the key themes of the current literature and the methodology which has been used by the contributors.

The research conducted by Laing and Mcknight (2012) investigated the influence of governance mechanisms on the regulatory authority. Under normal circumstances, naturally the regulatory authorities are assumed to have good and refined systems of governance in order for them to provide an oversight of the institutions they monitor. The study by Laing and Mcknight (2012) may not be a very good determinant in measuring the level of significance for governance mechanisms on an institution. Whereas the findings from the reviewed literature indicate a significant relationship between the governance mechanisms (internal & external), such a blanket approach may not clearly indicate a specific causal effect of the influence, hence need to narrow down to control mechanisms as is in the current study.

According to Selvarajah and Adib (2017), governance factors which include Board size, types of dominant owners, board characteristics, and managerial compensation would influence the internalization tactics and the outcomes of the strategic decision which in return increases firm performance. Although this appeared to be a general finding by most researchers (Chung *et al.*,2013), Le, Walters, & Kroll, 2006), the specific effect of board size, board committees and board evaluation was not well addressed. Further, the studies reviewed didn't specifically indicate which institutions were analyzed to deduce the findings and hence need for undertaking this study on Kenyan National Government Affirmative Action Funds and compare the results.

The reviewed literature had a shortfall on relevant African literature since the empirical research on corporate governance had mostly focused on the major industrialized countries and there was a dearth of rigorously established knowledge on corporate governance in developing countries, especially in Africa. Thus, it was problematic to make comparisons and draw lessons for the African continent; which has its own unique settings and issues.

2.6 Research Gaps

Corporate governance systems have evolved in a number of developing African countries (Ayandele & Emmanuel, 2013). However, they add that the concept of corporate governance is not necessarily the best solution for developing economies. This is because a number of developing countries face numerous challenges that include unstable political regimes, low per capita incomes and diseases (Ayandele, & Emmanuel, 2013). So far academic research considers internal and external governance as separate mechanisms that address different types of agency conflict. This inadequacy set the need to expose Kenyan National Government Affirmative Action Funds and compared the results.

Control mechanisms focuses on solving conflicts between managers and different groups of shareholders that deals with potential opportunism of partners to an institution. The study therefore, focused on control mechanisms as a moderator indicator for independent variable.

The governance factors may depend on the firm's internal governance characteristics. Although different concepts of leadership and leadership styles have been explored to show the relationship and effect on performance, such studies fall short of exploring the specific institutional leadership role on performance and not individual leadership style. Although most of the reviewed studies showed need for further research in governance and its role on performance, the researchers fell short of mentioning the specific area of governance and hence need to re-look at specific governance practices which consequently, leads to the current study- which was intended to re-examine the corporate governance practices-performance relationship which at large makes a meaningful contribution to the body of literature and knowledge in the leadership and governance area of study.

2.7 Summary of the Literature reviewed

The reviewed literature focused on four main dimensions (institutional leadership, institutional structure, control mechanisms, CEO's Duality and Executive Directors/CEOs Compensation as the independent variables and performance of National Government Affirmative Action Funds as a dependent variable. The literature was based on three governance theories of Agency theory, Stakeholders theory and Shareholders theory and focused on these variables to ensure that the resources are being utilized for activities that will realize innovation, efficiency and service delivery (Hillman & Dalziel, 2003).

The reviewed literature mostly indicated that there existed a positive relationship between the corporate governance and the performance of institutions as observed by Mert (2010) and Lu and Yang (2010). According to Weir, Laing and Mcknight (2002), in their study on the influence of governance mechanisms on the regulatory authority in disciplining the governing boards (Rashid, 2008), there existed a positive relationship between the governance mechanisms and performance of public institutions (John & Sembet, 1998; Abdullah, 2006; Liet, 2006; Nguyen & Faff, 2006). However, these studies have been undertaken in most developed countries and less attention in developing nations like Kenya.

Accordingly, Conheady *et al*. (2015) examined only Canadian listed-companies. Fuzi *et al.* (2016) focused only on Malaysian listed companies, Rose (2016) on Danish and Akbar *et al.* (2016) on British companies. However, the measured governance variables used were different since the researchers had mostly focused on board independence, role duality, board size, number of committees and meeting frequencies. Michelberger, (2016) criticized empirical cross-country studies concerning the validity of their results because the nature and extend of 'hard laws' and 'soft laws' diverged in such a manner that the cross-country comparability was not given.

Further, this conclusion was also supported by Meier and Meier (2013) comparing the governance regulations of the U.S., the UK, Germany, Netherlands and Switzerland. Particularly, (Michelberger, 2016) the German model differed from other governance system because of its stakeholder focus. According to Michelberger, (2016) the German Corporate Governance Code and its effect on firm performance, only a few empirical studies were published in the last six years mainly in the form of Ph.D. theses. Whereas some recent studies had analyzed specific effects such as the cost of capital and the compliance level, only a few detailed in-depth studies were published in the last 6 years examining performance effects (Michelberger, 2016).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented the methodology of the study which included; the research design, research philosophy, the population of the study, sample size and sampling procedure, data collection methods, data analysis, piloting and hypotheses testing.

3.2 Research Design

This study adopted a descriptive approach. According to Creswell (2011), descriptive studies are more formalized and typically structured with clearly stated hypotheses or investigative questions. It serves a variety of research objectives such as descriptions of phenomenon or characteristics associated with a subject population, estimates of proportions of a population that have these characteristics and discovery of associations among different variables.

A descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their implementations, attitude, behaviour or values (Kombo & Tromp, 2011). This study was facilitated by use of primary data. The descriptive studies involved collecting information without changing the environment in which the phenomenon existed.

3.2.1 Research Philosophy

The study adopted epistemology to question and validate whether the information known by the researcher was what actually existed as a reality. Epistemology as a branch of philosophy deals with the sources of knowledge. Specifically, epistemology is concerned with possibilities, nature, sources and limitations of knowledge in the field of study (Hallebone, & Priest, 2009). Alternatively, epistemology can be branded as the study of the criteria by which the researcher classifies what does and doesn't constitute the knowledge (Hallebone, & Priest, 2009). This philosophical orientation was most appropriate in this study since the researcher sought to confirm whether the hypothetical factors of Corporate Governance Practices had effect on performance of National Government Affirmative Action Funds.

3.3 Target Population

The population of interest is typically a group of persons who possess a certain or a set of characteristics (Frankel & Wallen, 2006). The actual population can be any size and is usually referred to as the target population to which a researcher would like to generalize. According to Mugenda and Mugenda (2009), population is the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. The population of this study comprised of the Six (6) National Government Affirmative Action Funds which include; Women Enterprise Fund- Thirty (30), Uwezo Fund- Thirty (30), National Government Constituencies Development Fund-Fifty (50), Youth Enterprise Development Fund- Twenty-Five (25), National Government Social Affirmative Fund – Twenty (20) and The National Development Fund for Persons with Disability- Forty (40). The target population comprised of all the management staff of these institutions whose total number is 195.

Table 3.1: Target Population

Affirmative Fund	**No. of Management Staff**
Uwezo Fund	30
NG-CDF	50
YEDF	25
NG-SAF	20
NDFPD	40
WEF	30
Total	195

Source: Human Resource Departments – Affirmative Funds (2018)

3.4 Sample and Sampling Techniques

This section discusses the sampling frame and the sampling techniques of the study.

3.4.1 Sampling Frame

The study adopted a census design and selected all the 195 managers in all the 6 National Government Affirmative Action Funds in Kenya. The census approach was justified since according to Kothari, (2011), data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions in the study population on a study problem. This therefore ruled out application of specific sample size and sampling design. The census approach was also justified in this study since according to Graham (2005) results obtained from a census are likely to be more representative, accurate and reliable than results obtained from a population sample. Census provides a true measure of the population since there is no sampling error and more detailed information about the study problem within the population is likely to be gathered (Bell, 2007). Further, under this method, data is collected for each and every unit of the entire population as long as the unit of analysis is less than thirty (30).

3.4.2 Sampling Techniques

In this study, since the Affirmative Funds were only six, all the management staff from these institutions working in management level constituted the unit of observation. Census was preferred since the actual decision making of the Funds involves management team and thus the 195 Managers had adequate understanding on effects of Corporate Governance Practices and were therefore in a position to give informed data on performance of National Government Affirmative Action Funds in Kenya.

3.5 Data Collection Instruments

Primary data for this study was collected using a questionnaire as the main data collection instrument. The questionnaire was preferred above other instruments because it enabled the researcher to collect more data provided objectively by the respondents. Dempson (2003) explained that questionnaires are regarded as effective data collection instruments since they enable respondents to give much of their opinions pertaining to the research problem. The questionnaire contained both open ended and closed ended questions focusing on the main variables of the study. Open ended questions helped to elicit a wide range of responses, provide background answers to questions, and to obtain elaborations and evaluate arguments (Payne, 1973).

3.6 Data Collection Procedures

The study collected both primary. Primary data was collected at source. The questionnaires were self- administered. According to Cooper and Schindler (2003), self-administered questionnaires are advantageous as they enable the researcher to contact participants who might otherwise be inaccessible. Questionnaires were delivered to the respondents and collected at a later agreed date. This was ideal to administer to the respondents who might have been busy and therefore allowed them appropriate time to peruse and answer the questionnaire keenly. The researcher therefore arranged with respondents on how to pick the filled questionnaires for analysis.

3.7 Pilot Testing.

The study conducted a pilot study to test the reliability and validity of the questionnaires. According to Sekaran (2006) a pilot test is necessary for testing the reliability and validity of data collection instruments. The questionnaire was pilot tested on 20 respondents drawn from the state – owned enterprises that were not Affirmative Funds. This represented 10% of the accessible population that is generally recommended by the social researchers (Mugenda & Mugenda, 2008). During pre-testing, the researcher held thorough discussions on questionnaires with respondents in order to identify flaws, limitations, or/and other weaknesses in the research instrument so as to allow revisions and or adjustments in good time prior to conducting field work.

3.7.1 Validity of Research Instruments

The validity of an instrument is the extent to which it measures what it is supposed to measure. According to Mugenda and Mugenda (2003) validity is the accuracy and meaningfulness of inferences, which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represent the variables of the study. Mbwesa (2006) added that validity is the extent to which the research instrument measures what it was intended or supposed to measure.

There are four categories of validity; construct validity, content validity, external validity and criterion related validity. Mugenda and Mugenda (2003) explain that construct validity is the extent to which a set of measured items reflect the theoretical latent construct those items are designed to measure. In order to ensure that construct validity is attained in this study, the questionnaire was developed based on prior studies and a coherent conceptual framework.

Content validity refers to the extent to which the questionnaire provides adequate coverage of the investigative questions used to measure all aspects of the study (Cooper & Schindler, 2008). To ensure that this was attained, a through and careful assessment of the questionnaire was undertaken to adequately cover all the areas of the study. External validity deals with the representativeness of the sample in relation to the target population. In order to ensure that this was attained, the study ensured that scientifically recognized approaches for determining sample size were used in calculating the sample for study.

Sanders and Thornhill (2009) explain criterion related validity. They referred to predictive validity as the extent to which measures (questions) provide accurate predictions. This was attained through the results of hypothesis testing where it was determined whether the questions used to assess respondent behaviors actually supported or confirmed the hypotheses of the study. In addition to the above, the researcher conducted KMO and Bartlett's Test of Sphericity and factor loading analysis to determine validity. Small values (less than 0.05) of the significance level indicated that a factor analysis may be useful with the data. A factor loading analysis greater than or equal to 0.5 was considered appropriate.

3.7.2 Reliability of Research Instruments

According to Mugenda and Mugenda (2003) reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time. However, reliability in research is affected by random errors which the researcher overcome through pre-testing.

Test re-test method was used to pilot the questionnaires, which were not included in the final study. This method involved administering the same scale or measure to the same group of respondents in two separate times after a certain time interval had elapsed. The two set of scores were then correlated to establish the reliability of the instruments**.** This was done by calculating the Cronbach co-efficient. A correlation coefficient greater or equal to 0.7 was accepted because it was considered to indicate a higher level of reliability (George and Mallery, 2003).

3.8 Data Analysis and Presentation

According to Kombo and Tromp (2011) data analysis refers to examining what has been collected in a survey or experiment and making deductions and inferences. Mbwesa (2006) asserts that data analysis consists of activities of analysis involved in summarizing large quantities of raw data, categorizing, rearranging and ordering data.

Before commencement of analysis, the completed questionnaires were edited to ensure completeness. The questionnaires were then coded and checked for any errors and omissions. Descriptive statistics using the mean, median and standard deviation and, inferential statistics involving correlation and regression analysis was used to analyze quantitative data. This was achieved through the aid of Statistical Package for Social Sciences (SPSS). The analyzed data was presented in form of frequency tables, percentages, charts and graphs. The results of the study were tested at 5% level of significance.

Qualitative data was analyzed through content analysis. Creswell (2003) defines content analysis as a technique for making inferences by systematically and objectively identifying specific characteristics of messages around common identified themes and using the same to relate trends. The researcher identified the themes around which the respondents' statements were compared, related and analyzed. Conclusions and inferences were made based on the analysis by the researcher.

Multiple linear regression analysis was carried out to determine the form of mathematical model that explains the relationship between the dependent variable and the significant independent variables. This regression model was used because it provides sufficient and flexible framework that suits the need of most analysts (Hayes, 2013). The coefficients of the significant variables determined through correlation analysis were established which further formed a basis of drawing inferences for the study. The multiple linear regression model that was used to mathematically explain the relationship between the dependent and significant independent variables took the form;

$Y= \beta_0 + \beta_1X_1 + \beta_2 X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$………………………… Equation 1

Where,

β_0 was the Y- intercept (constant)

Y was performance of National Government Affirmative Action Funds

X_1 was institutional leadership

X_2 was Executive Compensation

X_3 was institutional structure

X_4 was CEO's Duality

X_5 was Control Mechanisms

Ɛ was the error component

In equation 1 above, β_0 was the Y- intercept (constant) whose influence on the model was insignificant, while $\beta_{1,}$ $\beta_{2,}$ and β_3 were model coefficients which had a significant influence on the model.

3.9 Diagnostic Tests

The relationship between the dependent and the independent variables should satisfy the assumption of normality, linearity and multi-collinearity (Greene, 2002). Before conducting the regression analysis; it was advisable to conduct several diagnostic tests like normality, linearity and levene tests to establish the appropriateness of the data for making inference. The researcher subjected the collected data to normality and linearity tests.

3.9.1 Tests for Normality

To check for normality, the study applied graphical method, skewness and kurtosis statistic and Kolmogorov-Smirnova and Shapiro-Wilk Test to detect the departure from normality as recommended by Myoung (2008). Normality refers to the extent in which the distribution of the sample data corresponds to the normal distribution (Hair, 2010). A variable is reasonably close to normal if its skewness and kurtosis have values between -1.0 and +1.0 (Myoung, 2008). Normality test was crucial because regression model estimation methods were based on assumption of normality since normally distributed data ensured that the data was fit for further statistical analysis and did not result to inflated statistics or under-estimated standard errors (Field, 2009). Kolmogorov-Smirnova and Shapiro-Wilk Test was also performed. The rule of thumb is that if the significance level is >0.05, we assume that the data is normally distributed and if less than 0.05, we assume that the data is not normally distributed.

3.9.2 Tests for Linearity

Linearity of variables was tested using correlation coefficients as recommended by Cohen *et al.* (2003). Linearity is ascertaining whether the relationship between the explanatory variables (independent variables) and the outcome variable (dependent variable) is linear. That is to say, a unit increase in explanatory variable is associated with a fixed increase in the outcome variable. The Pearson's correlation coefficient was used to test the linearity of the relationship between the variables as recommended by (Wooldridge & Yount, 2000). Correlation coefficient shows the strength as well as the direction of the linear relationships. Negative correlation indicates an inverse relationship where an increase in one variable causes a decrease in the other while a positive correlation indicates a direct influence, where an increase in one variable causes an increase in the other variable (Field, 2009). The present study established significant linear relationships between all the independent and the dependent variables.

3.9.3 Test of multicollinearity

Multicollinearity refers to the linear correlation among variables. It occurs when two or more predictors in the model are correlated and provide redundant information about a response. The assumption of non-multicollinearity requires that none of the explanatory variables in the model be correlated with any other explanatory variable or with any linear combination of those explanatory. Presence of explanatory variables means that it is difficult to separate the impact of X_1 on Y from that of X_2 which makes regression results ambiguous. To check for correlated variables, multicollinearity was tested using Variance Inflation Factor (VIF). Variance inflation factor quantifies severity of the multicollinearity in a regression analysis and it provides an index that measures how much the variance of an estimated regression is increased because of multicollinearity.

A VIF for all the independent and dependent variables less than 3 (VIF$\leq$ 3) shows no multicollinearity while a VIF of more than 10 (VIF $\geq$10) indicates a problem of multicollinearity (Cohen *et al.,* 2003). Multicollinearity creates a problem for multiple regression models given that as collinearity increases the standard error of coefficients also increases making them less reliable. In this regard, the present study performed a multicollinearity test with a view to identify variables with a high correlation among themselves.

3.9.4 Heteroscedasticity Test

Breuch Pagan was utilized to test for heteroscedasticity. The error process may be Homoscedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise Heteroscedasticity (Stevenson, 2004). The hettest command calculates Breuch Pagan for group wise Heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the panel data (Long & Ervin, 2000). The null hypothesis was that the data does not suffer from Heteroscedasticity since the p-value was greater than the 5%.

3.10 Hypothesis Testing

The results of this study were subjected to tests of hypothesis. A number of test statistics were used including; analysis of variance (ANOVA) and regression coefficient at 5% level of significance. ANOVA is a statistical technique used to investigate and model the relationship between a response variable and one or more independent variables. The researcher applied ANOVA technique to evaluate the equality of sets of population means by examining the variance of data that was collected. This also determined whether the means of variables were different. This was done by use of F-tests to statistically test the equality of means. The F-statistic is a ratio of two variances. Variances are a measure of dispersion, or how far the data are scattered from the mean. Larger values represented greater dispersion.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, the results of the study were presented. Specifically, this chapter presented the results on demographic characteristics of the respondents, diagnostic results, the descriptive analysis results as well as the inferential statistics. The study also presented the reliability and validity results.

4.2 Response Rate

The number of questionnaires distributed to respondents was 195. Out of the 195 questionnaires, 140 were correctly and fully completed and returned. This presented a response rate of 72% which according to Kothari (2013) is appropriate for analysis. Table 4.1 presents the response rate results.

Table 4.1: Response Rate

Questionnaires	Frequency	Percentage
Returned	140	72
Non-returned	55	28
Total	**195**	**100**

4.3 Pilot Study Results

Pilot test was conducted in order to determine the reliability of the research questionnaire. The results are as presented in Table 4.2.

Table 4.2: Reliability Coefficients

Variables	Cronbach's Alpha	Number of Items	Conclusion
Institutional leadership	0.887	7	Reliable
Executive compensation	0.824	7	Reliable
Institutional structure	0.726	8	Reliable
CEOs duality	0.91	8	Reliable
Control mechanisms	0.917	10	Reliable
Performance of affirmative funds	0.96	15	Reliable

The most common reliability coefficient is Cronbach’s alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test-internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. The findings on Table 4.2 indicated that Institutional leadership, executive compensation, institutional structure, CEOs duality, control mechanisms and performance of affirmative funds had Cronbach’s alpha of 0.887, 0.824, 0.726, 0.91, 0.917 and 0.96 respectively. All variables depicted a value of Cronbach's Alpha above value of 0.7 thus the study variables were reliable. This represented high level of reliability.

