EVALUATION OF CORPORATE GOVERNANCE GUIDELINES IMPLEMENTATION BY STATE CORPORATIONS IN KENYA

ELIUD OKECH OWALO

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DECLARATION

This research project is my unique work and has not been submitted in any other University for purposes of an academic award. In instances where other people's research work has been referred to, the same has been fully acknowledged.

Signed…………………………………. Date……………………………………

OWALO, ELIUD OKECH

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This research project has been submitted for examination with my approval as the appointed University supervisor.

Signed………………………………… Date……………………………………

Prof. Peter K'Obonyo
Department of Business Administration
School of Business
University of Nairobi.
Project Supervisor

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DEDICATION

I dedicate this project to my late father, Archbishop Gideon Charles Owalo, who always reminded me that education is the greatest gift that a parent can bestow to his children. I also dedicate the same to my late mother Eudiah Perez Owalo who believed that I had the zeal and commitment to excel in all that I do.

May your souls rest in eternal peace.

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Abbreviations and Acronyms

ANOVA	Analysis of Variance
CSOs	Civil Society Organizations
GDP	Gross Domestic Product
GoK	Government of Kenya
HR	Human Resource
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ISA	International Standard on Auditing
IMF	International Monetary Fund
M	Mean
NPM	New Public Management
n	Total Number of respondents
OECD	Organization for Economic Corporation and Development
PSC	Public Service Commission
PSCGT	Private Sector Corporate Governance Trust
RoE	Return on Investment
ROSC	Reports on the Observance of Standards and Codes (World Bank)
SC	State Corporation
SD	Standard Deviation
SCAC	State Corporations Advisory Committee
SOEs	State Owned Enterprises
UK	United Kingdom

ABSTRACT

The study objective was to evaluate the corporate governance guidelines implementation by State Corporations in Kenya. The study targeted a sample of 93 corporations, with 68 filling-in and returning the questionnaires. The research utilized primary data. A structured questionnaire with closed -ended questions was used to gather the primary data. To magnify the differences, a nine-point likert scale was deployed to gather the data. The interviewees were corporation secretaries, internal auditors, risk managers, or monitoring and evaluation officers with at least one response anticipated from each state corporation. The study collected the data through e-mail or web link. However, for those not responding early enough, there was a physical follow-up to collect the data. Only a single response was received from each state corporation that filled-in and returned the questionnaire. The variables for analysis included the board of directors; transparency and disclosure; stakeholder rights, obligations and relationship; accountability, risk management and internal controls; ethical leadership and corporate citizenship; sustainability and performance management; and compliance with laws and regulations. Data was examined and summarized by descriptive statistics, comprising; frequencies; percentages or proportions; ratios; standard deviations; and means. The implementation of corporate governance guidelines was ranked in order of extent of application from the highest tally to the lowest. Analysis of Variance (ANOVA) was deployed to determine whether implementation of corporate governance guidelines differ across the different categories of State Corporations. From the study findings, the governance practice with the most agreed upon statements was compliance with laws and regulations with an overall average of (86%, M=7.72, SD=1.814) while the least agreed upon statement was the stakeholder rights and obligations with an average of (80%, M=7.23, SD=2.04). This implies that the state corporations are compliant with the laws and regulations and also recognize transparency and disclosure as important aspects of corporate leadership because they enhance the confidence levels of investors, stakeholders and the wider society. The results also revealed that the state corporations are facing challenges when it comes to stakeholder rights, obligations and relationships. Accountability, risk management and internal control is also highlighted as an area that needs improvement. Therefore, the implication is that full implementation of the corporate governance guidelines has not been realized by most state corporations. Given the different configuration and functions of state corporations, it was found to be statistically significant that state corporations are at different levels of

implementation of corporate governance guidelines. Corporations directly dealing with public funds – public fund management, revenue collection and the regulatory ones scored the highest in compliance while those in social services, education and training scored the least.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Oversight over a system by practicing norms, laws, or powers of human organizations is what involves governance (Bevir, 2012). Governance involves administration and processes for governing associated with public administration in implementation of government policy, (Rabin, Hildreth, & Miller, 1989) or how boards manage an organization and applicable laws and practices (Mendoza, 2014). As stated by Richard Eells (1960), corporate governance is the arrangement and working of corporate policy, systems and operational procedures guiding organizational operations. With respect to governance systems, some studies have focused on shareholder engagement and value in Kenya (Kimunya, Njuguna and Wambalaba, 2019). Corporate governance is the scheme of guidelines, procedures and activities that are accountable and under direct control of the corporate (GoK, 2015). In proportion to the Organization for Economic Corporation and Development (OECD) (2015), the six ideologies that guide proper administration include; shareholders' rights and key rights for ownership of functions; shareholders' roles; equal treatment of all shareholders; transparency and total disclosure; as well as other crucial roles of the board.

This study will be guided by the Stakeholder Theory, which states that administrators in the performance of their obligations must serve the interests of all stakeholders (Madison, 2014). A framework for theory of ethics in public service should offer a grasp on proper application of different ethical foundations in public service (Sing 2015), but with a caution that there is still a need for a more comprehensive ethical standard for public administrators (Karaca, Bakiev, Allaf, and Campbell, 2009). On the overall, the Stakeholders Theory attempts to view corporate governance as a linkage between stewards and stakeholders along with their relationships.

This research is motivated by the need to assess implementation of Mwongozo guidelines of corporate governance. Although the State Corporations Advisory Committee (SCAC) has been undertaking governance audits for State corporations based on Mwongozo guidelines, several issues on practice, policy and scholarship still need to be addressed. Contextually, the research is also motivated by some studies such as Kyondu (2014) who investigated the influence of corporate administration on accomplishment of state establishments to determine the correlation existing amongst corporate leadership and accomplishment of organizations in general instead of evaluating the implementation of governance guidelines.

1.1.1 Corporate Governance

Corporate Governance denotes to systems pertaining to rules, procedures and activities by which organizations are organized and directed (Chen, 2020). It includes equitable dissemination of responsibilities and also rights by all players in organizations; and ensures everyone has a clear process of making decisions and the welfare of all stakeholders. From a public perspective, it denotes to the style in which authority is disseminated while managing economic development (World Bank, 1991).

However, Lakshna (2018) argues that good corporate governance principles have a protracted vision of success and compliant organizations to the UK Corporate Governance Code, realized improved corporate outcomes than those that did not. Price (2017) and Muriagaro (1999) argued that corporate governance is very imperative and noble corporate governance provides structures and procedures for ensuring proper culpability, integrity and openness. Kihumba (1999) elaborated that a corporate governance arrangement stipulates the association and dissemination of privileges and tasks among four main groups: the Board, Administration, employees and shareholders or investors. Kigundu (1989) posited that corporate leadership is interested with the procedure, systems, and practices and processes and Roe (1994), argues that corporate governance is about formation of an applicable lawful, financial and organizational atmosphere that permits organizations to flourish. For consistency, it is vital to be guided by established global or national guidelines without which it is difficult to assess application of corporate governance processes.

1.1.2 Implementation of Corporate Governance Guidelines

From a worldwide perspective, the central corporate governance guideline is the Organization for Economic Corporation and Development (OECD) that requires policy makers to improve regulatory, permissible and institutional outline that boosts corporate governance, and makes use of shared understanding that include accountability, transparency, oversight and respect to shareholders. Locally, the Mwongozo Code of Governance for State Corporations offers eight focus areas, eight governance statements and thirteen governance principles including; Board of Directors**;** Transparency and Disclosure; Accountability, Risk Management and Internal Control; Ethical Leadership and Corporate Citizenship; Shareholder Rights and Obligations; Stakeholder Relationships; Sustainability and Performance Management; and Compliance with Laws and Regulations (GoK, 2015).

1.1.3 Kenyan State Corporations

The creation of state corporations was majorly driven by the government's passion to; increase socio-economic development, equalize regional economic empowerment, allow Kenyan citizens to participate in growing the economy and stimulate foreign investment. According to (Sessional Paper No. 10 of 1965), since independence, there has been an explosion of State-owned enterprises covering many sectors of the economy. This proliferation calls for effective guidelines due to wastefulness and low levels of culpability to the public and corruption and in line with several policy frameworks. For example, the 2010 Constitution of Kenya (Chapter 6 on leadership and integrity; Article 232 on ethics and public service philosophies and efficient use of communal resources; Article 10 on nationwide standards and doctrines of governance; and Article 73 on accountabilities of governance), champions leadership, integrity and principles which public officers should pledge to in management of public resources.