4.4 Demographic Characteristics Analysis

Respondents were asked questions regarding their demographic information such as the number of years the organization had been in place, the position they held in the organization and their highest education level. The results were as presented.

4.4.1 Number of years the Institution has been in Place

The respondents in the study were requested to indicate the number of years the institution has been in place since its establishment. The responses given are as shown in figure 4.1.

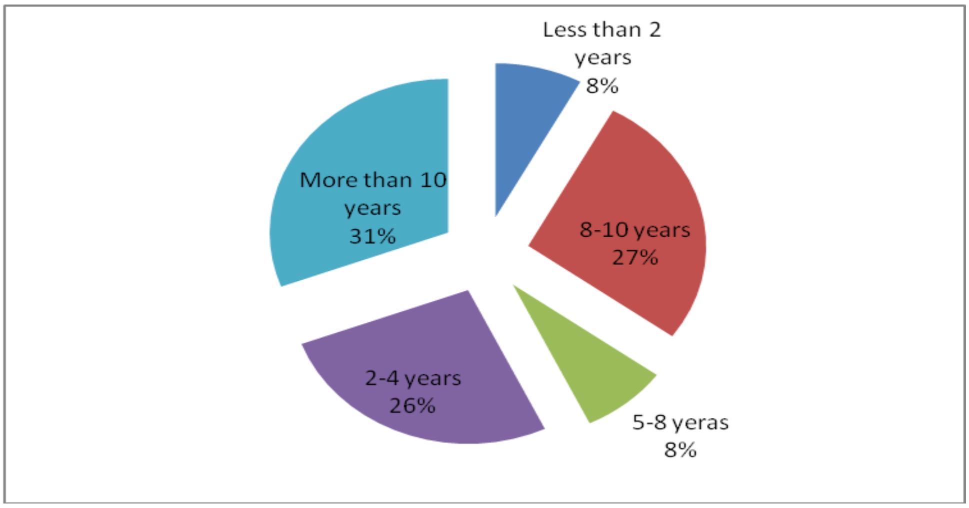


Figure 4.1: Number of Years Institution has been in Existence

The results in figure 4.1 revealed that most of the respondents who were 31% indicated that their organization had been in existence for more than 10 years. In addition, results revealed that 27% of the respondents indicated that their institution had been in existence for 8-10 years. Further, the results showed that 26% of the respondents indicated that their institution had been in existence for 2-4 years while 8% indicated that the institution had been in existence for 5-8 years and finally 8% said that their institution had existed for less than 2 years. This indicates that most of the institutions had existed for a long time. This could imply that the performance has been high leading to the continued existence. Loderer and Waelchli (2010) found that performance gets worse with age Firms do best when they are young, and roughly 15 years after listing. Further, Pervan, Pervan and Ćurak (2017) found that age negatively affects firm’s performance. As firms get older, benefits of their accumulated knowledge in all crucial aspects of the business (technology, supply channels, customers relations, human capital and financing costs) become overcome with their inertia, inflexibility and osseous by accumulated rules, routines and organizational structure.

4.4.2 Position of Respondent in Institution

In addition, the respondents were asked to state the position they held in their institution. The results were as presented in figure 4.2.

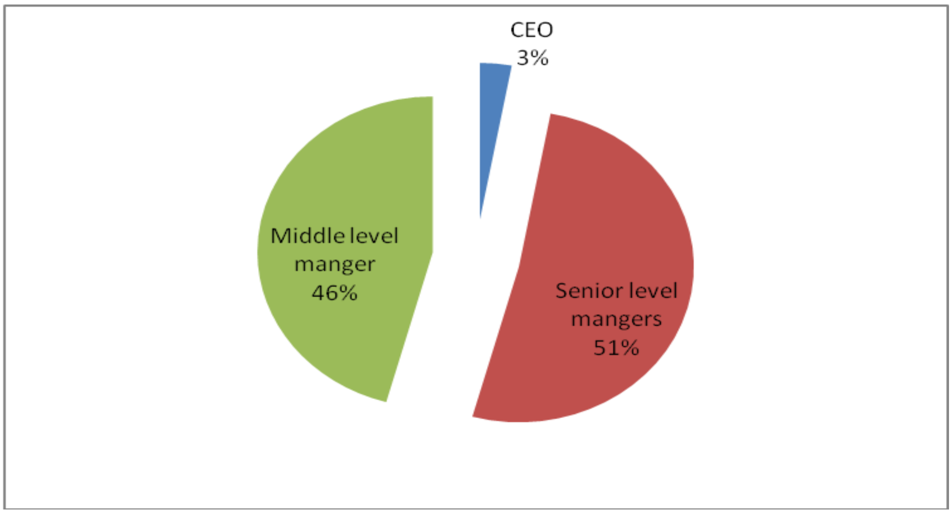


Figure 4.2: Position of Respondent in Institution

The results as shown in figure 4.2 revealed that most of the respondents (51%) held senior management position, 46% held a middle level position while only 3% were CEOs. This indicates that majority of those available to fill up the questionnaires were those in the senior management positions. These are the staff involved in decision making on the organization's corporate governance practices and who oversee their implementation. Therefore, the responses given in the questionnaire could be deemed valid.

4.4.3 Education Level of Respondents

The respondents were further asked to indicate the highest level of education they had attained. The results were as presented in figure 4.3.

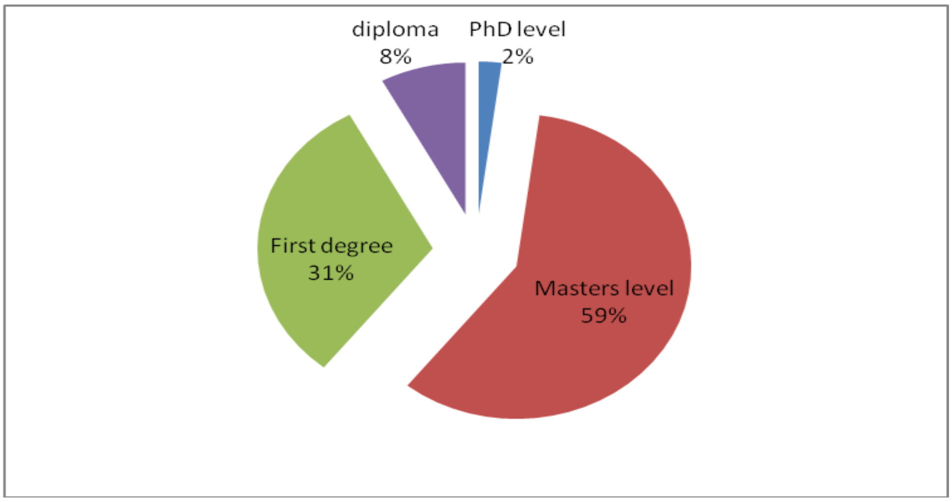


Figure 4.3: Education Level of Respondents

The results in figure 4.3 revealed that majority of the respondents (59%) had a master's level of education. Further, 31% of the respondents had acquired first degree level of education, 8% had a diploma while only 2% had a PhD. This implies that majority of the mangers had acquired the minimum education for their positions. This could imply better performance since the managers could be considered to be at a better position to understand their roles and have the right skills to perform the tasks. Ng and Feldman (2009) established that education level positively influence core task performance, creativity and citizenship behaviors.

4.5 Institutional Leadership

This section discusses the findings on descriptive analysis, content analysis on the Institutional leadership.

4.5.1 Descriptive Analysis

Descriptive analysis was conducted for the study variable institutional leadership. The results are presented in Table 4.3.

Table 4.3: Descriptive Analysis Results for Institutional Leadership

Statements	**Strongly disagree**	**Disagree**	**Uncertain**	**agree**	**Strongly agree**	**Mean**	**SD**
My Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making	5.0%	4.3%	7.1%	47.9%	35.7%	4.05	1.03
My Board is responsible for decisions made during the meetings and always choose the right course of action	3.6%	5.7%	6.4%	51.4%	32.9%	4.04	0.97
My Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO	7.1%	11.4%	11.4%	34.3%	35.7%	3.80	1.24
My Board has a system of measuring the effectiveness of the decisions made	7.9%	8.6%	13.6%	39.30%	30.7%	3.76	1.20
My Institution has a well-defined training needs assessment approach for all staff.	10.7%	6.4%	10.7%	45.7%	26.4%	3.71	1.23
My Supervisor provides leadership to staff on guidance and support on mentorship, coaching and training	4.3%	4.3%	10.0%	45.0%	36.4%	4.05	1.01
Significant Programme and projects are clearly aligned to the institution's mandate	4.3%	5.7%	5.7%	43.6%	40.7%	4.11	1.04
Average						**3.93**	**1.10**

The results in Table 4.3 revealed that majority of the respondents who were 83.6% (47.90%+35.70%) agreed that board is provided with adequate information on the agenda items of the board meeting to assist in decision making. The statement response had a mean score of 4.05 and a standard deviation of 1.03. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (84.3%) agreed to the statement that board is responsible for decisions made during the meetings and always choose the right course of action. The statement response had a mean score of 4.04 and a standard deviation of 0.97. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. Furthermore, the results revealed that majority of the respondents who were 70% agreed that board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO. The responses on this statement had a mean of 3.80 and a standard deviation of 1.24. This implied that the responses on the statement were varying but with a low variation. In addition, the results established that majority of the respondents (70%) agreed that board has a system of measuring the effectiveness of the decisions made. The responses on this statement attracted a mean score of 3.76 and a standard deviation of 1.20. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Obiwuru *et al* (2011) had noted that open communication helps the leadership of an institution to pass across their objectives and expectations in clear manner.

Moreover, the results revealed that majority of the respondents (72.1%) agreed that their institution has a well-defined training needs assessment approach for all staff. The mean of the responses on this statement was 3.71 and the standard deviation was 1.23. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. The results also revealed that majority of the respondents who were 81.4% agreed that their supervisor provides leadership to staff on guidance and support on mentorship, coaching and training. The responses had a mean of 4.05 and a standard deviation of 1.01. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Similar findings were realized by Mert *et al*. (2010) who indicated that leadership style has a positive effect on institutional commitment of followers. Tseng and Kang (2008) found out that there is a positive and significant relationship between leadership style and institutional commitment. Lee *et al*., (2004) revealed that transformational style of leaders has a direct bearing on commitment level of employees.

Finally, the results established that majority of the respondents (84.3%) agreed that significant programme and projects are clearly aligned to the institution's mandate. This attracted a mean of 4.11 and a standard deviation of 1.04. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Ganescu and Gangone (2013) noted that one aspect of corporate governance is the development of responsibility in institution leadership. Overall, the responses on the statement on institutional leadership had a mean score of 3.93 and a standard deviation of 1.10.

4.5.2 Content Analysis

The respondents were asked to put forward their opinion on whether board makes independent decisions without external influence. The responses given were as presented in Figure 4.4.

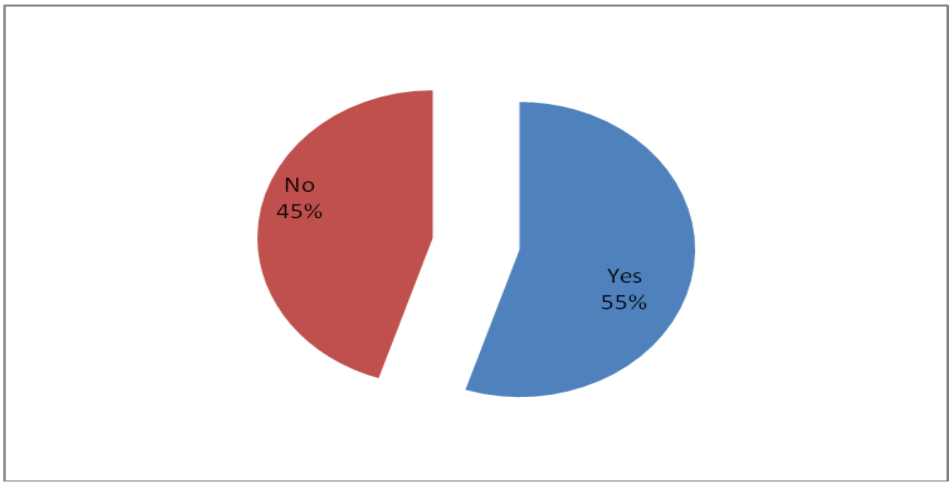


Figure 4.4: Independence in Decision Making by Board

The results as shown in Figure 4.4 revealed that majority of the respondents who were 55% indicated that board does not make independent decisions while 45% said that board makes independent decisions. Rashid (2018) found that board independence and firm performance does not positively influence each other. Kizito (2011) also found that board independence has a significant negative correlation with financial performance.

The respondents were asked to explain briefly how decisions are made in the organization. The responses given were as shown in Table 4.4.

Table 4.4: Decision Making by Board

Themes	**Frequency (%)**
Influence by external parties such as cabinet secretary and politicians	78
External sources chip in at certain stages of implementation	11
Created by act of parliament	3
Follow guidelines and agenda	6
Organizational interest given priority	3
Total	**100**

The majority of the respondents indicated that decision making in their organization is influenced by external parties such as politicians and cabinet secretary in their respective ministries. Others felt that some external sources chip in at certain stages of decision making while others said that decisions are created by act of parliament. Some other respondents said that decisions made in their organization are made based on provided guidelines and agendas and those organizational interests are given priority in decision making. Van den Berghe and Baelden (2005) noted that where external parties influence decision making by board, conflicts of interest occur leading to situations wherein the personal interests of the parties involved prevail over corporate and social interest.

4.5.3 Sampling Adequacy

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be more than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with the data. The responses are as shown in Table 4.5 below.

Table 4.5: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.746
Bartlett's Test of Sphericity	Approx. Chi-Square	79.988
	Df	21
	Sig.	0

The KMO value for institutional leadership was 0.746 which was above the threshold of 0.5. The Bartlett's Test of Sphericity was also significant (Chi-square = 79.988 with 21 degrees of freedom, p=0.00). This indicates that further analysis could be conducted on institutional leadership. The results are as indicated in Table 4.6.

Table 4.6: Institutional Leadership Analysis Component Matrix

Statement	CompMatrix
My Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making	0.606
My Board is responsible for decisions made during the meetings and always choose the right course of action	0.866
My Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO	0.696
My Board has a system of measuring the effectiveness of the decisions made	0.853
My Institution has a well-defined training needs assessment approach for all staff	0.836
My Supervisor provides leadership to staff on guidance and support on mentorship, coaching and training	0.814
Significant Programme and projects are clearly aligned to the institution's mandate	0.841

Factor analysis was also conducted on statements regarding institutional leadership According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. All the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis were as presented in table 4.6.

Results in table 4.6 revealed that the statement that Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making had a component coefficient of 0.606, the statement that Board is responsible for decisions made during the meetings and always choose the right course of action had a coefficient of 0.866, the statement that Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO had a coefficient of 0.696, the statement that Board has a system of measuring the effectiveness of the decisions made had a coefficient of 0.853, the statement that Institution has a well-defined training needs assessment approach for all staff had a coefficient of 0.836, the statement that that Supervisor provides leadership to staff on guidance and support on mentorship, coaching and training had a coefficient of 0.814. Further, the statement that significant programme and projects are clearly aligned to the institution's mandate had a coefficient of 0.841.

4.6 Director and Executive Compensation

The results on the direct and Executive Compensation practice are discussed in this section.

4.6.1 Descriptive Analysis

Descriptive analysis was conducted for the study variable director and executive compensation. The results are presented in Table 4.7.

Table 4.7: Descriptive Analysis Results for Director and Executive Compensation

Statements	strongly disagree	Disagree	Uncertain	agree	Strongly agree	Mean	Std. Deviation
My Institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO	13.6%	11.4%	14.3%	27.9%	32.9%	3.55	1.40
There is a maximum amount that my CEO is paid no matter the institutions performance	8.6%	7.1%	13.6%	34.3%	36.4%	3.83	1.24
My CEO's compensation packages is based on how long he/she has stayed in the institution	10.0%	15.7%	13.6%	31.4%	29.3%	3.54	1.33
My Board takes full account of risk in its decisions before considering CEO's compensation	7.9%	10.0%	18.6%	42.1%	21.4%	3.59	1.16
My institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives	8.6%	11.4%	14.3%	37.1%	28.6%	3.66	1.25
The compensation committee decides an appropriate remuneration package of the CEO based on his/her performances	12.9%	14.3%	14.3%	26.4%	32.1%	3.51	1.40
My CEO's compensation largely depends on the institution's performance	11.4%	16.4%	9.3%	32.1%	30.7%	3.54	1.38
Average						**3.60**	**1.31**

The results in Table 4.7 revealed that majority of the respondents who were 60.8% (27.90% +32.90%) agreed that institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO. The statement response had a mean score of 3.55 and a standard deviation of 1.40. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (70.7%) agreed to the statement that there is a maximum amount that my CEO is paid no matter the institutions performance. The statement response had a mean score of 3.83 and a standard deviation of 1.24. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. The results agree with Janssen (2010) who noted that firm size and CEOs compensation show positive relations with compensation which means firm size influence executive compensation also to a certain extent. On the other hand, the results disagree with Raithatha and Komera (2016) who suggested that firm performance measured by accounting, as well as market-based measures, significantly affects executive compensation.

Furthermore, the results revealed that majority of the respondents who were 70.7% agreed that CEO’s compensation packages is based on how long he/she has stayed in the institution. The responses on this statement had a mean of 3.54 and a standard deviation of 1.33. This implied that the responses on the statement were varying but with a low variation. In addition, the results established that majority of the respondents (63.5%) agreed that board takes full account of risk in its decisions before considering CEO’s compensation. The responses on this statement attracted a mean score of 3.59 and a standard deviation of 1.16. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Moreover, the results revealed that majority of the respondents (65.7%) agreed that their institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives. The mean of the responses on this statement was 3.66 and the standard deviation was 1.25. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. Lin, Kuo and Wang

(2013) found that tenure and firm size was significantly positively associated with CEO compensation.

The results also revealed that majority of the respondents who were 58.5% agreed that compensation committee decides an appropriate remuneration package of the CEO based on his/her performances. The responses had a mean of 3.51 and a standard deviation of 1.40. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Finally, the results established that majority of the respondents (62.8%) agreed that CEO's compensation largely depends on the institution's performance. This attracted a mean of 3.54 and a standard deviation of 1.38. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Overall, the responses on the statement on director and executive compensation had a mean score of 3.60 and a standard deviation of 1.31. This disagrees with Aduda and Musyoka (2011) who found that accounting measures of performance are not key considerations in determining executive compensation.

4.6.2 Content Analysis

The respondents were requested to state their opinion on the CEOs compensation in their institution. The responses given are presented in Table 4.8.

Table 4.8: CEOs compensation

Themes	Frequency (%)
No compensation	44
Need for a review schedule	11
Reviewed by external commission with CEO having no say in how much should be paid	22
Determined by Salaries and Remuneration Commission	11
Based on experience and performance	11
Total	**100**

Some respondents (44%) said that there is no compensation for CEO in their institution. Other respondents indicated that the compensation schedule needs to be reviewed. Others said that compensation is reviewed by external commission but CEO is given no room to determine how much should be paid. Further, some respondents indicated that CEO compensation is determined by Salaries and Remuneration Commission while others said that CEO compensation is based on experience and performance of CEO. This implies that CEO compensation in most of these institutions is not well scheduled and reviewed. Finkelstein and Boyd (2008) noted that firm performance is higher when manager discretion and CEO pay are aligned. On the same, Kuo, Li, and Yu (2013) found that an increase in CEO compensation has beneficial effects on firm performance. This is because CEO's who earn share-based payments are more motivated to increase performance, since it can result in a higher remuneration.