On 23rd July 2013, President Kenyatta appointed a Taskforce to spearhead state corporations' reforms to examine existing policies on management of State Corporations and determine how they could effectively add to the country's economic progress and improvement. The November 2013 taskforce report recommended that state corporations be reduced from 262 to 187 of which 42, mostly in agricultural sector were to be dissolved, 28 merged and the roles of 22 others transferred to other institutions, with 21 reclassified as professional bodies. The intention was to rationalize operations of state-owned enterprises, remove overlaps, duplication and redundancies to eliminate wastage and bolster productivity. Thirdly, the government through the Public Service Commission (PSC) and the State Corporations Advisory Committee (SCAC) developed Mwongozo (January 2015), a Code of Governance for State Corporations. The code placed a well-founded groundwork for administration, authority and surveillance of State Corporations and benchmarked with global-best practices in corporate governance as outlined by OECD.

1.2 Research Problem

Corporate leadership has previously stood defined heterogeneously (Ntim, 2017) narrowly as being apprehensive with the method by which establishments are controlled and directed and broadly as being fretful with gripping the equilibrium between financial and social objectives and amid personal and common objectives...the purpose is to support as closely as probable the welfares of persons, establishments, and the public. In his philosophical foundations of theories of corporate governance (Clarke, 2004) analyzed three key theories;

Agency theory, stewardship theory, and stakeholder theory. Some of the recent researches studies on public sector corporate governance studies include Daniel Chigudu (2020) on corporate governance problems of strategic management in the rise of viable development in Zimbabwe; Freeman, Wicks and Parmar (2020) on stakeholder model and the corporation objectives; and Munteanu, Grigorescu, Condrea, and Pelinescu (2020) on experiential study on corporate leadership in Romanian civic units.

Despite the existence of corporate leadership guidelines in Kenya, there still exists the problem of massive corruption in State corporations. Reported in a span of 17 months, include: the Kenya Power Billing system scandal (Daily Nation, December 24th 2019), Kenya Ports Authority Ksh. 2.7 Billion project at Makongeni in Nairobi (The Standard, Nov. 23rd 2019), the riddle of Ksh. 1 Billion "spilt" fuel at Kenya Pipeline Co. Ltd. (Daily Nation, 23rd Nov. 2018); the Ksh. 50 Billion medical cover premium scandal at the National Hospital Insurance Fund (Daily Nation, Dec. 11th 2018); and the Ksh. 1.8 Billion Maize Scandal at National Cereals and Produce Board (The Star, May 25th 2018).

The foregoing presents contextual gaps in scholarship, policy and practice in the Kenyan context. First, there is need for streamlining literature on theories and practices pertinent to corporate governance in Kenya. The problem therefore is that except for a study in Finland on Government-University relation, Kivistö (2007) and in US on Ethics and Social Justice in Public Administration (Karaca, Bakiev, Allaf, and Campbell, 2009), this research is unaware of studies assessing implementation of corporate governance guidelines by Kenyan state corporations. Otieno (2019) assessed the outcome of performance of corporate governance practices in secondary schools; Machuki's (2018) focused on corporate governance of sugar companies; Nyarige (2012) researched on the influence of structures of corporate governance to commercial banks.; Wambua (1999) studied corporate governance practices within the banking industry; Mwangi (2001) focused on the insurance industry; Mucuvi (2002) focused on the motor industry; Otieno (2019) assessed outcomes of corporate governance practices; Machuki's (2018) focused on corporate governance practices; while Nyarige (2012) researched on impact of structures of corporate leadership to monetary performance of Kenya's corporate banks. None of these studies assessed governance challenges in State corporations, but mainly focused on the private sector whose findings cannot therefore fully represent the public sector practices. Also, despite the Mwongozo guidelines, the level of their implementation within State corporations is still extremely low. Ochieng, (2017) argued that Mwongozo does not address the central concern that bedevils State Corporations; Manduku (2016) questions the legal status of the code indicating that it is not a law; and Kuria (2015), indicates that the challenge faced in implementation of corporate governance is the existing legal and policy environment, hence the need for further legal and policy development.

The closest research concerning the impact of corporate leadership on accomplishment of state establishments in Kenya was Kyondu (2014) who focused on performance of State establishments as evaluated by the achievement evaluation branch of the then Ministry of Devolution. However, the research aimed at determining the correlation between corporate leadership and performance of establishments in general instead of evaluating the implementation of governance guidelines. Moreover, the study was undertaken before development of the Mwongozo code of governance and therefore did not evaluate or determine the employment of its corporate governance guidelines. In addition, the dynamic environment that hosts operations of State Corporation keeps evolving and the results of a study undertaken six years ago may not explicitly depict the current situation. Finally, although SCAC has been undertaking governance audits for individual State corporations based on the Mwongozo guidelines, it does not involve an assessment of guidelines to execute corporate governance. Hence, the question, how are State corporations in Kenya implementing guidelines of corporate governance?

1.3 Research Objective

The aim of this research was to evaluate the corporate governance guidelines implementation by State Corporations in Kenya.

1.4 Value of the Study

This precise study assessed corporate leadership policy implications; the practices in implementation of corporate governance procedures by State Corporations; and contributes to theory on corporate governance. First, the government, at a macro-level, will be guided by the results of this study to institute the right policy and regulatory framework to enforce implementation of the Mwongozo guidelines. From the study, weaknesses in implementation of corporate governance guidelines will enable the government institute remedial action through an appropriate policy and regulatory regime.

Second, the study provides invaluable insight that facilitates decision-making processes about operational procedures and manuals to support implementation of corporate governance guidelines. Managers will also be able to determine whether existing practices support achievement of the overall organizational goals as postulated in the premeditated plans of the State Corporations. The study also reveals consequences of the existing governance practices and emerging trends in corporate governance practices within state corporations.

Thirdly, with respect to scholarship, this study has assessed the implications of Stakeholder Theory on how administrators in the performance of their duties must serve the interests of all stakeholders. This study will equally facilitate further research on new and emerging global trends.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This segment tackles theoretical foundations of corporate governance. While several management theories abound, this research is primarily anchored on Stakeholder theory. It develops a theoretical framework derived from governance principles guided by the Stakeholder theory, and reviews pertinent empirical literature.

2.2 Theoretical Foundation

Some of the key landmarks in management theory include 1911 Taylor's Principles of Scientific Management and the Hawthorn studies on worker productivity; the 1937 Gulick's framework for applying scientific management to government; the 1938 Chester Barnard acceptance theory of authority; the 1950's - 1970's management theories testing middle-range theories; the 1960's Theory X and Theory Y; and then the 1970's, 1980's, 1990's doctrine based theories that became referred to as New Public Management (NPM) or new managerialism (Public Policy Blog, 2013) . The NPM theory arose as a response to three lines of critique of the traditional public administration premise of the "politics—administration dichotomy" and argued for a more managerial and market-oriented framework for public services delivery (Osborne, Radnor and Nasi, 2013) and were based on public-choice theory and managerialism (Gruening, 2001).

The NPM theory relies on institutional economics to demonstrate how public management can use private sector solutions (Ferris, and Graddy, 1998). However, this theory has recently been criticized by Young, Wiley, and Searing (2020) who pointed out two major public management failures, the U.S. State of Illinois Budget Impasse during 2015–2017 and the COVID-19 Pandemic, as an example where their assumptions about political neutrality are challenged in times of crises since they minimized the political influences that public administration and public management operate under. To cater for both political influences while still acknowledging public choice, this research opted for stakeholder theory which considers stakeholder's choices along with the politically mandated Mwongozo guidelines.

The significance of the stakeholder theory is that it embodies some of the elements of the Agency theory and Stewardship theory. The Agency theory explains the association existing between the principals and agents expected to work in the best interest of shareholders. Madison (2014) argued that the theory predicts enhanced firm performance and takes up an economic model where behavior of agents is based on self-interest hence these conflicts with interest of principals. However, Kivistö (2007), criticized this theory as it heavily relied on the assumption of the nature of human beings hence it fails to differentiate other factors other than opportunistic behavior that leads to poor performance. As well, the Agency theory does not raise questions on legitimacy and sensitivity of governmental goals. The theory further captures wide aspect of non-economic aspects existing in governance relationships.