Further on CEO compensation, the respondents were asked if compensation is reviewed annually. The responses given are as presented in Figure 4.5.

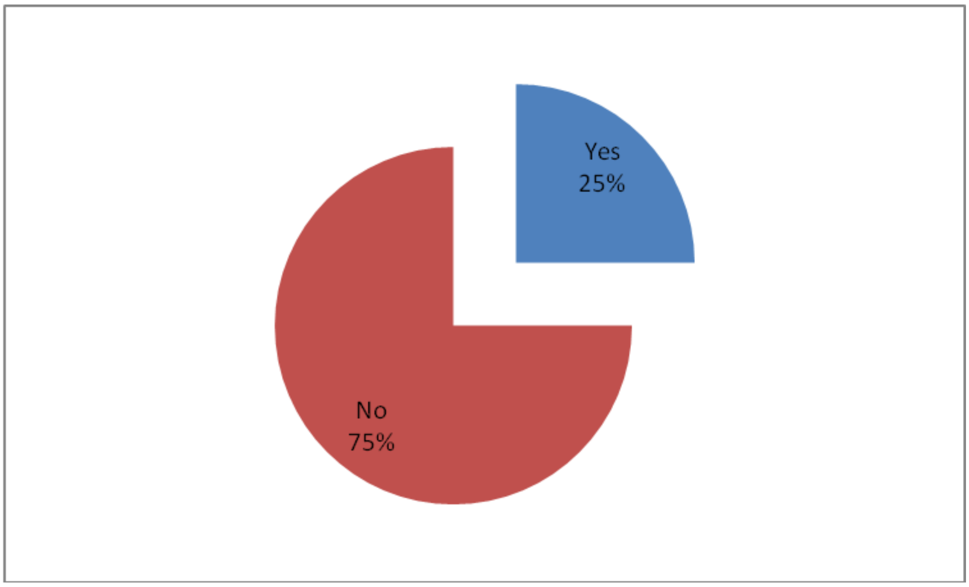


Figure 4.5: CEO Compensation Review

The results in Figure 4.5 revealed that 75% of the respondents indicated that CEOs compensation is not reviewed annually while 25% said that it is reviewed annually.

4.6.3 Sampling Adequacy

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with the data.

Table 4.9: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.582
Bartlett's Test of Sphericity	Approx. Chi-Square	86.23
	Df	21
	Sig.	0.00

The KMO value for directors and executive compensation was 0.582 which was above the threshold of 0.5. The Bartlett's Test of Sphericity was also significant (Chi-square = 86.23 with 21 degrees of freedom, p=0.00). This indicates that further analysis could be conducted on directors and executive compensation.

Factor analysis was also conducted on statements regarding directors and executive compensation. According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. All the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in table 4.10.

Table 4.10: Directors and Executive Compensation Analysis Component Matrix

Statement	Component Matrix
My Institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO	0.918
There is a maximum amount that my CEO is paid no matter the institutions performance	0.515
My CEO's compensation packages are based on how long he/she has stayed in the institution	0.827
My Board takes full account of risk in its decisions before considering CEO's	0.821
My institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives	0.806
The compensation committee decides an appropriate remuneration package of the CEO based on his/her performances	0.834
My CEO's compensation largely depends on the institution's performance	0.854

Results in table 4.10 revealed that the statement that institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO had a component coefficient of 0.918, the statement that there is a maximum amount that my CEO is paid no matter the institutions performance had a coefficient of 0.515, the statement that CEO's compensation packages is based on how long he/she has stayed in the institution had a coefficient of 0.827, the statement that Board takes full account of risk in its decisions before considering CEO's had a coefficient of 0.821, the statement that institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives had a coefficient of 0.806, the statement that that the compensation committee decides an appropriate remuneration package of the CEO based on his/her performances had a coefficient of 0.834. Further, the statement that CEO's compensation largely depends on the institution's performance had a coefficient of 0.854.

4.7 Institutional Structure

The findings of the Institutional structure are discussed in this section.

4.7.1 Descriptive Analysis

Descriptive analysis was conducted for the study variable institutional structure. The results were as presented in Table 4.11.

Table 4.11: Descriptive Analysis Results for Institutional Structure

Statements	strongly disagree	disagree	uncertain	agree	Strongly agree	Mean	SD.
Directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus	2.9%	7.1%	9.3%	45.0%	35.7%	4.04	1.00
Large Boards improve performance by reducing CEO's domination of the institution	5.7%	10.7%	10.0%	39.3%	34.3%	3.86	1.17
The Board committees in my institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively	7.9%	8.6%	10.7%	42.1%	30.7%	3.79	1.20
The audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations	2.1%	7.9%	10.0%	49.3%	30.7%	3.99	0.96
My Board realistically assesses its performance against its objectives at regular intervals and at year-end	3.6%	10.0%	12.9%	42.1%	31.4%	3.88	1.08
My institution has adopted a transparent and publicly available remunerations policy for the Board of Directors.	7.9%	9.3%	12.9%	39.3%	30.7%	3.76	1.21
My institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution's goals.	8.6%	11.4%	16.4%	40.7%	22.9%	3.58	1.21

The remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution	8.6%	8.6%	11.4%	41.4%	30.0%	3.76	1.22
Average						**3.83**	**1.13**

The results in Table 4.11 revealed that majority of the respondents who were 80.7% (45.00%+35.70%) agreed that directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus. The statement response had a mean score of 4.04 and a standard deviation of 1.00. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (73.6%) agreed to the statement that large boards improve performance by reducing CEO's domination of the institution. The statement response had a mean score of 3.86 and a standard deviation of 1.17. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. Badu and Appiah (2017) established a statistically significant and positive relationship between board size and firm performance. According to Van den Berghe and Levrau (2013), quality decisions will depend upon numerous factors, such as the composition of the board, the manner in which the board is led and directors interact among themselves and with management.

Furthermore, the results revealed that majority of the respondents who were 72.8% agreed that the board committees in their institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively. The responses on this statement had a mean of 3.79 and a standard deviation of 1.20. This implied that the responses on the statement were varying but with a low variation. In addition, the results established that majority of the respondents (80%) agreed that the audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations. The responses on this statement attracted a mean score of 3.99 and a standard deviation of 0.96. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Müller (2014) found that board independence and the proportion of foreign directors in the total number of directors (as characteristics of corporate board composition) have a significant strong positive impact on firm performance. Additionally, results of Puni (2015) indicated that board committees had no statistical significant effect on the corporate financial performance.

Moreover, the results revealed that majority of the respondents (73.5%) agreed that My Board realistically assesses its performance against its objectives at regular intervals and at year-end. The mean of the responses on this statement was 3.88 and the standard deviation was 1.08. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. The results also revealed that majority of the respondents who were 70% agreed that institution has adopted a transparent and publicly available remunerations policy for the Board of Directors. The responses had a mean of 3.76 and a standard deviation of 1.21. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Nahar (2016) found that directors' remuneration is positively associated with firm's growth and size.

Besides, the results revealed that majority of the respondents who were 63.6% agreed that institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution’s goals. This attracted a mean of 3.58 and a standard deviation of 1.21. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Finally, the results established that majority of the respondents (71.4%) agreed that the remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution. This attracted a mean of 3.76 and a standard deviation of 1.22. This revealed that the majority of the respondents were agreeing to the statement but a low variation was observed. Khalid & Rehman (2014) found a potential association between firm’s financial performance and management remuneration policy. Nahar (2016) found a negative and significant association between directors' remuneration and ROA. In addition, overall, the responses on the statement on institutional structure had a mean score of 3.83 and a standard deviation of 1.13.

4.7.2 Content Analysis

On institutional structure, respondents were asked to give their suggestions on the current board and subcommittees in terms of composition, membership, size, remuneration and representation. The responses given are shown in Table 4.12.

Table 4.12: Board Composition

Themes	Frequency
Create subcommittees	11
Moderate size,	23
Diversified in terms of expertise, gender	62
Well remunerated	6
Total	**100**

The responses given by the respondents as shown in Table 4.8 indicates that majority (62%) of the respondents suggested that their board need to be diversified in terms of gender and expertise. Other respondents said that the board should create sub committees while others said that the board should be moderated in terms of size. On the other hand, some respondents said that their board is well remunerated. Goodstein, Gautam and Boeker (2014) established that board composition is one of the important factors affecting firm financial performance. Ongore, Peter, Ogutu and Bosire (2015) found that gender diversity and board size have significant positive effect on financial performance. Fernandes (2008) argued that firms with large proportions of outside directors in the board normally have less agency problems, and therefore, exhibit a better alignment between the interests of shareholders and those of management. Yermack (2016) argues that smaller boards are more resourceful than larger ones in terms of obtaining a higher market valuation, improved return on assets and return on sales. On the other hand, larger boards invariably take longer in their deliberations, and often suffer the demerits associated with procrastination. Furthermore, too small a board will also deny the organization the requisite diversity and attendant synergy.

4.7.3 Sampling Adequacy

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close to or more than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with the data.

Table 4.13: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.675
Bartlett's Test of Sphericity	Approx. Chi-Square	122.267
	Df	28
	Sig.	0.000

The KMO value for institutional structure was 0.675 which was above the threshold of 0.5. The Bartlett's Test of Sphericity was also significant (Chi-square = 122.267 with 28 degrees of freedom, p=0.00). This indicates that further analysis could be conducted on institutional structure.

Factor analysis was also conducted on statements regarding institutional structure. According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. All the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in table 4.14.

Table 4.14: Institutional Structure Analysis Component Matrix

Statements	**Component Matrix**
Directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus	0.812
Large Boards improve performance by reducing CEO’s domination of the institution	0.659
The Board committees in my institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively	0.664
The audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations	0.621
My Board realistically assesses its performance against its objectives at regular intervals and at year-end	0.728
My institution has adopted a transparent and publicly available remunerations policy for the Board of Directors.	0.856
My institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution’s goals	0.561
The remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution	0.887

Results in table 4.14 revealed that the statement that directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus had a component coefficient of 0.812, the statement that large Boards improve performance by reducing CEO's domination of the institution had a coefficient of 0.659, the statement that the Board committees in my institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively had a coefficient of 0.664, the statement that the audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations had a coefficient of 0.621, the statement that Board realistically assesses its performance against its objectives at regular intervals and at year-end had a coefficient of 0.728, the statement that that institution has adopted a transparent and publicly available remunerations policy for the Board of Directors had a coefficient of 0.856. Further, the statement that institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution's goals had a coefficient of 0.561. Finally, the statement that the remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution had coefficients of 0.887.

4.8 CEO's Duality

The section discusses the results of the CEO's Duality.

4.8.1 Descriptive Analysis

Descriptive analysis was conducted for the study variable CEO's duality. The results are presented in Table 4.15.

Table 4.15: Descriptive Analysis Results for CEO's Duality

Statements	Strongly disagree	disagree	uncertain	Agree	Strongly agree	Mean	SD
My CEO highly involves most employees in their work	5.7%	8.6%	5.0%	47.9%	32.9%	3.94	1.11
All activities in my institution are guided by written policies and procedures	5.0%	10.0%	6.4%	43.6%	35.0%	3.94	1.13
The CEO in my institution ensures project decisions are made in timely manner	7.9%	7.9%	6.4%	47.1%	30.7%	3.85	1.18
The CEO in my institution undertakes and performs duties in timely manner	7.1%	10.0%	7.9%	50.7%	24.3%	3.75	1.15
The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets	4.3%	5.7%	10.0%	47.1%	32.9%	3.99	1.03
My institution usually displays annual financial statements on the institution's website	10.0%	10.7%	9.3%	36.4%	33.6%	3.73	1.30
My Board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year	5.0%	6.4%	12.9%	33.6%	42.1%	4.01	1.13
There are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution	5.0%	6.4%	11.4%	42.9%	34.3%	3.95	1.08
Average						**3.90**	**1.14**

The results in Table 4.15 revealed that majority of the respondents who were 80.8% (47.90%+32.90%) agreed that their CEO highly involves most employees in their work. The statement response had a mean score of 3.94 and a standard deviation of 1.11. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (78.6%) agreed to the statement that all activities in their institution are guided by written policies and procedures. The statement response had a mean score of 3.94 and a standard deviation of 1.13. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. According to Ferrell and Ferrell (2011), the CEO is accountable to the Board of Directors for the effective overall management of the Company, and for conformity with policies agreed upon by the Board.

Furthermore, the results revealed that majority of the respondents who were 77.8% agreed that the CEO in their institution ensures project decisions are made in timely manner. The responses on this statement had a mean of 3.85 and a standard deviation of 1.18. This implied that the responses on the statement were varying but with a low variation. In addition, the results established that majority of the respondents (75%) agreed that the CEO in their institution undertakes and performs duties in timely manner. The responses on this statement attracted a mean score of 3.75 and a standard deviation of 1.15. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Moreover, the results revealed that majority of the respondents (80%) agreed that the CEO in their institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets. The mean of the responses on this statement was 3.99 and the standard deviation was 1.03. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. Benkhoff (2007) found that CEO commitment and timely delivery of services is positively correlated with the financial success of divisions.

The results also revealed that majority of the respondents who were 70% agreed that their institution usually displays annual financial statements on the institution's website. The responses had a mean of 3.73 and a standard deviation of 1.30. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Besides, the results revealed that majority of the respondents who were 75.7% agreed that their board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year. This attracted a mean of 4.01 and a standard deviation of 1.13. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Finally, the results established that majority of the respondents (77.2%) agreed that the there are regulations introducing limits on what the executive officer can change on the enacted budget of the institution. This attracted a mean of 3.95 and a standard deviation of 1.08. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Overall, the responses on the statement on CEO's duality had a mean score of 3.90 and a standard deviation of 1.14. According to Njeri (2013), the CEO and management must meet different information and transparency needs of the owners, the board of directors, the independent auditors, the supervisory board, the stakeholders, and the public at large.

4.8.2 Content Analysis

The respondents were further asked to state their opinion on a situation where a CEO holds both executive powers and also acts as the chairperson of the board. The responses given are presented in Table 4.16.

Table 4.16: CEO's Duality

Themes	**Frequency**
Not ideal	35
Could exercise dictatorship	15
Leads to conflict of interests	20
Need for independent board	10
Inefficient and poor decisions	10
Board should oversee the CEO	10
Total	**100**

The results as shown in Table 4.16 indicate that 35% of the respondents said that a board with CEO who is the chairperson of board and has executive powers is not ideal. Other respondents felt that such a CEO could exercise dictatorship, could lead to conflict of interests and inefficient and poor decisions could be made. Some respondents felt that the board should be the one overseeing the CEO. Ujunwa (2012) found CEO duality to be negatively linked with firm performance.

4.8.3 Sampling Adequacy

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with the data.

Table 4.17: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.776
Bartlett's Test of Sphericity	Approx. Chi-Square	132.243
	Df	28
	Sig.	0.000

The KMO value for CEO’s duality was 0.776 which was above the threshold of 0.5. The Bartlett's Test of Sphericity was also significant (Chi-square = 132.243 with 28 degrees of freedom, p=0.00). This indicates that further analysis could be conducted on CEO’s duality.

Factor analysis was also conducted on statements regarding CEO’s duality. According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. All the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in table 4.18.

Table 4.18: CEO's Duality Analysis Component Matrix

Statements	**Component Matrix**
My CEO highly involves most employees in their work	0.87
All activities in my institution are guided by written policies and procedures	0.898
The CEO in my institution ensures project decisions are made in timely manner	0.89
The CEO in my institution undertakes and performs duties in timely manner	0.911
The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets	0.902
My institution usually displays annual financial statements on the institution's website	0.621
My Board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year	0.72
There are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution	0.611

Results in table 4.18 revealed that the statement that CEO highly involves most employees in their work had a component coefficient of 0.87, the statement that all activities in my institution are guided by written policies and procedures had a coefficient of 0.898, the statement that the CEO in my institution ensures project decisions are made in timely manner had a coefficient of 0.89, the statement that the CEO in my institution undertakes and performs duties in timely manner had a coefficient of 0.911, the statement that the CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets had a coefficient of 0.902, the statement that that institution usually displays annual financial statements on the institution's website had a coefficient of 0.621. Further, the statement that board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year had a coefficient of 0.72. Finally, the statement that there are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution had coefficients of 0.611.

4.9 Control Mechanisms

This section presents the results of the control mechanisms.

4.9.1 Descriptive Analysis

Descriptive analysis was conducted for the study variable control mechanisms. The results are presented in Table 4.19.

Table 4.19: Descriptive Analysis Results for Control Mechanisms

Statements	strongly disagree	disagree	uncertain	Agree	Strongly agree	Mean	SD
Your Board have defined appropriate objectives for the Institution	6.4%	5.7%	9.3%	49.3%	29.3%	3.89	1.09
Departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given	3.6%	7.1%	5.7%	45.7%	37.9%	4.07	1.02
Management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports	4.3%	7.9%	7.9%	45.0%	35.0%	3.99	1.07
The board is clear on its risk appetite	4.3%	3.6%	9.3%	42.9%	40.0%	4.11	1.01
My institution ensures that corrective action is taken to address weaknesses and gaps realized in processes	5.7%	6.4%	7.9%	45.0%	35.0%	3.97	1.10
Staff Appraisals in your institution has helped in assessing the quality of performance of individuals over time	4.3%	3.6%	12.1%	50.0%	30.0%	3.98	0.98
Staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job	3.6%	5.8%	12.3%	42.0%	36.2%	4.01	1.03
Complaints are adequately addressed and the management has put in place mechanisms of communication to the public	5.7%	7.9%	12.1%	39.3%	35.0%	3.90	1.14
The staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued	4.3%	9.3%	7.9%	52.9%	25.7%	3.86	1.04
The effective use of performance appraisals in my institution helps an institution operate efficiently and with focus	3.6%	8.6%	9.3%	47.9%	30.7%	3.94	1.03
Average						**3.97**	**1.05**

The results in Table 4.19 revealed that majority of the respondents who were 78.6% (49.30%+29.30%) agreed that their board has defined appropriate objectives for the institution. The statement response had a mean score of 3.89 and a standard deviation of 1.09. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (83.6%) agreed to the statement that departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given. The statement response had a mean score of 3.07 and a standard deviation of 1.02. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. Furthermore, the results revealed that majority of the respondents who were 80% agreed that management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports. The responses on this statement had a mean of 3.99 and a standard deviation of 1.09. This implied that the responses on the statement were varying but with a low variation. Neves (2010) argues that compliance with the institution's objectives includes the adoption of internal control mechanisms that are capable of ensuring that their actions are directed to compliance with the plans. According to Pinho (2015), all institutions must implement more or less extensive, complex or formal control systems that enable them to achieve the institutions' objectives. Such systems should be improved according to size and complexity of their activities.