The Stewardship theory is anchored on the fact that a good steward strives to improve performance of the firm on a daily basis hence maximizing owners' wealth. By doing so, the utility of the steward is maximized as well. Madison (2014) argued that Stewardship theories predict enhanced firm performance and reflects a humanistic model, based on aiding others and thus alignment to the principal's interest. He further espouses that any arrangement of governance that gives power to stewards allows them to continue aligning themselves to achieve their interest. In their comparison of Agency and Steward theories, Martin and Butler (2017) made 9 proposals on efficacy of Stewards in ethics, corporate social responsibility, research and development, competitive strategy, compensation control and growth strategies. They observed that Stewards are generally able to work well with commonly accepted compensation provisions that reflect the market. However, critics like Grundei (2008) argued that trust might be a strategy that is misguided especially when it comes to crafting the principle of corporate governance as the alignment of goals,cohesion and corporation may be resilient enough to justify strategic management course with (Schillemans and Hagen Bjurstrøm, 2019) calling for a trust and verify approach.

The Stakeholder Theory was an extension of the Stewardship Theory which originated from the Agency Theory (Klepzarek (2017). It articulates that, managers in execution of their duties must serve interests of all stakeholders. Although there are similarities between Shareholder and Stakeholder theories, Dennehy (2012) showed differences with respect to purpose. Hawrysz and Maj (2017) observed that firms that singled out their shareholders posted progressive financial report more often than those that did not.

A key assumption is that stakeholder theory is about creating more value, similar to shareholder theory (Harrison, Freeman, and Abreu, 2015). Nevertheless, many managers have differing viewpoints on who should benefit from the created value (comparable to agency theory). Buchholz and Rosenthal (2004) argued that in stakeholder theory of capitalism, governments would be given less priority. However, some critics argue that a business corporation has no moral legitimacy to use the assets, of a legal entity to pursue an objective which is not in the interest of its shareholders; that the model has a methodology and structure dilemma (Mansell, 2009); and incompatible with existing objectives, hence weakening accountability and private property (Sternberg, 2002). Mainardes, Alves, and Raposo (2011) argued that additional research should emphasize the boundaries on what leads to establishment of stakeholder group. Critics further cite the elusiveness and ambiguity of stakeholders in the Stakeholder theory (Fassin, 2007). This research therefore attempts to define such boundaries as dependent on societal values by combining boundaries defined in the global OECD and the local Mwongozo corporate governance principles, which will form the basis for the theoretical framework.

2.3 Principles of Corporate Governance

Based on the Stakeholder Theory boundary interpretation, societal values and for purposes of local context, the Mwongozo governance principles are presented in the framework below to form the basis of analyzing their implementation. Stakeholder theory articulates that managers must serve the interests of their variant stakeholders. As a "theory of organizations", it's a model of rationality (Pesqueux, and Damak Ayadi, 2005). This concerns effect on community, environment, maintenance of reputation, high business standards and fairness to all company members (Rathod, 2018).

However, several schools of thought have in turn guided different policy agendas. For instance, the OECD has provided strategies on corporate governance to enable policy makers advance legal, institutional and regulatory power. Its principles now form an international benchmark on corporate governance, and adopted as a standard for financial stability. The principles support the mutual agreement that high transparency level, respect, accountability and oversight is part of a working structure of governance. However, the Private Sector Corporate Governance Trust (PSCGT) argues that this implies predictability and participation where clear laws, protocols, rules and procedures is known earlier, and homogenously and effectively imposed. Participation includes dynamic contribution of the governed – being involved and consulted in the invention of governance processes, rules and offering feedback on all operational aspects as a way of observing and evaluating accomplishment (PSCGT, 1999).

With respect to shareholders' rights, the OECD framework calls for the rights of all shareholders to be protected, treated equitably and facilitate impartial redress on basic rights violation. The whole framework is supposed to offer reasonable incentives throughout the chain of investment to enable the market function in the manner that uphold principles of corporate governance. For Stakeholders, these should be recognized and protected and their roles articulated. On transparency and disclosure, there should be full disclosure of all existing material facts pertaining to operations of the organization. But for PSCGT (1999), openness entails delivery of complete, dependable, timely, pertinent information that is understandable and at low cost to assist members and stakeholders evaluate the efficacy and usefulness of those they entrust to govern.

Finally, the OECD (2015) guidelines on roles of the board argues that the Board needs to provide overall strategic guidance to the organization, put in place frameworks of performance management, evaluate its own performance and be all responsible for the overall accomplishment of the organization. However, some literature argues that the fundamental pillars under which good corporate governance is based include full participation, transparency, accountability and predictability. For example, PSCGT (1999) argues that accountability refers to capability to call executives to justify their actions. Efficient accountability has two major components; consequences and answerability.

Locally, the Mwongozo "Code of Governance for State Corporations" (GoK 2015) provides for eight areas of focus with eight respective governance statements and thirteen governing principles. The board of directors should adhere to guidelines on the size and composition, gender sensitivity, relevant skills and competence for effective management of the organization. They should remain in control and accountable to each and every shareholder. They should also ensure board members are well-inducted; and their skills developed continuously to promote efficiency and effectiveness in the organization. Review of their performance should be on annual basis to enhance accountability and transparency in the process of operating the organization. For internal control, risk management, and accountability, the board should oversee preparation of annual financial statements and make sure that all internal processes for measuring risk are in position. The board needs to ensure the process of procurement is less costly to deliver value for money.

Stakeholder model argues that effective stakeholders' management leads to creation of goodwill, promotes good company image, and enables the company to achieve its goals.

However, some of Mwongozo critics like Ochieng, (2017) argued that the code fell short of mandatory constitutional dictate of public participation, contradicted provisions of the statute, and does not address the central concern that bedevils State Corporations. Also, Manduku (2016) questioned the legal status of the code as it was neither law nor regulation for this purpose and a citizen cannot therefore rely on it to claim rights. Hence, a major challenge against implementation of corporate governance was the existing legal and policy environment (Kuria, 2015). Nevertheless, most important is how effectively has its guidelines been implemented? A compilation of the OECD, PSCGT and Mwongozo guidelines reveal overlaps across the three on Rights of Stakeholders, Responsibility of Shareholders and Disclosure and Openness. The other three mentioned twice include Ethical and Responsible Decision-making, Corporate Leadership Framework, and Fair Treatment of Stakeholders,

2.4 Empirical Literature Review on Implementation of Corporate Governance Guidelines

This sub-section covers literature from global level, Africa level, regional level, and Kenyan level. The literature also highlights contextual gaps with respect to corporate governance guidelines implementation in the Kenyan context. Hence, for implementation of corporate governance at global level, two questions of interest are whether it has been successful in the public sector, and whether there is a difference between public and private sector.

In their study of Australian implementation of corporate governance, Glow, Parris, and Pyman (2018) found that chains of liability were unclear, official authority were destabilized, and precautions to guard public interest from harm such as political benefaction, was either feeble or lacking. Several agencies had no suitable measures to assess their personal governance provisions and faced significant resistance to the concept that a fundamental authority needs to be established with committed purpose of superintending governance measures and activities in the Commonwealth. But Nicolaescu and Cantemir (2012) showed that despite weaknesses, many public entities in Romania were confronting issues of impartiality when assigning directors or founding their remuneration. They argue that Romania relations with the European Union and international financial organizations executed the significance of corporate governance in public sector environs. This was similar in two South East Asian countries where Sukmadilagaa, Pratamab, and Mulyanic (2015) found that even though Indonesia’s government financial reports provided more discovery than Malaysia’s, both needed to increase their disclosure levels. In Fiji, Sharma and Stewart (2009) argued that there were limitations in applying private sector governance model in public sector, Matei and Drumasu (2015) found that in Romania, the private sector model did not differ from the public sector model, especially in improving management and control mechanisms, taking responsibilities of public personalities to regain trust of citizens.

In the African context, accountability and top down interventions appeared to be an issue. For example, in South Africa, Koma (2009) found that corporate leadership exists in both the civic and private sector to advance efficiency, effectiveness, accountability and reputation, but with challenges on internal governance arrangements. Nevondwe, Odeku and Tshoose (2017) found out the efficiency and responsibility of the public segment can be enhanced considerably if philosophies of corporate leadership are implemented suitably.

However, in West and Southern Africa, Chigudu (2018) revealed that extreme political pronouncements were passed down to public officials as instructions. Also, Modimowabarwa and Kombi (2015) found that legislation was not the problem, but the human influence that tampered with predominant legislation and that administration in State Owned Enterprises (SOEs) was muddled with antagonism, animosity, corruption and problems of balancing amongst corporate and economic improvement determinations of the SOEs.