In addition, the results established that majority of the respondents (62.9%) agreed that the board is clear on its risk appetite. The responses on this statement attracted a mean score of 4.11 and a standard deviation of 1.01. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Moreover, the results revealed that majority of the respondents (80%) agreed that their institution ensures that corrective action is taken to address weaknesses and gaps realized in processes. The mean of the responses on this statement was 3.97 and the standard deviation was 1.10. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. Monks and Minow (2010) argued that it is a matter of conjecture to determine whether the average board has sufficient incentives and abilities to perform its monitoring task.

The results also revealed that majority of the respondents who were 80% agreed that staff appraisals in their institution had helped in assessing the quality of performance of individuals over time. The responses had a mean of 3.98 and a standard deviation of 0.98. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Besides, the results revealed that majority of the respondents who were 78.2% agreed that staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job. This attracted a mean of 4.01 and a standard deviation of 1.03. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. The results further revealed that majority of the respondents who were 74.3% agreed that complaints are adequately addressed and the management has put in place mechanisms of communication to the public. The responses had a mean of 3.90 and a standard deviation of 1.14. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation.

Additionally, the results established that majority of the respondents (78.6%) agreed that staff appraisal in their institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued. The responses on this statement attracted a mean score of 3.86 and a standard deviation of 1.04. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Finally, the results established that majority of the respondents (78.6%) agreed that the effective use of performance appraisals in their institution helps an institution operate efficiently and with focus. This attracted a mean of 3.94 and a standard deviation of 1.03. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Mayur and Saravanan (2017) stated that executive compensation is an approach to internal governance mechanism and focuses on two principal concerns: the level of executive pay and the sensitivity of pay to performance. Overall, the responses on the statement on control mechanisms had a mean score of 3.97 and a standard deviation of 1.05.

4.9.2 Content Analysis

On control mechanisms, the respondents were further requested to draw up their opinion on internal controls in their institution. The responses are as given in Table 4.20.

Table 4.20: Internal Controls

Themes	**Frequency**
Is weak	8
Reviewed on need basis	15
Installed and approved before expenditure budgeting	8
Controls not adequate	8
Adequate, effective and efficient	23
Have a control review committee	8
Done for formality purposes and documentation but not implemented	8
Apply checks and balances principle	15
Set by the government	8
Total	**100**

The results in Table 4.20 indicate that 23% who of the respondents said that the internal controls in their institution are adequate, effective and efficient. Additionally, some respondents said that internal controls are installed and approved before making budget on expenditures. Other respondents said that internal controls are reviewed on need basis while others said that their institutions apply check and balances principle and others are set by the government. On the other hand, some respondents said that the internal controls are weak and not adequate. In addition, some respondents were for the opinion that internal controls are formulated for formality ad documentation purposes but are never implemented. Some respondents went ahead and gave suggestions that a control review committee should be set up.

Dimitrijevic, Milovanovic and Stancic (2015) noted that while responding to complex market needs, companies are exposed to numerous internal and external influences, some of which may cause significant damage. Companies have realized that it is safer and cheaper to establish their own internal control systems in order to prevent such influences.

Furthermore, respondents were asked if internal controls are reviewed annually in their institution. They gave the responses as in Figure 4.6.

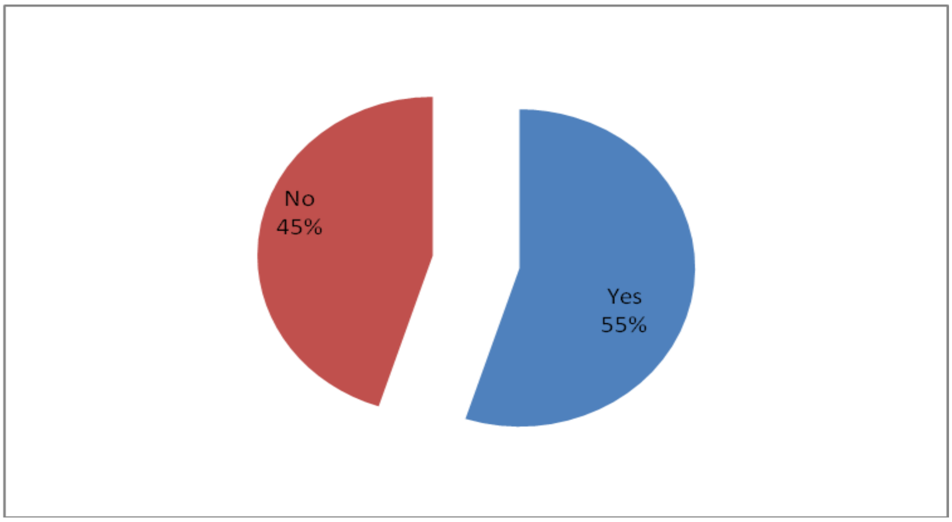


Figure 4.6: Internal Control Review

The results in Figure 4.6 show that 55% of the respondents who were the majority said that internal controls in their institution are reviewed annually while 45% said that they are not annually reviewed. Mwachiro (2013) found that at the heart of the guidance is the premise that sound internal control is best achieved by a process firmly embedded within a company's operations. However, the guidance asserts that the Board cannot rely solely on such an embedded process, but should regularly receive and review reports on internal control from management.

4.9.3 Sampling Adequacy

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with the data.

Table 4.21: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.776
Bartlett's Test of Sphericity	Approx. Chi-Square	132.243
	df	45
	Sig.	0.000

The KMO value for control mechanisms was 0.776 which was above the threshold of 0.5. The Bartlett's Test of Sphericity was also significant (Chi-square = 132.243 with 45 degrees of freedom, p=0.00). This indicates that further analysis could be conducted on control mechanisms.

Factor analysis was also conducted on statements regarding control mechanisms. According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. All the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in table 4.22.

Table 4.22: Control Mechanisms Analysis Component Matrix

Statements	Component Matrix
Your Board have defined appropriate objectives for the Institution	0.88
Departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given	0.878
Management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports	0.756
The board is clear on its risk appetite	0.844
My institution ensures that corrective action is taken to address weaknesses and gaps realized in processes	0.882
Staff Appraisals in your institution has helped in assessing the quality of performance of individuals over time	0.947
Staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job	0.939
Complaints are adequately addressed and the management has put in place mechanisms of communication to the public	0.851
The staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued	0.768
The effective use of performance appraisals in my institution helps an institution operate efficiently and with focus	0.664

Results in table 4.22 revealed that the statement that board have defined appropriate objectives for the institution had a component coefficient of 0.88, the statement that departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given had a coefficient of 0.878, the statement that management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports had a coefficient of 0.756, the statement that the board is clear on its risk appetite had a coefficient of 0.844, the statement that institution ensures that corrective action is taken to address weaknesses and gaps realized in processes had a coefficient of 0.882, the statement that staff appraisals in your institution has helped in assessing the quality of performance of individuals over time had a coefficient of 0.947. Further, the statement that staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job had a coefficient of 0.939. Furthermore, the statement that complaints are adequately addressed and the management has put in place mechanisms of communication to the public of the institution had coefficients of 0.851. Moreover, the statement that the staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued had a coefficient of 0.768. Finally, the statement that the effective use of performance appraisals in my institution helps an institution operate efficiently and with focus had a coefficient of 0.664.

4.10 Performance of Affirmative Funds

4.10.1 Descriptive Analysis

Descriptive analysis was conducted for the study variable performance of affirmative funds. The results are presented in Table 4.23.

Table 4.23: Descriptive Analysis Results for Performance of Affirmative Funds

Statements	strongly disagree	Disagree	uncertain	agree	Strongly agree	Mean	Std. Dev.
My institution decreases service cost in service delivery by striving to do things differently	3.6%	10.0%	14.3%	44.3%	27.9%	3.83	1.06
My institution develops newness for current services leading to improved ease of doing business and hence improved customer satisfaction	4.3%	7.9%	10.0%	52.1%	25.7%	3.87	1.02
There is a deliberate move by my institution to increase quality in service delivery to the public	5.0%	6.4%	3.6%	44.3%	40.7%	4.09	1.07
My institution continues to renew the current and/or new services without changing their basic technical and functional features	7.1%	7.9%	8.6%	47.1%	29.3%	3.84	1.15
My institution renews the routines, procedures and processes employed to execute institution activities in innovative manner	7.1%	7.1%	10.0%	52.9%	22.9%	3.77	1.10
My institution always renews the institutional structure to facilitate strategic partnerships and long-term business collaborations	5.0%	10.7%	10.0%	45.7%	28.6%	3.82	1.11
There exists a complaint register and a complaint handling mechanism in my institution	2.9%	5.0%	5.7%	42.9%	43.6%	4.19	0.96
The management has a convenient operating hour to the public and offers services timely as stipulated in the charter	2.1%	4.3%	5.7%	42.9%	45.0%	4.24	0.91
My institution encourages public participation and allows the public to critique on service delivery	5.7%	4.3%	5.0%	42.9%	42.1%	4.11	1.07
My Institution conducts periodic customer satisfaction surveys and the report therein shared and discussed with specific measures undertaken	2.9%	3.6%	10.0%	50.7%	32.9%	4.07	0.91
We are never too busy to respond to our customers' request	3.6%	6.4%	5.0%	47.1%	37.9%	4.09	1.00
We show sincere interest on solving our customers' problems	4.3%	7.1%	5.0%	45.0%	38.6%	4.06	1.05
We have the required knowledge to answer our customers' questions	3.6%	6.4%	2.9%	52.1%	35.0%	4.09	0.98
We provide services at the time required/ promised	3.6%	4.3%	11.4%	45.7%	35.0%	4.04	0.98
My institution has put in place a communication process that reaches all key stakeholders and clearly covers the why, what, when, and how	5.0%	6.4%	7.9%	44.3%	36.4%	4.01	1.08
Average						**4.01**	**1.03**

The results in Table 4.23 revealed that majority of the respondents who were 72.2% (44.30%+27.9%) agreed that their institution decreases service cost in service delivery by striving to do things differently. The statement response had a mean score of 3.83 and a standard deviation of 1.06. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (77.8%) agreed to the statement that their institution develops newness for current services leading to improved ease of doing business and hence improved customer satisfaction. The statement response had a mean score of 3.87 and a standard deviation of 1.02. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. Kuswantoro, Mohd, Abdul and Ghorbani (2012) found that innovation is positively related to overall firm performance. The tendency of owners to engage in new ideas, novelty, experimentation and creative processes result in new products services or technological process which has great influence on the performance.

Furthermore, the results revealed that majority of the respondents who were 85% agreed that there is a deliberate move by their institution to increase quality in service delivery to the public. The responses on this statement had a mean of 4.09 and a standard deviation of 1.07. This implied that the responses on the statement were varying but with a low variation. In addition, the results established that majority of the respondents (76.4%) agreed that their institution continues to renew the current and/or new services without changing their basic technical and functional features. The responses on this statement attracted a mean score of 3.84 and a standard deviation of 1.15. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Moreover, the results revealed that majority of the respondents (75.8%) agreed that their institution renews the routines, procedures and processes employed to execute institution activities in innovative manner. The mean of the responses on this statement was 3.77 and the standard deviation was 1.10. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. The results also revealed that majority of the respondents who were 74.3% agreed that their institution always renew the institutional structure to facilitate strategic partnerships and long-term business collaborations. The responses had a mean of 3.82 and a standard deviation of 1.11. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Njogu (2014) found that innovative products and services, and new business methods and services lead to improved productions and delivery of services and have significant implication on financial performance.

Besides, the results revealed that majority of the respondents who were 86.5% agreed that there exists a complaint register and a complaint handling mechanism in my institution. This attracted a mean of 4.19 and a standard deviation of 0.96. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. The results further revealed that majority of the respondents who were 87.9% agreed that the management has convenient operating hours to the public and offers services timely as stipulated in the charter. The responses had a mean of 4.24 and a standard deviation of 0.91. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Additionally, the results established that majority of the respondents (85%) agreed that their institution encourages public participation and allows the public to critique on service delivery. The responses on this statement attracted a mean score of 4.11 and a standard deviation of 1.07. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. The results also revealed that majority of the respondents who were 83.6% agreed that their institution conducts periodic customer satisfaction surveys and the report therein shared and discussed with specific measures undertaken. The responses had a mean of 4.07 and a standard deviation of 0.91. This implied that majority of the respondents were agreeing to the statement but the responses were varying with a low variation. Fazlzadeh, Faryabi, Darabi, and Zahedi (2012) noted that service quality driving customer satisfaction which creates customer loyalty leading to growth and profit.

In addition, the results established that majority of the respondents (85%) agreed that they are never too busy to respond to our customers' request. The responses on this statement attracted a mean score of 4.09 and a standard deviation of 1.00. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low. Moreover, the results revealed that majority of the respondents (83.6%) agreed that they show sincere interest on solving our customers' problems. The mean of the responses on this statement was 4.06 and the standard deviation was 1.05. This indicated that although majority of the respondents were agreeing to the statement, the responses were varied but with a low variation. Further, the results indicated that majority of the respondents (87.1%) agreed to the statement that they have the required knowledge to answer their customers' questions. The statement response had a mean score of 4.09 and a standard deviation of 0.98. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. Furthermore, the results revealed that 80.7% of the respondents agreed that they provide services at the time required/ promised. The statement response had a mean score of 4.04 and a standard deviation of 0.98. This implies that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation. According to Grönroos and Ravald (2011), delivering services of high quality is an important pursuit for service providers that seek to create and provide value to their customers.

Finally, the results established that majority of the respondents (80.7%) agreed that their institution has put in place a communication process that reaches all key stakeholders and clearly covers the why, what, when, and how. This attracted a mean of 4.01 and a standard deviation of 1.08. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Femi (2014) revealed that a relationship exists between effective communication and workers' performance, productivity and commitment. Overall, the responses on the statement on performance of affirmative funds had a mean score of 4.01 and a standard deviation of 1.03.

4.10.2 Content Analysis

On whether their institutions have innovation committees, the respondents gave the responses given in Figure 4.7

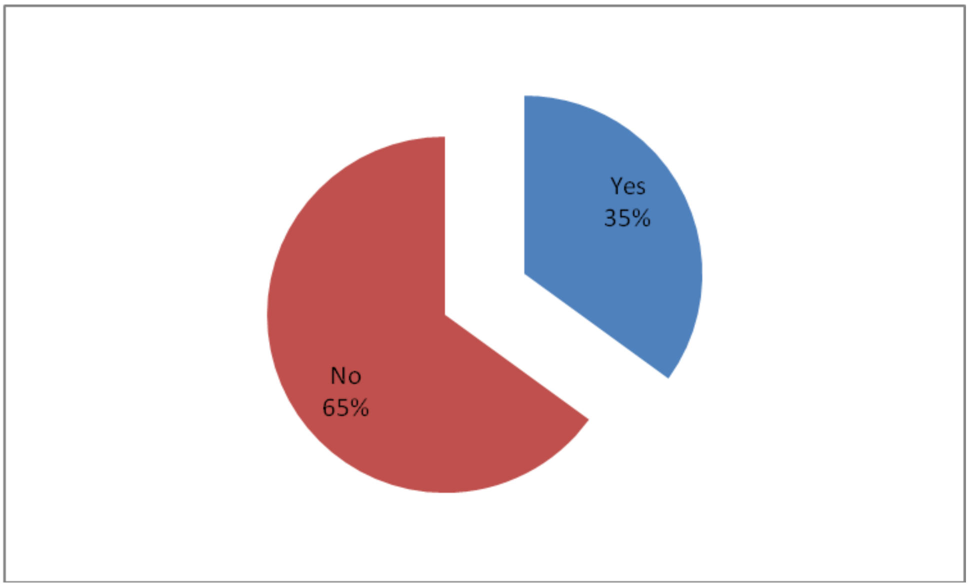


Figure 4.7: Innovation Committee

The responses given in Figure 4.7 indicate that 65% of the respondents who were the majority said that their institution has no innovation committee that has been established while 35% said that they have an innovation committee. According to Egbu, Henry, Kaye, Quintas, Schumacher and Young (2008) innovation Steering Committee is a powerful coalition of leaders from across the organization that guide and oversee the entire journey of innovation for your organization. They are responsible for driving the change process that will move the organization towards a culture that supports and sustains innovation; constantly monitoring it to make sure that it stays on track.

Further on innovation committee, the respondents were asked to state how their institution handles innovativeness. The responses given are shown in Table 4.24.

Table 4.24: Innovation Committee

Themes	Frequency
No room given for innovativeness	53
Innovativeness viewed as eventual	5
No training and no funding for innovation	5
Outsourcing	10
Discussed on need basis by management	5
Handled by ICT department	5
Departmental based	5
Handled through seminars and workshops	14
Total	**100**

The responses given as indicated in Table 4.24 revealed that majority said that innovativeness in not given room in their institutions and those suggestions on innovativeness are ignored. Some other respondents said that innovativeness in their institutions receives no training and no funding while others felt that innovativeness is considered eventual and still others said that it is discussed on need basis by management. Some other respondents said that innovation in their institution is outsourced, others that it is departmental based and others that it is handled by the ICT department. Other respondents said that innovativeness is handled through seminars, conferences and workshops. Razavi and Attarnezhad (2013) emphasized on structural forms, adaptability and capability of the organizations as the foundation of the management of innovation. Other factors to be considered in managing innovativeness include organizational atmosphere, participative management and incentives for innovation.

Additionally, the researcher asked that respondents to give their opinion on the services rendered by their institution to the public. The responses are given in table 4.25.

Table 4.25: Service Delivery

Themes	**Frequency**
Institution is inaccessible to the public	11
Satisfactory services	89
Total	**100**

The results in Table 4.15 show that majority of the respondents (89%) said that the services they render to the public are satisfactory while 11% said that their services are inaccessible to the public. Shah (2005) stated that a well-functioning public sector that delivers quality public services consistent with citizen preferences and that fosters private market-led growth while managing fiscal resources prudently is considered critical in good performance.

Finally, the researcher asked the respondents to explain how well they think technology would affect the quality of services being delivered by their institution. The responses are given in Table 4.26.

Table 4.26: Technology and Service Delivery

Themes	**Frequency**
Technology would better service delivery in terms of efficiency, quality, effectiveness	82
Technology could address the bottlenecks in service delivery	18
Total	**100**

As per the results given in Table 4.16, the majority of the respondents who were 82% said that technology would help better the service delivery in their institution in terms of efficiency, quality and effectiveness. In addition, some respondents said that technology would address the challenges of service delivery in their institution. Koech (2016) found that investment in ICT has a significant positive influence on the service delivery. This is due to lower transaction costs, e.g. for information for purchasing inputs as well as distributing and providing services. Furthermore, it could be partly attributed to a more efficient production process and a better resource allocation within the organization.

4.10.3 Sampling Adequacy

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. Small values (less than 0.05) of the significance level indicate that a factor analysis may be useful with the data.

Table 4.27: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.613
Bartlett's Test of Sphericity	Approx. Chi-Square	135.623
	Df	105
	Sig.	0.000

The KMO value for performance of affirmative funds was 0.613 which was above the threshold of 0.5. The Bartlett's Test of Sphericity was also significant (Chi-square = 135.623 with 105 degrees of freedom, p=0.00). This indicates that further analysis could be conducted on performance of affirmative funds.

Factor analysis was also conducted on statements regarding performance of affirmative funds. According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.5 should lead to correction of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. All the indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in table 4.28.

Table 4.28: Performance of Affirmative Funds Analysis Component Matrix

Statements	Component Matrix
My institution decreases service cost in service delivery by striving to do things differently	0.706
My institution develops newness for current services leading to improved ease of doing business and hence improved customer satisfaction	0.825
There is a deliberate move by my institution to increase quality in service delivery to the public	0.693
There is a deliberate move by my institution to increase quality in service delivery to the public	0.617
My institution renews the routines, procedures and processes employed to execute institution activities in innovative manner	0.879
My institution always renews the institutional structure to facilitate strategic partnerships and long-term business collaborations	0.633
There exists a complaint register and a complaint handling mechanism in my institution	0.819
The management has a convenient operating hour to the public and offers services timely as stipulated in the charter	0.919
My institution encourages public participation and allows the public to critique on service delivery	0.981
My Institution conducts periodic customer satisfaction surveys and the report therein shared and discussed with specific measures undertaken	0.737
We are never too busy to respond to our customers' request	0.906
We show sincere interest on solving our customers' problems	0.906
We have the required knowledge to answer our customers' questions	0.962
We provide services at the time required/ promised	0.959
My institution has put in place a communication process that reaches all key stakeholders and clearly covers the why, what, when, and how	0.677

Results in table 4.28 revealed that the statement that institution decreases service cost in service delivery by striving to do things differently had a component coefficient of 0.706, the statement that institution develops newness for current services leading to improved ease of doing business and hence improved customer satisfaction had a coefficient of 0.825, the statement that there is a deliberate move by my institution to increase quality in service delivery to the public had a coefficient of 0.693, the statement that there is a deliberate move by my institution to increase quality in service delivery to the public had a coefficient of 0.617, the statement that institution renews the routines, procedures and processes employed to execute institution activities in innovative manner had a coefficient of 0.879, the statement that institution always renew the institutional structure to facilitate strategic partnerships and long-term business collaborations had a coefficient of 0.633. Further, the statement that there exists a complaint register and a complaint handling mechanism in my institution had a coefficient of 0.819. Furthermore, the statement that the management has a convenient operating hour to the public and offers services timely as stipulated in the charter had coefficients of 0.919. Moreover, the statement that institution encourages public participation and allows the public to critique on service delivery had a coefficient of 0.981, the statement that institution conducts periodic customer satisfaction surveys and the report therein shared and discussed with specific measures undertaken had a coefficient of 0.737. In addition, the statement we are never too busy to respond to our customers' request had a coefficient of 0.906, the statement we show sincere interest on solving our customers' problems had a coefficient of 0.906 while the statement we have the required knowledge to answer our customers' questions had a coefficient of 0.962. Additionally, the statement we provide services at the time required/ promised had a coefficient of 0.959. Finally, the statement institution has put in place a communication process that reaches all key stakeholders and clearly covers the why, what, when, and how had a coefficient of 0.677.

4.11 Correlation Analysis

Correlation analysis was conducted to quantify the relationship between the independent variables (institutional leadership, director and executive compensation, institutional structure and CEO's duality) the moderating variable (control mechanisms) and the dependent variable (performance of affirmative funds). Pearson Product Moment correlation coefficient (r) which ranges between -1 and +1 and quantifies the direction and strength of the linear association between the two variables was used. The results are presented in Table 4.29.

Table 4.29: Correlation Analysis

		Performance of Affirmative Funds	Institutional leadership	Director and Executive compensation	Institutional structure	CEOs duality	Control mechanisms
Performance of Affirmative Funds	Pearson Correlation	1					
Institutional leadership	Pearson Correlation	.611**	1				
Director and Executive compensation	Pearson Correlation	.517**	.488**	1			
Institutional structure	Pearson Correlation	.633**	.546**	.744**	1		
CEOs duality	Pearson Correlation	.640**	.674**	.547**	.651**	1	
Control mechanisms	Pearson Correlation	.708**	.661**	.543**	.686**	.765**	1

** Correlation is significant at the 0.01 level (2-tailed).

According to the results shown in Table 4.29, a positive relationship between institutional leadership and performance of affirmative funds was obtained (r= 0.611). This agrees with Mert *et al*. (2010) who indicated that leadership style has a positive effect on institutional commitment of followers. Secondly, the relationship between directors' and executive compensation and performance of affirmative funds was found to be positive (r=0.517). This was in line with Shaw & Zhang (2010), who find that CEO cash compensation is positively related to firm performance. Similarly, a positive relationship between institutional structure and performance of affirmative funds was established (r=0.633). Results agree with Tsai and Gu (2007) who found institutional structure to be a significant and positive determinant of firm performance. Furthermore, the results established positive relationship between CEO's duality and performance of affirmative funds (r=0.640). Results disagree with Doğan, (2013) who found a negative relation was determined between duality and company performance. Finally, results revealed that control mechanisms and performance of affirmative funds have a positive relationship (r=0.708).

4.12 Diagnostic Tests

The relationship between the dependent and the independent variables should satisfy the assumption of normality, linearity, heteroscedasticity and multi-collinearity (Greene 2002). Before conducting the regression analysis diagnostic tests for normality, linearity, heteroscedasticity and multi-collinearity tests to establish the appropriateness of the data for making inference was conducted.

4.12.1 Test for normality

To check for normality, the study applied graphical method, skewness and kurtosis statistic and Kolmogorov-Smirnova and Shapiro-Wilk Test to detect the departure from normality. A variable is reasonably close to normal if its skewness and kurtosis have values between -1.0 and +1.0. Normality test was crucial because regression model estimation methods were based on assumption of normality since normally distributed data ensured that the data was fit for further statistical analysis and did not result to inflated statistics or under-estimated standard error. The results of the Normality test are as indicated in Figures 4.8, 4.9, 4.10, 4.11, 4.12 and 4.13.

Normality Test for Institutional Leadership

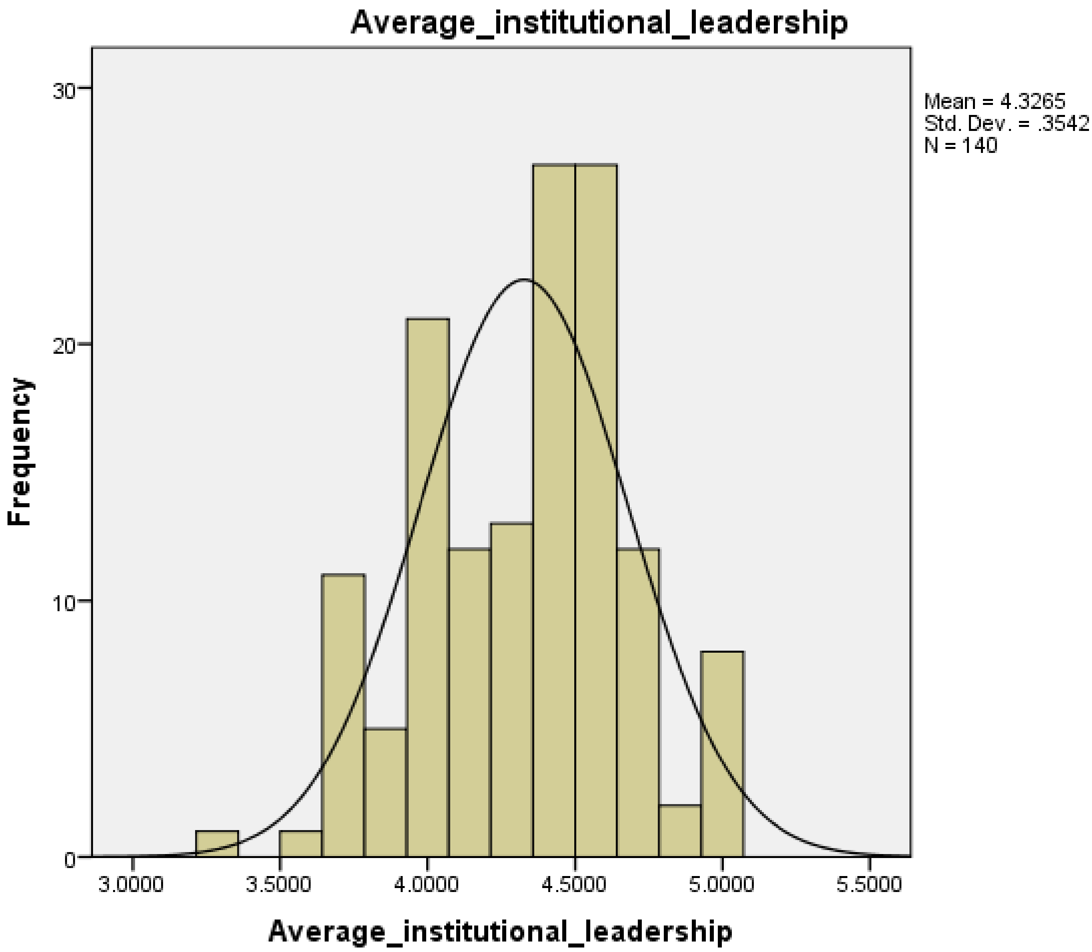


Figure 4.8: Normality Test for Institutional Leadership

The normality test results for institutional leadership shows that data was normally distributed allowing for further analysis to be conducted.

Normality Test for Directors and Executive Compensation

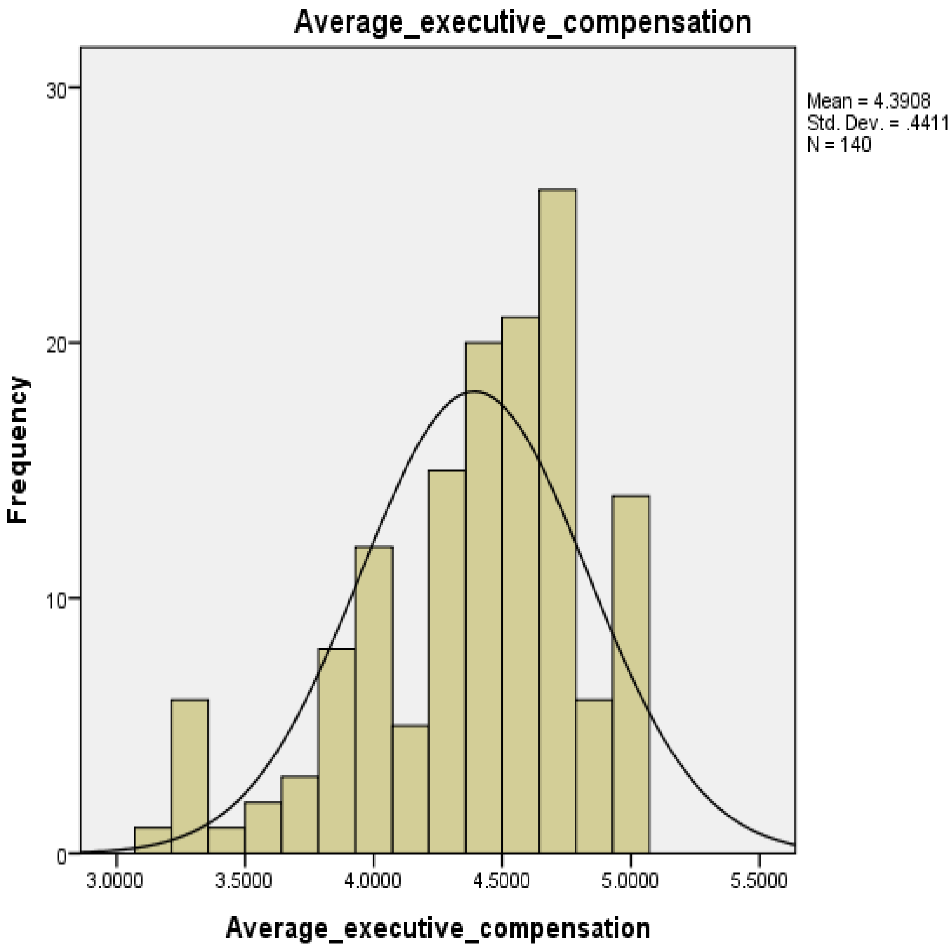


Figure 4.9: Normality Test for Directors and Executive Compensation

The normality test results for directors and executive compensation shows that data was normally distributed allowing for further analysis to be conducted.

Normality Test for Institutional Structure

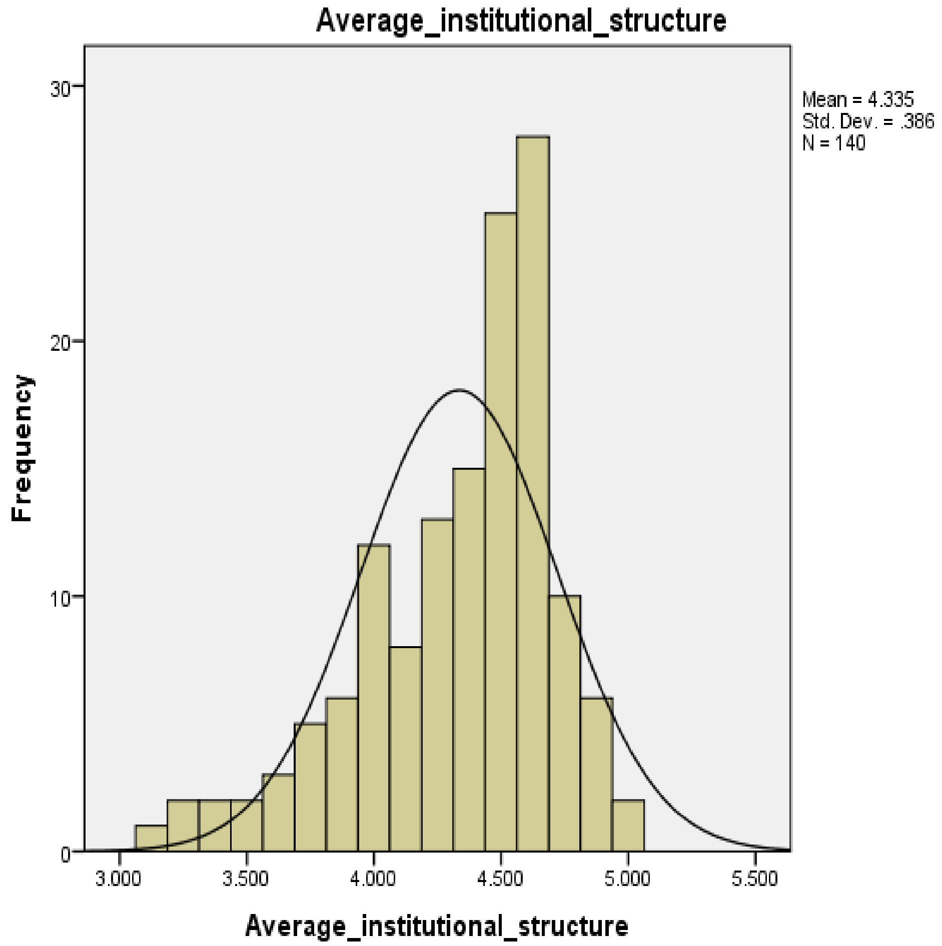


Figure 4.10: Normality Test for Institutional Structure

The normality test results for institutional structure shows that data was normally distributed allowing for further analysis to be conducted.

Normality Test for CEO's Duality

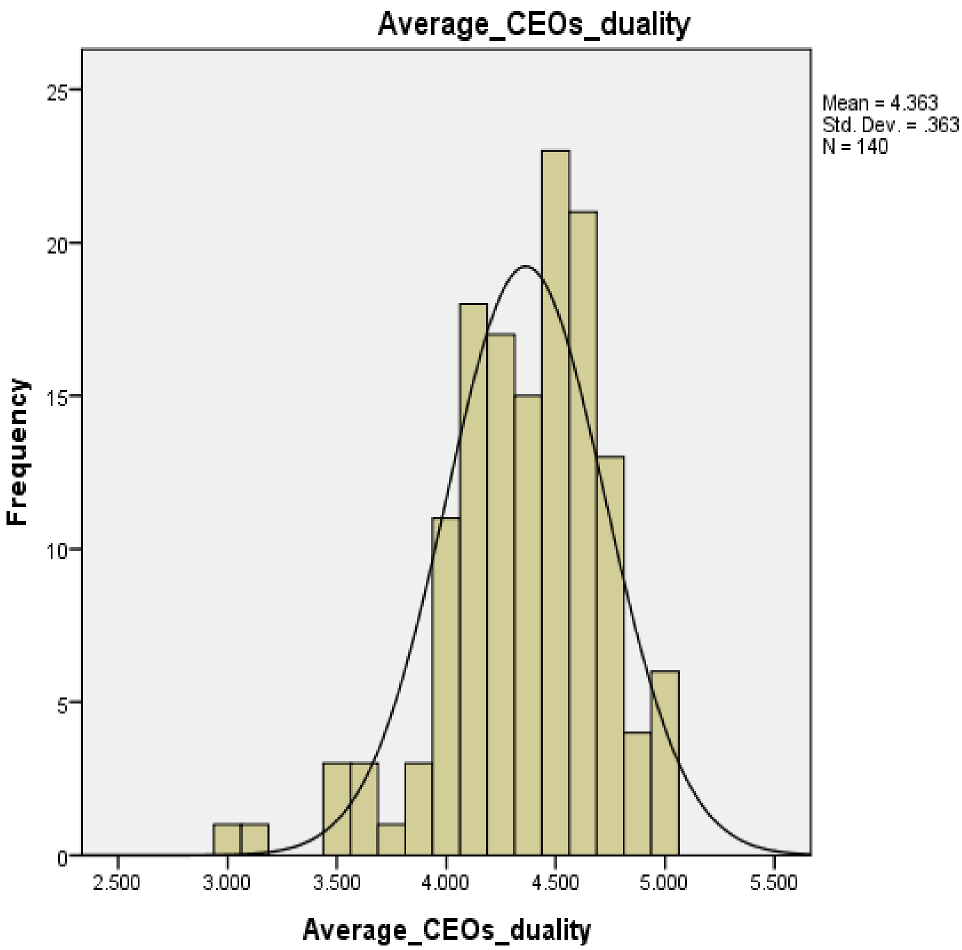


Figure 4.11: Normality Test for CEO's Duality

The normality test results for CEO's duality shows that data was normally distributed allowing for further analysis to be conducted.