From an Eastern Africa regional perspective, the issue of transparency and accountability is of interest. For example, Beshi and Kaur (2020) found that in Ethiopia, all independent variables with respect to transparency, accountability, and responsiveness were exceedingly significant in explaining the public's magnitude of local government confidence. Thus, contributors who professed presence of transparency, responsibility, and receptiveness had superior confidence in City Administration than complements who did not. Also, in Tanzania, Poncian and Kigodi (2018) showed that there had been some success on accountability with government officials but it had not been backed with legal measures. Secondly, while CSOs assumed an important role in doing communal outreach and consciousness, the government was hesitant to generate openings to allow public input or ample time for members of Parliament to inspect and digest bills to add profoundly to envisioned enhancements. But on the contrary, in a wider regional study of Kenya, Mozambique, Malawi, South Africa, Uganda, Zambia, Tanzania and Zimbabwe, Therkildsen (2001) found out too minute attention was offered to political dynamics of transformation. Unlike perceptions that resistance to reform was due to rooted self-centeredness of state elites, there was no attention to interactions among agencies including urban, village and community-based groups.

Finally, from the Kenyan experience, Mulili and Wong (2010) investigated by what means the Agency and Stewardship Concepts influence corporate leadership activities in public campuses and found that while the ideals of noble corporate governance had been adopted, they differed from developed countries, hence need for them to progress their own models that contemplate cultural, political and technological circumstances. Also focusing on schools, Ndikwe and Owino (2016) found that abilities of board members had the chief effect on accountability, and that board structure, board abilities, corporate governance ideologies and separation of obligations were predictors of the schools' financial performance. Miring'u and Muoria (2011) established an affirmative connection amongst RoE, board size and compositions of State Corporations. However, mismanagement, bureaucracy, wastage, incompetence and directors and employees' irresponsibility were inhibiting State corporations from achieving performance leading to outflow of one percent of the GDP in 1991. At a local level, Waikenda, Lewa, and Mucharia (2019), found that performance of County Governments is significantly influenced by stakeholders' contribution, inclusiveness, consensus orientation, regulatory groups and the political situation.

Several key questions arise from the above literature for the Kenyan context of implementing Mwongozo principles. First is overall governance approaches and the role of stakeholders. This raises the question of which stakeholders are more critical. There are also questions of the effect of disclosure and transparency on organizational performance. Another question relates to equitable treatment of stakeholders and protection of minority stakeholders. Related to this is the question of ethical and responsible decision-making, especially on political influences. Finally, is the question of effective compliance and regulations.

Governance involves shareholder rights, communication, executive compensation, and rights in selection of board members (Haas, Humer, and Reisinger, 2014). However, Velasco (2006) argues that, while stakeholders have numerous legal privileges, they are not all of equivalent connotation and Hill (2010) posited that often shareholders are viewed as owners, bystanders and managerial partners or a threat due to short term interests, hence need for shareholder rights protections and better firm performance (Knyazeva, Knyazeva 2012). However, Schneper and Guillén (2004) found that, "hostile takeovers increase with protection of shareholder rights and decrease with protection of workers' and banks' rights"; Shanikat and Abbadi (2011) found that straightforward stakeholder rights were respected in decision-making, excluding for huge decisions; and Denis and McConnell (2003) focused on governance structures globally. Kimunya, Njuguna and Wambalaba (2019) found shareholder engagement influences outcome to significantly explain firm value creation and Mucuvi (2002) found improved wealth maximization and protection of the rights of shareholders.

On stakeholders, Ormazabal (2017) argued that all stakeholders influence managerial actions regardless of whether corporate governance is shareholder or stakeholder-centric**;** Yaacobm, Jaya, and Hamzah (2014), used three theoretical lenses of agency, stewardship and stakeholder theory and concluded that employees and customers were key stakeholders; Schneper and Guillén (2004) found that hostile takeovers rise with protection of shareholder' rights and decline with protection of stakeholder rights; and Kimunya, Njuguna and Wambalaba (2019), argued that shareholder' loyalty has no significant effect on firm value-creating outcomes. However, Shanikat and Abbadi (2011) found that the function and privileges of shareholders in corporate leadership was appreciated and shareholders had some lawful defenses; and Felton (2004) found out that if managers do not display governance on corporate leadership reforms, shareholders will.