Normality Test for Control Mechanisms

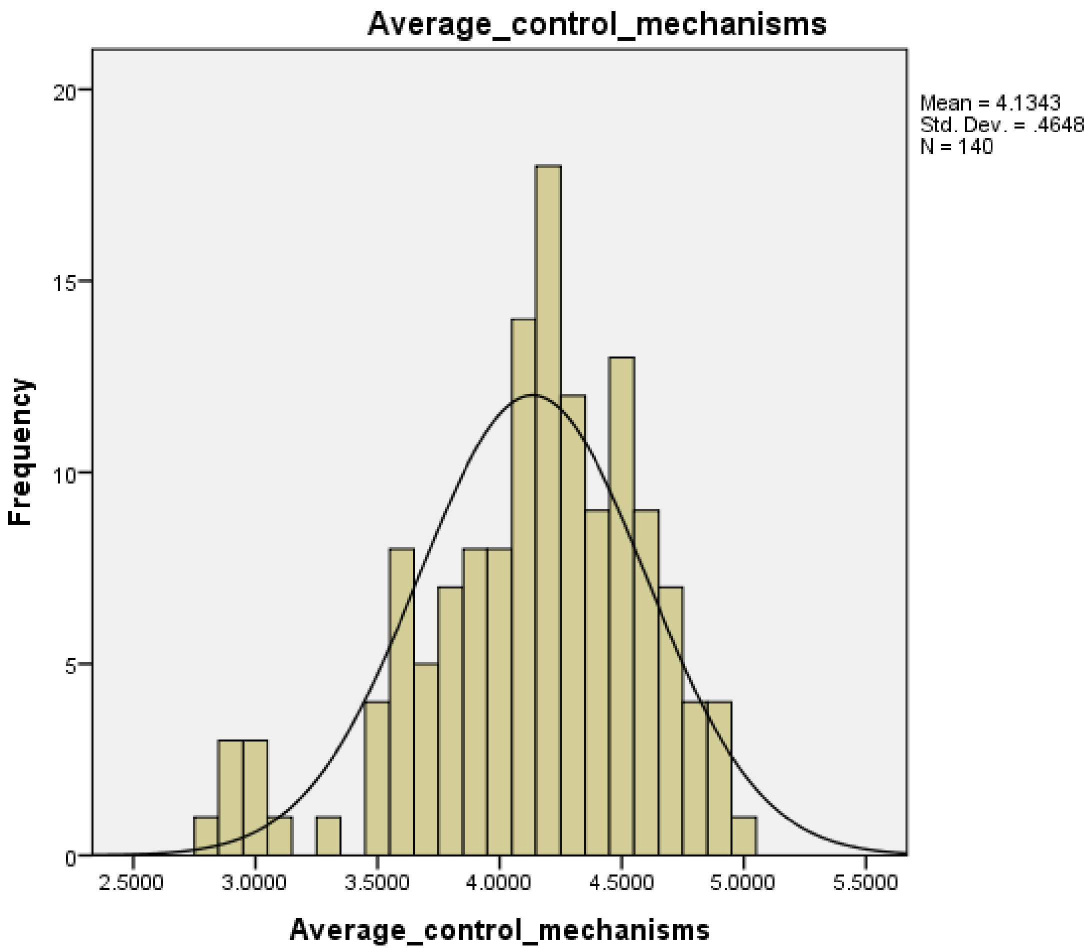


Figure 4.12: Normality Test for Control Mechanisms

The normality test results for control mechanisms shows that data was normally distributed allowing for further analysis to be conducted.

Normality Test for Performance of Affirmative Funds

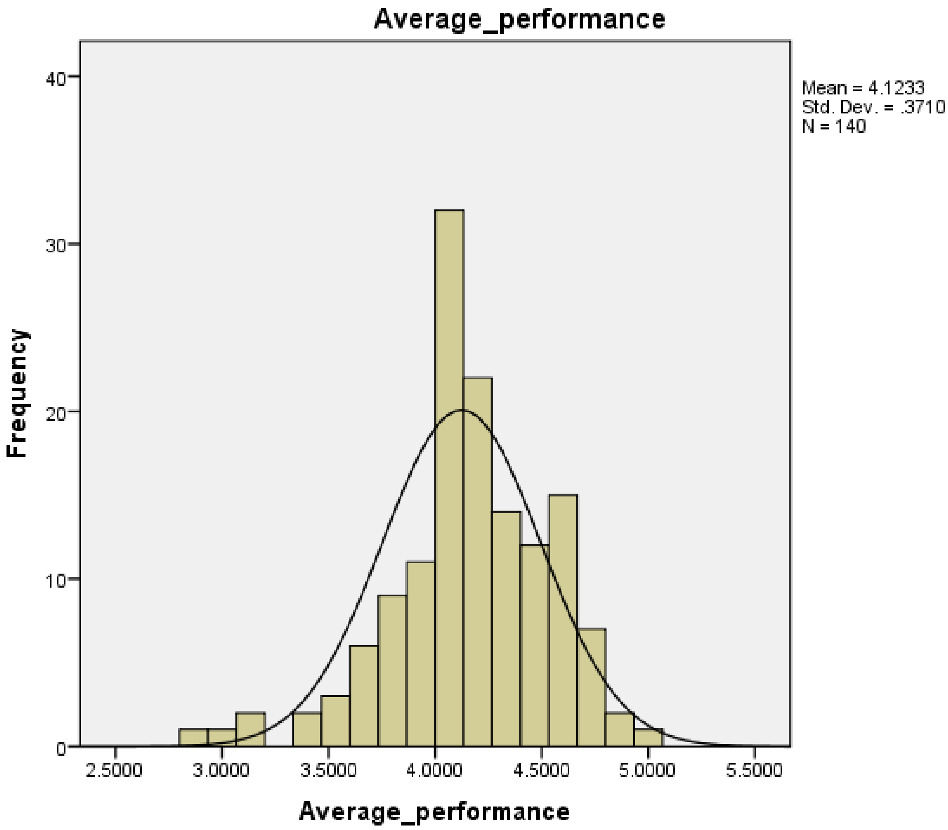


Figure 4.13: Normality Test for Performance of Affirmative Funds

The normality test results for performance of affirmative funds shows that data was normally distributed allowing for further analysis to be conducted.

The rule of the thumb is that zero skewness implies perfect normally distributed data while skewedness of between -1 and +1indicates that the data is normally distributed, although with incidence of slight negative or positive skewness. The rule of the thumb for kurtosis is that excess kurtosis of 3 implies that the peakedness of the data marches normally distributed data. Kurtosis of more than 3 indicates that the data is leptokurtic, with peakedness which is higher than that of normally distributed data. Kurtosis of less than 3 indicates that the data is platykurtic, with peakedness that is lower than that of a normal distribution

Table 4.30: Skewness and Kurtosis Results for the Data

	Mean	Std. Deviation	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
Institutional Leadership	4.326531	0.354217	-0.253	0.205	-0.339	0.407
Executive Compensation	4.346939	0.475549	-0.817	0.205	0.129	0.407
Institutional Structure	4.11161	0.557345	-1.005	0.205	0.92	0.407
CEOs Duality	4.17589	0.572507	-1.408	0.205	2.348	0.407
Control Mechanisms	4.1	0.473773	-0.63	0.205	0.24	0.407
Performance	4.123333	0.370962	-0.593	0.205	1.027	0.407

A skewness statistic of -0.253 indicates that the data for variable institutional leadership was negatively skewed but the values were closely distributed around the mean and hence the data was not affected by outliers. The kurtosis statistic of -0.339 indicates that the data for the variable institutional leadership is platykurtic, implying that the peakedness is slightly lower than that of a normal distribution.

A skewness statistic of -0.817 indicates that the data for variable directors and executive compensation was negatively skewed but the values were closely distributed around the mean and hence the data was not affected by outliers. The kurtosis statistic of 0.129 indicates that the data for variable directors and executive compensation is platykurtic, implying that the peakedness is lower than that of a normal distribution.

A skewness statistic of -1.005 indicates that the data for the variable institutional structure was negatively skewed but the values were closely distributed around the mean and hence the data was not affected by outliers. The kurtosis statistic of 0.92 indicates that the data for the variable Institutional structure is platykurtic, implying that the peakedness is lower than that of a normal distribution.

A skewness statistic of -1.408 indicates that the variable CEOs duality was negatively skewed but the values were closely distributed around the mean and hence the data was not affected by outliers. The kurtosis statistic of 2.348 indicates that the variable CEOs duality is platykurtic, implying that the peakedness is slightly lower than that of a normal distribution.

A skewness statistic of -0.63 indicates that the data for variable control mechanisms was negatively skewed but the values were closely distributed around the mean and hence the data was not affected by outliers. The kurtosis statistic of 0.24 indicates that the data for variable control mechanisms is platykurtic, implying that the peakedness is lower than that of a normal distribution.

Finally, skewness statistic of -0.593 indicates that the data for variable Performance of affirmative funds was negatively skewed but the values were closely distributed around the mean and hence the data was not affected by outliers. The kurtosis statistic of 1.027 indicates that the data for variable Performance of affirmative funds is platykurtic, implying that the peakedness is lower than that of a normal distribution. Since the skewness and kurtosis results are conflicting, we conclude that the data for the all variables is normally distributed as given by the skewness results.

Further, Kolmogorov-Smirnova and Shapiro-Wilk Test was performed. The rule of thumb is that if the significance level is >0.05, we assume that the data is normally distributed and if less than 0.05, we assume that the data is not normally distributed.

Table 4. 31: Kolmogorov-Smirnova and Shapiro-Wilk Test

	Kolmogorov-Smirnova			**Shapiro-Wilk**		
	Statistic	**n**	**Sig.**	**Statistic**	**n**	**Sig.**
Institutional Leadership	0.156	140	0.340	0.962	140	0.061
Executive Compensation	0.147	140	0.053	0.925	140	0.362
Institutional Structure	0.127	140	0.631	0.924	140	0.057
CEOs Duality	0.144	140	0.052	0.886	140	0.073
Control Mechanisms	0.121	140	0.054	0.963	140	0.321
Performance	0.12	140	0.056	0.969	140	0.053

The Kolmogorov-Smirnova results for the variables institutional structure, directors and executive compensation, institutional structure, CEO's duality, control mechanisms and performance of affirmative funds were 0.340, 0.053, 0.631, 0.052, 0.054 and 0.056 respectively. The Shapiro wilk results for the variables institutional structure, directors and executive compensation, institutional structure, CEO's duality, control mechanisms and performance of affirmative funds were, 0.061, 0.362, 0.057, 0.073, 0.321 and 0.053 respectively. The results indicate that the data was normally distributed for all the variables. This indicted that further analysis could be conducted.

4.12.2 Test for Multicollinearity Using Variance Inflation Factor

Multicollinearity was assessed in this study using the variance inflation factors (VIF). According to Thompson, Kim, Aloe & Becker (2017), VIF values in excess of 10 and tolerance value less than 0.2 are an indication of the presence of Multicollinearity.

Table 4.32: Multicollinearity

	Collinearity Statistics	
	Tolerance	**VIF**
Institutional leadership	0.486	2.057
Executive compensation	0.434	2.302
Institutional structure	0.325	3.077
CEOs duality	0.344	2.906
Control mechanisms	0.33	3.026

Results in Table 4.32 shows that all the tolerance values were above 0.2 and VIF less than 10 and thus, there were no collinearity among the independent variables.

4.12.3 Heteroscedasticity Test

The error process may be Homoscedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise Heteroscedasticity (Stevenson, 2004). The hettest command calculates Breuch Pagan for group wise Heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the panel data (Long & Ervin, 2000). The null hypothesis is that the data does not suffer from Heteroscedasticity since the p-value is greater than the 5%. The null hypothesis was not rejected at a critical p value of 0.05 since the reported value was 0.067>0.05. Thus, the data did not suffer from heteroscedasticity (Fletcher, Gallimore & Mangan, 2000).

Table 4.33: Heteroscedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity Ho: Constant variance		
chi2(1)	=	13.36
Prob > chi2	=	0.067

4.13 Regression Analysis

Regression analysis was done to determine the relationship between the independent variables and the dependent variable.

4.13.1 Regression Analysis for Institutional Leadership and Performance of Affirmative Funds

Table 4.34 below presents the model fitness results for institutional leadership and performance of affirmative funds.

Table 4.34: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.611a	0.374	0.369	0.46516

As per the results presented in Table 4.34, the institutional leadership variable was found to be satisfactory in explaining performance of affirmative funds. This was supported by coefficient of determination (R square) of 37.4%. This means that institutional leadership explains 37.4% of the dependent variable performance of affirmative funds.

ANOVA was also conducted to determine the relationship between institutional leadership and performance of affirmative funds. The results are presented in Table 4.35.

Table 4.35: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	17.804	7	17.804	82.281	**0.000**
Residual	29.86	132	0.216		
Total	47.664	139			

The results in Table 4.35 revealed that institutional leadership has a significant relationship with performance of affirmative funds (p=0.000). The results also showed that institutional leadership is a good predictor of performance of affirmative funds as supported by an F statistic of 82.281. This is in line with Awino and Bwire (2018) who found that top management team demographics have been posited to influence performance.

Table 4.36: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	1.869	0.249		7.497	0.000
My Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making	0.09	0.042	0.158	2.151	0.033
My Board is responsible for decisions made during the meetings and always choose the right course of action	0.041	0.045	0.068	0.915	0.362
My Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO	0.084	0.038	0.177	2.214	0.029
My Board has a system of measuring the effectiveness of the decisions made	0.055	0.039	0.114	1.439	0.152
My Institution has a well-defined training needs assessment approach for all staff.	0.04	0.038	0.084	1.048	0.297
My Supervisor provides leadership to staff on guidance and support on mentorship, coaching and training	0.168	0.044	0.291	3.833	0.000
Significant Programme and projects are clearly aligned to the institution's mandate	0.062	0.041	0.11	1.495	0.137

Regression of coefficients showed that the statement that Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making and performance of affirmative funds had a positive and significant relationship (β=0.09, p=0.033). The results also revealed that the statement Board is responsible for decisions made during the meetings and always choose the right course of action and performance of affirmative funds had a positive and insignificant relationship (β =0.041, p=0.362). The results also revealed that the statement Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO and performance of affirmative funds had a positive and significant relationship (β =0.084, p=0.029). The results also revealed that the statement Board has a system of measuring the effectiveness of the decisions made and performance of affirmative funds had a positive and insignificant relationship (β =0.055, p=0.152). The results also showed that the statement institution has a well-defined training needs assessment approach for all staff and performance of affirmative funds had a positive and insignificant relationship (β=0.04, p=0.297). The results further showed that the statement that supervisor provides leadership to staff on guidance and support on mentorship, coaching and training and performance of affirmative funds had a positive and significant relationship (β=0.168, p=0.000). Finally, the statement that significant Programme and projects are clearly aligned to the institution’s mandate and performance of affirmative funds had a positive and insignificant relationship (β =0.062, p=0.137).

Further, the optimal regression of coefficients results for institutional leadership and performance of affirmative funds are given in Table 4.37.

Table 4.37: Optimal Model for Institutional Leadership

	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	1.932	0.232		8.313	0.000
Institutional leadership	0.528	0.058	0.611	9.071	**0.000**

The results in Table 4.37established that institutional leadership has a positive and significant relationship with performance of affirmative funds (p=0.000, β =0.528). This was further supported by a t statistic of 9.071 which was greater than the calculated t value of 1.96. This concurs with Tseng & Kang (2008) who found out that there is a positive and significant relationship between leadership style and institutional commitment.

Hypothesis Testing for Institutional Leadership

The hypothesis for institutional leadership was

H_{01}: Institutional Leadership has no significant effect on Performance of National Government Affirmative Action Funds in Kenya**.**

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.37). The acceptance/rejection criteria were that, if the p value is greater than 0.05, we fail to reject the H_01 but if it's less than 0.05, the Ho_1 is rejected. The p value was 0.00 therefore the null hypothesis institutional leadership has no significant effect on performance of national government affirmative action funds in Kenya was rejected. Therefore, the alternative hypothesis was adopted that institutional leadership has significant effect on performance of national government affirmative action funds in Kenya. This is in line with Mureithi (2014) who found out that leadership style was a major factor affecting organizational performance.

4.13.2 Regression Analysis for Directors' and Executive Compensation and Performance of Affirmative Funds

Table 4.38 presents the model fitness results for directors' and executive compensation and performance of affirmative funds.

Table 4.38: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.517a	0.267	0.262	0.50307

As per the results presented in Table 4.38, the director and executive compensation variable was found to be satisfactory in explaining performance of affirmative funds. This was supported by coefficient of determination (R square) of 26.7%. This means that director and executive compensation explain 26.7% of the dependent variable performance of affirmative funds. The results differ with those of Zhou et al (2011) who established that manager's compensation had no impact on performance.

ANOVA was also conducted to determine the relationship between executive compensation and performance of affirmative funds. The results are presented in Table 4.39.

Table 4.39: Analysis of Variance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	12.74	7	12.74	50.339	**0.000**
Residual	34.924	132	0.253		
Total	47.664	139			

The results in Table 4.39 revealed that director and executive compensation has a significant relationship with performance of affirmative funds (p=0.000). The results also showed that institutional leadership is a good predictor of performance of affirmative funds as supported by an F statistic of 50.339. The results agree with Carpenter and Sanders (2002), who concluded that the pay-performance relation is significant and positive.

Table 4.40: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	2.8	0.185		15.123	0
My Institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO	0.084	0.044	0.2	1.884	0.062
There is a maximum amount that my CEO is paid no matter the institutions performance	0.081	0.038	0.171	2.128	0.035
My CEO’s compensation packages is based on how long he/she has stayed in the institution	0.094	0.038	0.212	2.456	0.015
My Board takes full account of risk in its decisions before considering CEO’s compensation	0.074	0.045	0.146	1.62	0.108
My institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives	-0.047	0.044	-0.099	-1.07	0.287
The compensation committee decides an appropriate remuneration package of the CEO based on his/her performances	0.043	0.045	0.102	0.945	0.346
My CEO’s compensation largely depends on the institution’s performance	0.008	0.042	0.018	0.184	0.854

Regression of coefficients showed that the statement institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO and performance of affirmative funds had a positive and insignificant relationship (β =0.084, p=0.062). The results also revealed that the statement there is a maximum amount that my CEO is paid no matter the institutions performance and performance of affirmative funds had a positive and significant relationship (β =0.081, p=0.032). The results also revealed that the statement CEO's compensation packages are based on how long he/she has stayed in the institution and performance of affirmative funds had a positive and significant relationship (β =0.094, p=0.015). The results also revealed that the statement that Board takes full account of risk in its decisions before considering CEO's compensation and performance of affirmative funds had a positive and insignificant relationship (β=0.074, p=0.108). The results also showed that the statement institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives and performance of affirmative funds had a negative and insignificant relationship (β =0.047, p=0.287). The results further showed that the statement the compensation committee decides an appropriate remuneration package of the CEO based on his/her performances and performance of affirmative funds had a positive and insignificant relationship (β =0.043, p=0.346). Finally, the statement CEO's compensation largely depends on the institution's performance and performance of affirmative funds had a positive and insignificant relationship (β =0.008, p=0.854). Further, regression of coefficients results for directors and executive compensation and performance of affirmative funds are given in Table 4.41.

Table 4.41: Optimal Model for Directors and Executive Compensation

	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	2.833	0.171		16.553	0.000
Director and executive compensation	0.326	0.046	0.517	7.095	**0.000**

The results in Table 4.41 established that directors and executive compensation has a positive and significant relationship with performance of affirmative funds (p=0.000, β =0.326). This was further supported by a t statistic of 7.095 which was greater than the calculated t value of 1.96. This is in line with Van and Wittek (2015) who stated that offering wage premiums to CEOs does not reflect a failure of corporate governance but is a socially efficient means of creating and maintaining CEO commitment. Abedin (2015) also found that CEO pay is positively related to firm performance and risk-taking. When CEOs are compensated with higher pay, firms experience higher return on asset (ROA). On the other hand, the findings contradict with those of Erick, Kefah and Nyaoga (2014) who found out that there is a non-significant relationship between executive compensation and financial performance. The results also differ with Kazan (2016) who established that a non-significant negative relationship between CEO compensation and firm performance exist.

Hypothesis Testing for Directors' and Executive Compensation

The second hypothesis was:

H_{02}: Directors' & Executive compensation has no significant effect on Performance of National Government Affirmative Action Funds in Kenya.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.41). The acceptance/rejection criteria were that, if the p value is greater than 0.05, we fail to reject the $H_0 2$ but if it's less than 0.05, the Ho_2 is rejected. The p value was 0.00 hence the null hypothesis directors' & executive compensation has no significant effect on performance of national government affirmative action funds in Kenya was rejected. The study therefore adopted the alternative hypothesis that directors' & executive compensation has significant effect on performance of national government affirmative action funds in Kenya.

4.13.3 Regression Analysis for Institutional Structure and Performance of Affirmative Funds

Table 4.42 presents the model fitness results for institutional structure and performance of affirmative funds.

Table 4.42: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633a	0.401	0.397	0.45491

As per the results presented in Table 4.42, the institutional structure variable was found to be satisfactory in explaining performance of affirmative funds. This was supported by coefficient of determination (R square) of 40.1%. This means that institutional structure explains 40.1% of the dependent variable performance of affirmative funds. Suliman and Al - Harethi (2013) argued that institutional structure is the most significant contributing component to workplace ambiance.

ANOVA was also conducted to determine the relationship between institutional structure and performance of affirmative funds. The results are presented in Table 4.43.

Table 4.43: Analysis of Variance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	19.106	8	19.106	92.329	0.000
Residual	28.558	131	0.207		
Total	47.664	139			

The results in Table 4.43 revealed that institutional structure has a significant relationship with performance of affirmative funds (p=0.000). The results also showed that institutional structure is a good predictor of performance of affirmative funds as supported by an F statistic of 92.329. These results are in line with Amin and Naqvi (2014) who showed a positive significant relationship between institutional structure and organizational effectiveness.

Table 4.44: Regression of Coefficients

	B	Std. Error	Beta	T	Sig.
(Constant)	2.052	0.214		9.599	0
My CEO highly involves most employees in their work	0.079	0.041	0.15	1.935	0.055
All activities in my institution are guided by written policies and procedures	0.061	0.043	0.117	1.41	0.161
The CEO in my institution ensures project decisions are made in timely manner	0.07	0.042	0.14	1.68	0.095
The CEO in my institution undertakes and performs duties in timely manner	0.046	0.043	0.091	1.081	0.282
The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets	0.051	0.049	0.09	1.045	0.298
My institution usually displays annual financial statements on the institution’s website	0.052	0.035	0.116	1.479	0.142
My Board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year	0.097	0.046	0.187	2.138	0.034
There are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution	0.044	0.044	0.08	0.984	0.327

Regression of coefficients showed that the statement CEO highly involves most employees in their work and performance of affirmative funds had a positive and insignificant relationship (β r=0.079, p=0.055). The results also revealed that the statement all activities in institution are guided by written policies and procedures and performance of affirmative funds had a positive and insignificant relationship (β =0.061, p=0.161). The results also revealed that the statement the CEO in my institution ensures project decisions are made in timely manner and performance of affirmative funds had a positive and insignificant relationship (β =0.07, p=0.095). The results also revealed that the statement the CEO undertakes and performs duties in timely manner and performance of affirmative funds had a positive and insignificant relationship (β r=0.046, p=0.282). The results also showed that the statement the CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets and performance of affirmative funds had a positive and insignificant relationship (β =0.051, p=0.298). The results further showed that the statement institution usually displays annual financial statements on the institution's website and performance of affirmative funds had a positive and insignificant relationship (β =0.052, p=0.142). The statement Board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year and performance of affirmative funds had a positive and significant relationship (β = 0.097, p=0.034). Finally, the statement there are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution and performance of affirmative funds had a positive and insignificant relationship (β =0.044, p=0.327).

Further, regression of coefficients results for institutional structure and performance of affirmative funds are given in Table 4.45.

Table 4.45: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	1.927	0.22		8.755	0.000
Institutional structure	0.544	0.057	0.633	9.609	0.000

The results in Table 4.45 established that institutional structure has a positive and significant relationship with performance of affirmative funds (p=0.000, β =0.544). This was further supported by a t statistic of 9.609 which was greater than the calculated t value of 1.96. The results are in consent with Filatotchev and Wright (2011) who stated that governance factors which include board size, types of dominant owners, board characteristics, and managerial compensation would influence the internalization tactics and the outcomes of the strategic decision which in return increases firm performance.

Hypothesis Testing for Institutional Structure

The third hypothesis was **H_{03}:** Institutional Structure has no significant effect on performance of National Government Affirmative Action Funds in Kenya. The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.45). The acceptance/rejection criteria were that, if the p value is greater than 0.05, we fail to reject the $H_0$1 but if it's less than 0.05, the Ho_1 is rejected. The p value was 0.00 hence the null hypothesis institutional structure has no significant effect on performance of national government affirmative action funds in Kenya was rejected. The study therefore adopted the alternative hypothesis that institutional structure has a significant effect on performance of national government affirmative action funds in Kenya. De Jong (2001) established that institutional structure has a specific predicted impact on the performance.

4.13.4 Regression Analysis for CEOs Duality and Performance of Affirmative Funds

Table 4.46 presents the model fitness results for CEOs duality and performance of affirmative funds.

Table 4.46: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.640a	0.409	0.405	0.45178

As per the results presented in Table 4.28, the CEO's duality variable was found to be satisfactory in explaining performance of affirmative funds. This was supported by coefficient of determination (R square) of 40.9%. This means that CEOs duality explain 40.9% of the dependent variable performance of affirmative funds. The results contradict those of Dogan, Elitas, Agca and Ögel (2013) found that CEO duality has a negative impact on the firm performance, consistent with the agency theory.

ANOVA was also conducted to determine the relationship between CEO's duality and performance of affirmative funds. The results are presented in Table 4.47.

Table 4.47: Analysis of Variance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	19.498	10	19.498	95.531	**0.000**
Residual	28.166	129	0.204		
Total	47.664	139			

The results in Table 4.47 revealed that CEO's duality has a significant relationship with performance of affirmative funds (p=0.000). The results also showed that CEO's duality is a good predictor of performance of affirmative funds as supported by an F statistic of 95.531. Ramdani and Witteloostuijn (2010) found a positive relation between duality and company performance.

Table 4.48: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	1.377	0.251		5.484	0
Your Board have defined appropriate objectives for the Institution	0.043	0.036	0.081	1.213	0.227
Departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given	0.118	0.042	0.207	2.791	0.006
Management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports	0.04	0.045	0.072	0.899	0.37
The board is clear on its risk appetite	0.063	0.048	0.106	1.311	0.192
My institution ensures that corrective action is taken to address weaknesses and gaps realized in processes	0.054	0.044	0.099	1.228	0.222
Staff Appraisals in your institution has helped in assessing the quality of performance of individuals over time	0.006	0.051	0.01	0.122	0.903
Staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job	0.067	0.037	0.117	1.826	0.07
Complaints are adequately addressed and the management has put in place mechanisms of communication to the public	0.075	0.039	0.147	1.911	0.058
The staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued	0.094	0.043	0.168	2.207	0.029
The effective use of performance appraisals in my institution helps an institution operate efficiently and with focus	0.101	0.045	0.177	2.26	0.026

Regression of coefficients showed that the statement that Board have defined appropriate objectives for the Institution and performance of affirmative funds had a positive and insignificant relationship (β =0.043, p=0.227). The results also revealed that the statement departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given and performance of affirmative funds had a positive and insignificant relationship (β =0.118, p=0.006). The results also revealed that the statement management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports and performance of affirmative funds had a positive and insignificant relationship (β r=0.04, p=0.37). The results also revealed that the statement the board is clear on its risk appetite and performance of affirmative funds had a positive and insignificant relationship (β=0.063, p=0.192). The results also showed that the statement institution ensures that corrective action is taken to address weaknesses and gaps realized in processes and performance of affirmative funds had a positive and insignificant relationship (β =0.054, p=0.222). The results further showed that the statement staff appraisals in your institution has helped in assessing the quality of performance of individuals over time and performance of affirmative funds had a positive and insignificant relationship (β=0.006, p=0.903). The statement staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job and performance of affirmative funds had a positive and significant relationship (β = 0.067, p=0.07). Furthermore, the statement complaints are adequately addressed and the management has put in place mechanisms of communication to the public and performance of affirmative funds had a positive and insignificant relationship (β =0.075, p=0.58). Moreover, the statement the staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued and performance of affirmative funds had a positive and significant relationship (β =0.094, p=0.029). Finally, the statement the effective use of performance appraisals in my institution helps an institution operate efficiently and with focus and performance of affirmative funds had a positive and significant relationship (β =0.101, p=0.027).

Further, regression of coefficients results for CEO's duality and performance of affirmative funds are given in Table 4.49.

Table 4.49: Optimal Model for CEO's Duality

	B	Std. Error	Beta	T	Sig.
(Constant)	2.046	0.204		10.004	0.000
CEOs duality	0.504	0.052	0.64	9.774	**0.000**

The results in Table 4.49 established that CEO's duality has a positive and significant relationship with performance of affirmative funds (p=0.000, β =0.504). This was further supported by a t statistic of 9.774 which was greater than the calculated t value of 1.96. The results concur with Yıldız and Doğan (2012) who established that CEO duality has a positive effect on the performances of mutual fund companies. Further Li & Li (2007) reported that CEO duality (one person serving both as a firm's CEO and board chair) is positively correlated with firm performance. Results on the other hand differ with those of Ujunwa (2013) who stated that there existed a negative relation between duality and company performance.

Hypothesis Testing for CEO's Duality

The fourth hypothesis was:

H_{04}: CEO's Duality has no significant effect on performance of National Government Affirmative Action Funds in Kenya.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.49). The acceptance/rejection criteria were that, if the p value is greater than 0.05, we fail to reject the $H_0$1 but if it's less than 0.05, the Ho_1 is rejected. The p value was 0.00 hence, the null hypothesis CEO's duality has no significant effect on performance of national government affirmative action funds in Kenya was rejected. Therefore, the alternative hypothesis that CEO's duality has significant effect on performance of national government affirmative action funds in Kenya was adopted. Results concur with Yu (2008), Gill and Mathur (2011) and Alves, Cabús and Campelo (2011) who found a positive relation between duality and company performance.

4.14 Overall Regression Model

Multiple linear regression analysis was carried out to determine the form of mathematical model that explains the relationship between the independent variable and the dependent variables.

Table 4.50 presents the model fitness results for all independent variables and performance of affirmative funds.

Table 4.50: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.727a	0.528	0.514	0.40829

Independent variables were found to be satisfactory in explaining performance of affirmative funds. This is supported by coefficient of determination also known as the R square of 52.8%. This means that independent variables explain 52.8% of the dependent variable performance of affirmative funds. This agrees with Wairimu (2011) who established that corporate governance practices affect the financial performance. Results on the contrary differ with Gupta and Sharma (2014) who noted that corporate governance practices have limited impact on both the share prices of the companies as well as on their financial performance.

The overall ANOVA results are provided in Table 4.51.

Table 4.51: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	25.159	4	6.29	37.73	**0.000**
Residual	22.505	135	0.167		
Total	47.664	139			

Table 4.51 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant (p=0.000). Further, the independent variables institutional leadership, director and executive compensation, institutional structure and CEO's duality are a good predictor of performance of affirmative funds as supported by an F statistic of 37.73. Table 4.52 provides the overall regression of coefficients results.

Table 4.52: Optimum Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	1.278	0.231		5.54	0
Institutional leadership	0.228	0.071	0.264	3.22	0.002
Executive compensation	0.121	0.057	0.02	0.219	0.008
Institutional structure	0.269	0.085	0.314	3.172	0.002
CEOs duality	0.195	0.071	0.247	2.738	0.007

Multiple regression analysis revealed that institutional leadership is positively and significantly related to performance of affirmative funds (β =0.228, p=0.002). This concurs with Tseng and Kang (2008) who found out that there is a positive and significant relationship between leadership style and institutional commitment. Secondly, the results revealed that executive compensation and performance of affirmative funds are positively and significantly related (β =0.121, p=0.008). Results agree with Abedin (2015) who found that CEO pay is positively related to firm performance and risk-taking. In addition, the results revealed that institutional leadership has a positive and significant relationship with performance of affirmative funds (β=0.269, p=0.002). These results are in line with Amin and Naqvi (2014) who showed a positive significant relationship between institutional structure and organizational effectiveness. Finally, results established that CEOs duality and performance of affirmative funds are positively and significantly related (β=0.195, p=0.007). The results agree with Ramdani and Witteloostuijn (2010) who found a positive relation between duality and company performance.

The overall regression model as per the results was as given below:

$$Y= 1.278 + 0.228X_1 + 0.121 X_2 + 0.269X_3 + 0.195X_4 + 0.231$$

Where

Y was performance of National Government Affirmative Action Funds

X_1 was institutional leadership

X_2 was Executive Compensation

X_3 was institutional structure

X_4 was CEO's Duality

Ɛ was the error component

4.15 Regression Analysis for Moderating Effect of Control Mechanisms

The results in Table 4.53 present the model fitness after moderation.

Table 4.53: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751a	**0.564**	0.551	0. 39233

The results revealed that the R square improved to 56.4% after moderation of control mechanisms on the relationship between the independent variables and the dependent variable. This implied that control mechanisms increased the effect of the independent variables (institutional leadership, executive compensation, institutional structure and CEOs duality) on the performance of affirmative funds. This is in line with Liech (2011) who noted that that there is a significant relationship between corporate governance practices and financial performance.

Table 4.54 presents the ANOVA results after moderation.

Table 4.54: ANOVA Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.128	4	1.532	4.98	0.001
Residual	41.536	135	0.308		
Total	47.664	139			

The ANOVA results indicated that control mechanisms significantly moderate the effect of independent variables (institutional leadership, executive compensation, institutional structure and CEOs duality) on the performance of affirmative funds ($p=0.001$). Maher and Anderson (1999) revealed that the corporate governance framework can impinge upon the development of equity markets, Research & Development and innovative activity, entrepreneurship, and the development of an active SME sector, and thus impinge upon economic growth.

Table 4.55 provides the results for regression of coefficients after moderation.

Table 4.55: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	1.037	0.23		4.501	0
Institutional leadership	0.162	0.07	0.187	2.309	0.022
Executive compensation	0.019	0.054	0.03	0.346	0.73
Institutional structure	0.175	0.085	0.204	2.052	0.042
CEOs duality	0.07	0.076	0.089	0.922	0.358

The results in Table 4.55 indicates that control mechanisms moderate the effect of institutional leadership on performance of affirmative funds (β =0.162, p=0.022). Also, results indicate that control mechanisms moderate the effect of executive compensation on performance of affirmative funds (β =0.019, p=0.73). Further, results indicated that control mechanisms moderate the effect of institutional structure on performance of affirmative funds (β =0.175, p=0.042). Finally, results indicated that control mechanisms insignificantly moderate the effect of CEOs duality on performance of affirmative funds (β =0.07, p=0.358). Results concur with Ward *et al* (2009) who argued that various combinations of internal governance mechanisms can result in equally effective governance in terms of reducing managers' opportunistic behaviour and increasing wealth protection.

The regression model after moderation is as laid below

$$\mathbf{Y = 1.037+0.162X_1{*}M +0.175X_3{*}M +0.019X_2{*}M +0.07X_4{*}M}$$

Where:

Y is performance of National Government Affirmative Action Funds

X_1 is institutional leadership

X_2 is Executive Compensation

X_3 is institutional structure

X_4 is CEO's Duality

Ɛ is the error component

M is control mechanisms

Hypothesis testing for moderator variable

The fifth hypothesis was

H_{05}: Control Mechanisms have no significant moderating effect on Performance of National Government Affirmative Action Funds in Kenya.

The hypothesis was tested by using multiple linear regression and determined using p-value (Table 4.55). The acceptance/rejection criteria were that, if the p value is greater than 0.05, we fail to reject the $H_0 1$ but if it's less than 0.05, the Ho_1 is rejected. The p value was 0.001 hence; the null hypothesis that control mechanisms have no significant moderating effect on performance of national government affirmative action funds in Kenya was rejected. Therefore, the alternative hypothesis that control mechanisms have significant moderating effect on performance of national government affirmative action funds in Kenya was adopted. Muthusi (2017) established a positive and significant relationship between control environment and performance of the National Government Affirmative Action Funds. Risk assessment, information and communication systems, control activities as well as monitoring strategies also showed a positive and significant relationship

Table 4.56: Summary of Hypotheses

Objective No	Objective	Hypothesis	Rule	p-value	Comment
Objective 1	To examine the effect of institutional leadership on performance of National Government Affirmative Action Funds in Kenya	Ho: Institutional Leadership has no significant effect on Performance of National Government Affirmative Action Funds in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore, Institutional Leadership has significant effect on Performance of National Government Affirmative Action Funds in Kenya.
Objective 2	To assess the effect of director & executive compensation on performance of National Government Affirmative Action Funds in Kenya.	Ho: Directors' & Executive compensation has no significant effect on Performance of National Government Affirmative Action Funds in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore Directors' & Executive compensation has significant effect on Performance of National Government Affirmative Action Funds in Kenya.
Objective 3	To assess the effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya.	Ho: Institutional Structure has no significant effect on performance of National Government Affirmative Action Funds in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore, Institutional Structure has significant effect on performance of National Government Affirmative Action Funds in Kenya.
Objective 4	To establish the effect of CEO's duality on performance of National Government Affirmative Action Funds in Kenya.	Ho: CEO's Duality has no significant effect on performance of National Government Affirmative Action Funds in Kenya.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore, CEO's Duality has significant effect on performance of National Government Affirmative Action Funds in Kenya.
Objective 5	To determine the moderating effect of control mechanisms on performance of National Government Affirmative Action Funds in Kenya.	Ho: Control Mechanisms have no significant moderating effect on Performance of National Government Affirmative Action Funds in Kenya.	Reject Ho if p value <0.05	P<0.05	The null hypothesis was rejected; therefore, Control Mechanisms have significant moderating effect on Performance of National Government Affirmative Action Funds in Kenya.

4.19 Summary of Hypotheses

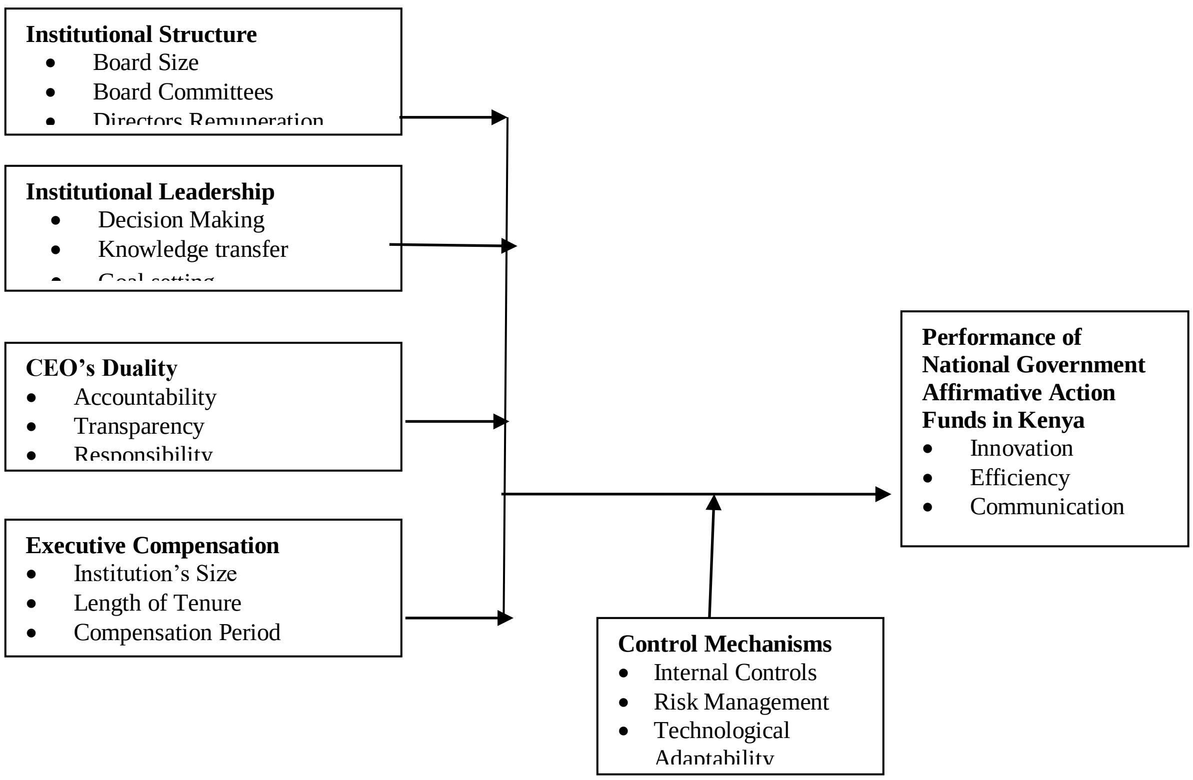
Table 4.56 presents the summary of the hypotheses as per the results

4.20 Model Optimization

Based on the results in Table 4.52, a model optimization was conducted. The aim of model optimization was to guide in derivation of the final model (revised conceptual framework) where only the significant variables are included for objectivity.

4.21 Conceptual Model

The conceptual framework was found by dropping irrelevant variables and retaining those which were significant. The independent variables were also rearranged depending on their influence on the dependent variable. Results of the new conceptual model as presented in figure 4.9.



Independent variables **Moderating Variable** **Dependent Variable**

Figure 4.14: Conceptual Model Source: Buyema (2019)

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings from the analysis, the conclusions and the recommendations. This was done in line with the objectives of the study which were; to examine the effect of institutional leadership on performance of National Government Affirmative Action Funds in Kenya; to assess the effect of director & executive compensation on performance of National Government Affirmative Action Funds in Kenya; to assess the effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya; to establish the effect of CEO's duality on performance of National Government. Affirmative Action Funds in Kenya; to determine the moderating effect of control mechanisms on performance of National Government Affirmative Action Funds in Kenya.

5.2 Summary of Major Findings

This section contained the summary of the findings which was done per objective.

5.2.1 Institutional Leadership

The first objective was to examine the effect of institutional leadership on performance of National Government Affirmative Action Funds in Kenya. The ANOVA results found that institutional leadership has a significant relationship with performance of affirmative funds. The results also showed that institutional leadership is a good predictor of performance of affirmative funds. Regression of coefficients results showed that institutional leadership has a positive and significant relationship with performance of affirmative funds.

Regression of coefficients showed that the statement that Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making and performance of affirmative funds had a positive and significant relationship. The results also revealed that the statement Board is responsible for decisions made during the meetings and always choose the right course of action and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors / CEO and performance of affirmative funds had a positive and significant relationship. The results also revealed that the statement Board has a system of measuring the effectiveness of the decisions made and performance of affirmative funds had a positive and insignificant relationship. The results also showed that the statement institution has a well-defined training needs assessment approach for all staff and performance of affirmative funds had a positive and insignificant relationship. The results further showed that the statement that supervisor provides leadership to staff on guidance and support on mentorship, coaching and training and performance of affirmative funds had a positive and significant relationship. Finally, the statement that significant Programme and projects are clearly aligned to the institution's mandate and performance of affirmative funds had a positive and insignificant relationship.

5.2.2 Director's and Executive Compensation

The second objective was to assess the effect of director & executive compensation on performance of National Government Affirmative Action Funds in Kenya. The ANOVA results revealed that director and executive compensation has a significant relationship with performance of affirmative funds. The results also showed that institutional leadership is a good predictor of performance of affirmative funds. Regression of coefficient results established that directors and executive compensation has a positive and significant relationship with performance of affirmative funds.

Regression of coefficients showed that the statement institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement there is a maximum amount that my CEO is paid no matter the institutions performance and performance of affirmative funds had a positive and significant relationship. The results also revealed that the statement CEO's compensation packages is based on how long he/she has stayed in the institution and performance of affirmative funds had a positive and significant relationship. The results also revealed that the statement that Board takes full account of risk in its decisions before considering CEO's compensation and performance of affirmative funds had a positive and insignificant relationship. The results also showed that the statement institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives and performance of affirmative funds had a negative and insignificant relationship. The results further showed that the statement the compensation committee decides an appropriate remuneration package of the CEO based on his/her performances and performance of affirmative funds had a positive and insignificant relationship. Finally, the statement CEO's compensation largely depends on the institution's performance and performance of affirmative funds had a positive and insignificant relationship.

5.2.3 Institutional Structure

The third objective was to assess the effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya. ANOVA results indicated that institutional structure has a significant relationship with performance of affirmative funds. The results also showed that institutional structure is a good predictor of performance of affirmative funds. Regression of coefficients results further established that institutional structure has a positive and significant relationship with performance of affirmative funds.

Regression of coefficients showed that the statement CEO highly involves most employees in their work and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement all activities in institution are guided by written policies and procedures and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement the CEO in my institution ensures project decisions are made in timely manner and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement the CEO undertakes and performs duties in timely manner and performance of affirmative funds had a positive and insignificant relationship. The results also showed that the statement the CEO in my institution has a sense of identity which increases commitment of staff to work and less delay in meeting targets and performance of affirmative funds had a positive and insignificant relationship.

The results further showed that the statement institution usually displays annual financial statements on the institution's website and performance of affirmative funds had a positive and insignificant relationship. The statement Board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year and performance of affirmative funds had a positive and significant relationship. Finally, the statement there are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution and performance of affirmative funds had a positive and insignificant relationship.

5.2.4 CEO's Duality

The fourth objective was to establish the effect of CEO's duality on performance of National Government Affirmative Action Funds in Kenya. The ANOVA results revealed that CEO's duality has a significant relationship with performance of affirmative funds. The results also showed that CEO's duality is a good predictor of performance of affirmative funds. Regression of coefficient results established that CEO's duality has a positive and significant relationship with performance of affirmative funds.

Regression of coefficients showed that the statement that Board have defined appropriate objectives for the Institution and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement departments have budget reviews where actual expenditure is compared with budgeted expenditure and explanations for the variances given and performance of affirmative funds had a positive and insignificant relationship.

The results also revealed that the statement management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports and performance of affirmative funds had a positive and insignificant relationship. The results also revealed that the statement the board is clear on its risk appetite and performance of affirmative funds had a positive and insignificant relationship. The results also showed that the statement institution ensures that corrective action is taken to address weaknesses and gaps realized in processes and performance of affirmative funds had a positive and insignificant relationship.

The results further showed that the statement staff appraisals in your institution has helped in assessing the quality of performance of individuals over time and performance of affirmative funds had a positive and insignificant relationship. The statement staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job and performance of affirmative funds had a positive and significant relationship. Furthermore, the statement complaints are adequately addressed and the management has put in place mechanisms of communication to the public and performance of affirmative funds had a positive and insignificant relationship.

Moreover, the statement the staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued and performance of affirmative funds had a positive and significant relationship. Finally, the statement the effective use of performance appraisals in my institution helps an institution operate efficiently and with focus and performance of affirmative funds had a positive and significant relationship.

5.2.5 Control Mechanisms

The last objective was to determine the moderating effect of control mechanisms on performance of National Government Affirmative Action Funds in Kenya. ANOVA results revealed that a control mechanism significantly moderates the effect of independent variables (institutional leadership, executive compensation, institutional structure and CEOs duality) on the performance of affirmative funds. Regression of coefficient results indicated that indicates that control mechanisms negatively and insignificantly moderates the effect of institutional leadership on performance of affirmative funds. On the other hand, results indicate that control mechanisms positively and significantly moderate the effect of executive compensation on performance of affirmative funds. Further, results indicated that control mechanisms negatively and insignificantly moderate the effect of institutional structure on performance of affirmative funds. Finally, results indicated that control mechanisms positively and insignificantly moderate the effect of CEOs duality on performance of affirmative funds.

5.3 Conclusion

The independent variables that are; institutional leadership, executive compensation, institutional structure and CEO's duality show a positive relationship to the dependent variable, the performance of National Government Affirmative Action Funds in Kenya. Board that adopts the recommended number and is diversified in terms of gender, expertise and nationalities would perform better. Board performance review and remuneration policy that is dependent on contribution of board in attaining goals are also an important aspect of high performance. The study also concluded that control mechanism significantly moderates the effect of institutional leadership, executive compensation, institutional structure and CEOs duality on the performance of affirmative funds. Performance is based on whether an institution has defined correct internal controls that includes risk management strategies, budget review and staff appraisal.

5.4 Recommendations of the Study

Recommendations were made based on the study findings as follows:

5.4.1 Institutional Leadership and Director's & Executive Compensation

Based on the study findings, the study recommends institutional leaders to adopt a culture that allows them to influence other staff into achieving organizational goals and objectives and that necessity to transfer leadership capabilities into the strategic assets of institutions. Senior managers are also recommended to set up goals that are clearly defined as well as SMART objectives and ensure that all decisions made during board meetings are aligned to the set goals and the mandate of the institution. The government is also recommended to allow the board to make independent decisions which could be reviewed later.

Boards are recommended to nominate a compensation committee whose main role is to decide and review CEOs compensation package. They are also recommended to base the compensation not on the performance of the institution but on their mandate.

5.4.3 Institutional Structure and CEO's Duality

The management is recommended to come up with a board composition policy that states the number of board members, gender constituent, expertise and other diversities such as religion, race and nationality. The policy should also include specifications on board of director's remuneration.

Based on the findings on effect of CEOs duality on performance, the study recommends institutions to adopt a policy that does not allow CEO to have both executive powers as well as being the chairperson of the board. CEOs are also recommended to be accountable and transparent in their tasks. They should involve employees in their work and always follow guidelines provided in the institution's policy.

5.4.5 Control Mechanisms

The study recommends institutional mangers to adopt control mechanisms that are not biased on institutional leadership, CEOs compensations, CEOs mandate and the structure on the institution. Internal controls put in place should guide on budget reviews, staff appraisal and risk management. The management is also recommended to effectively make use of the control mechanisms when making decisions and taking action in order to operate efficiently.

5.5 Suggestions for Further Studies

According to the study findings and conclusions drawn, the study has recommended a number of key areas for further investigative research. The study recommended further research on the influence of various institutional leadership styles on performance of national government affirmative action funds in Kenya. It is also important for further assessment on the implication of corporate governance practices on performance of national government affirmative action funds in Kenya. The study further encouraged studies to be done on how both institutional structure and CEOs duality individually effects on performance of national government affirmative action funds in Kenya. Besides control mechanism, the study recommended further research on the influence of other forms of corporate governance practices on performance.

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APPENDICES

Appendix 1: Introductory Letter to the Respondents

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

WILFRED MUHONGO BUYEMA

P.O BOX, 2779,

KAKAMEGA, KENYA.

19th February, 2018

Dear Respondent,

RE: DATA COLLECTION

I am a student at the Jomo Kenyatta University of Agriculture and Technology pursuing Degree of Doctor of Philosophy in Leadership and Governance. I am currently conducting a Research study on **EFFECT OF CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE OF NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUNDS IN KENYA** to fulfill the requirements of **AWARD OF DEGREE OF DOCTOR OF PHILOSOPHY IN LEADERSHIP AND GOVERNANCE.**

You have been selected to participate in this study and I would highly appreciate if you assisted me by responding to all questions as completely, correctly and honestly as possible. Your response will be treated with utmost confidentiality and will be used only for research purposes of this study.

Thank you in advance for your co-operation.

Yours Faithfully,

WILFRED MUHONGO BUYEMA

Appendix II: Questionnaire

This questionnaire is to collect data purely for academic purposes. The study seeks to investigate effects of Corporate Governance Practices on Performance of National Government Affirmative Action Funds in Kenya. Do not put any name or identification on this questionnaire. *Answer all questions as indicated by either filling in the blank or ticking the option that applies*.

SECTION I: DEMOGRAPHIC INFORMATION

1. **Name of the Institution**

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2. **Years the Institution has been in place since its establishment (Please Tick)**

   Less than 2 yrs ☐ [

   2 - 4 yrs ☐ [

   5- 8 yrs ☐ [

   8-10 yrs ☐ [

   More than 10 yrs ☐ [

3. **Your position in the Institution (Please Tick)**

CEO ☐

Senior Level Manager ☐

Middle Level Manage ☐

Other (specify)..

4. **Highest Academic Qualifications**

PhD Level ☐

Masters Level ☐

First Degree ☐

Diploma ☐

SECTION II: EFFECT OF CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE OF NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUNDS IN KENYA

A. INSTITUTIONAL LEADERSHIP

5. Indicate your level of agreement with the following statements by ticking at the appropriate box. Use the rating criteria below.

1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)

	Decision Making	**1**	**2**	**3**	**4.**	**5.**
1.	My Board is provided with adequate information on the agenda items of the Board meeting to assist in decision making					
2.	My Board is responsible for decisions made during the meetings and always choose the right course of action					
3	My Board does not delay in coming up with right decisions regarding the appointment/reappointment of directors /					

	CEO					
4	My Board has a system of measuring the effectiveness of the decisions made					
	Knowledge Transfer					
5	My Institution has a well-defined training needs assessment approach for all staff.					
6	My Supervisor provides leadership to staff on guidance and support on mentorship, coaching and training					
	Goal Setting					
7.	Significant Programme and projects are clearly aligned to the institution's mandate					

6. Do you think your Board makes independent decisions without external influence? Yes/NO (Please tick appropriately). Briefly explain.

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B. EXECUTIVE COMPENSATION

7. Indicate your level of agreement with the following statements by ticking at the appropriate box. Use the rating criteria below.

1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)

2.

	Institutional Size	1	2	3	4.	5.
1.	My Institution has a compensation committee whose main responsibility is to decide and review the remuneration of the CEO					
2.	There is a maximum amount that my CEO is paid no matter the institutions performance					
Length of Tenure						
3.	My CEO's compensation packages is based on how long he/she has stayed in the institution					
4.	My Board takes full account of risk in its decisions before considering CEO's compensation					
5.	My institution ensures that corrective action is taken to address weaknesses and gaps realized in compensation of senior executives					
Compensation Period						
6.	The compensation committee decides an appropriate remuneration package of the CEO based on his/her performances.					
7.	My CEO's compensation largely depends on the institution's performance					

8. What is your opinion on the CEO's compensation in your institution? Is the compensation reviewed annually?

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C. INSTITUTIONAL STRUCTURE

9. To what extent do you agree with the following statements on institutional Structure as observed in your institution? Use the rating criteria below.

1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)

	Board Size	**1**	**2.**	**3.**	**4.**	**5.**
1.	Directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus					
2.	Large Boards improve performance by reducing CEO's domination of the institution					
	Board Committees					
3.	The Board committees in my institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively					
4.	The audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations					
	Directors' Remuneration					
5.	My Board realistically assesses its performance against its objectives at regular intervals and at year-end					
6.	My institution has adopted a transparent and publicly available remunerations policy for the Board of Directors.					
7.	My institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution's goals.					

8.	The remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution					

10. What would be your suggestion on the current Board and subcommittees in terms of composition, membership, size, remuneration and representation?

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D. CEO's Duality

11. To what extent do you agree with the following statements about CEO's Duality in your institution, ranging from strongly agree to strongly disagree?

1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)

No	Accountability	1.	2.	3.	4.	5.
1	My CEO highly involves most employees in their work					
2	All activities in my institution are guided by written policies and procedures					
	Dynamism					
3	The CEO in my institution ensures project decisions are made in timely manner					
4	The CEO in my institution undertakes and performs duties in timely manner					
5	The CEO in my institution has a sense of identity which increases commitment of staff to work and less delays in meeting targets					

	Transparency					
6	My institution usually displays annual financial statements on the institution's website					
7	My Board is always informed and provided with detailed information about investment plans of the institution at the beginning of every financial year					
8	There are regulations introducing limits on what the Executive Officer can change on the enacted budget of the institution					

12. Briefly state your opinion on a situation where the CEO holds both executive powers and also acts as the chairperson of the Board?

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E. CONTROL MECHANISMS

13. Indicate your level of agreement with the following statements by ticking at the appropriate box. Use the rating criteria below.

1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)

	Internal Controls	**1**	**2**	**3**	**4.**	**5.**
1	Your Board have defined appropriate objectives for the Institution					
2	Departments have budget reviews where actual expenditure is compared with budgeted expenditure and					

	explanations for the variances given					
3	Management has assigned responsibilities for the timely review of audit reports and resolution of any non-compliance items noted in those audit reports					
Risk Management						
4	The board is clear on its risk appetite					
5	My institution ensures that corrective action is taken to address weaknesses and gaps realized in processes					
Staff Appraisals						
6	Staff Appraisals in your institution has helped in assessing the quality of performance of individuals over time					
7	Staff appraisals have been used as an opportunity to describe the criteria on which performance is judged and provides employees with better understanding of how to best perform their job.					
8	Complaints are adequately addressed and the management has put in place mechanisms of communication to the public.					
9	The staff appraisal in my institution provide the employees with an opportunity to be of greater use to an institution and to feel pleased and valued					
10	The effective use of performance appraisals in my institution helps an institution operate efficiently and with focus.					

14. What is your opinion on internal controls in your institution? Are they reviewed annually?

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F. PERFORMANCE OF AFFIRMATIVE FUNDS

15. To what extent do you agree with the following statements about performance in your institution, ranging from strongly agree to strongly disagree?

1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)

	Innovation	**1.**	**2.**	**3.**	**4.**	**5.**
1.	My institution decreases service cost in service delivery by striving to do things differently					
2.	My institution develops newness for current services leading to improved ease of doing business and hence improved customer satisfaction.					
3.	There is a deliberate move by my institution to increase quality in service delivery to the public					
4.	My institution continues to renew the current and/or new services without changing their basic technical and functional features.					
5.	My institution renews the routines, procedures and processes employed to execute institution activities in innovative manner					
6.	My institution always renews the institutional structure to facilitate strategic partnerships and long-term business					

	collaborations					
	Service Delivery					
7	There exists a complaint register and a complaint handling mechanism in my institution					
8	The management has a convenient operating hour to the public and offers services timely as stipulated in the charter,					
9	My institution encourages public participation and allows the public to critique on service delivery					
10	My Institution conducts periodic customer satisfaction surveys and the report therein shared and discussed with specific measures undertaken					
11	We are never too busy to respond to our customers' request					
12	We show sincere interest on solving our customers' Problems					
13	We have the required knowledge to answer our customers' Questions					
14	We provide services at the time required/ promised					
	Efficiency					
15	My institution has put in place a communication process that reaches all key stakeholders and clearly covers the why, what, when, and how.					

16. Do you have an innovation committee whose responsibilities include research and design of your products/ services? YES/NO (Tick appropriately)

If No, briefly describe how your institution handles innovativeness

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17. What is your opinion on the services rendered by your institution to the public? How well do you think technology will affect the quality of services being delivered?

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18. Would you require a summary of the research findings?

Yes [ ]

No [ ]

Thank you for taking part in this exercise