With respect to disclosure and transparency, Shanikat and Abbadi (2011) noted that these were observed in Jordan, but limited to quantity than quality; Goergen (2002) found that in Europe very minimal levels of openness and corporate leadership principles for shareholders exist in prime fair marketplaces; and Darweesh (2015) established a statistically substantial correlation between corporate leadership approaches and corporate monetary performance and market worth. Conversely, Mwangi (2001) noted lack of accountability, poor strategic planning and weaknesses of application of governance principles in the insurance industry; and Berglof and Pajuste (2003) found an emergent ownership and control configurations had repercussions for corporate leadership and increased transparency.

On shareholder' equitable treatment, Shanikat and Abbadi (2011) argued stakeholders were not treated fairly in work, even though regulators often implemented action and forbade insider transaction; Karolyi and Sultz (2004) established that at a certain extent of investor defense, improved governance and approaches are highly likely to be acknowledged at the organization level with improvements in financial and economic development and Wambua (1999) noted that most basics of shareholders are broadly covered in banking operations.

On ethical and responsible decision-making, Roe (2003), argued that the government's influence on organizations and the organizations' reactions to definite political resolutions can affect the type of ownership arrangements and other corporate leadership provisions.

However, Maher and Anderson (2000) observed that for policy, corporate governance is a key component of improving microeconomic efficacy and performance of organizations

Finally, on compliance and regulations, Shanikat and Abbadi (2011) found that boards satisfied their responsibilities because laws and regulations defined them; and Black (2002) argued that, most vital essentials of self-regulation are control of enumerated corporations. However, Berglof and Claessens (2003) found that in advancing and changing countries, implementation is very feeble, implementation instruments do not operate correctly, and few customary corporate leadership approaches are ineffective.

2.5 Summary of Literature and Knowledge Gaps

This section analyzed key theories and principles of corporate governance anchored in Stakeholder theory, and compiled an analysis guided by Mwongozo principles, most of which were part of the OECD and PSCGT principles. Without much study covering implementation of Mwongozo guidelines for State Corporations, and given the government’s desire to institutionalize governance principles, it is critical that a study be done to assess the institutionalization of corporate governance guidelines.

It is therefore envisaged that this study would fill the three key gaps identified earlier in the Kenyan context. First, it will fill the practices gap in terms of ongoing scandals. Secondly, it will fill the policies gap in terms of developing pertinent regulations. Finally, it will fill the knowledge gap in terms of theory applications and contribution to literature.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter espouses the study methodology that was deployed. It therefore articulates pertinent steps towards obtaining data that was utilized for analysis. The Chapter covers research strategy, study populace, sampling design, data gathering and data analysis.

3.2 Research Design

As stated by Mathooko (2011), the research methodology entails research design, population of the study, data gathering procedures and data analysis. Research design is the plan that directs how the research activities are to be carried out (Cooper & Schindler, 2003). It outlines an overall framework of how the study will be undertaken (Peffers, Tuunanen, Tothenberger & Chatterjee, 2007). Key forms of research designs are investigative, experimental and descriptive designs. A descriptive design is most suitable in instances where there is need to describe characteristics of situations and association with others (Cooper & Schindler, 2003).

A cross-sectional descriptive research design was adopted. The descriptive research design proved useful in identifying patterns or developing profiles such as in system of percentages. The design was suitable for this research because it profiled the current practices to identify respective patterns. It has also facilitated comparative analysis of the implementation of the Mwongozo guidelines, especially between different categories of state corporations.

3.3 Population of the Study

A population is the collection of elements from which data will be collected. According to (Mugenda & Mugenda,2003), a population is an assemblage of people or objects that share related features which connect to the topic under examination in the study to be carried out. If the population of the study is small, then a census is preferable.

The target populace for this research was the State Corporations in existence in Kenya at the time of the research. According to the State Corporations Advisory Committee (SCAC), there is a total of 310 State Corporations. A list of state corporations is attached herein. (Appendix II). This constituted the sampling frame from which the sampling was done and the sample size derived.

3.4 Sample Design

For this research, the sampling frame comprised a catalogue of all State Corporations as given by the State Corporations Advisory Committee (SCAC). A Stratified Random

Sampling technique was deployed. The basis for stratification was the categories of State Corporations, namely Regulatory; Commercial; Research Institute; Educational and Training/Professional; Developmental/Promotional Agency; Social service/cultural; Public Funds Management; and Revenue collection.

The sample size was 30% of the study population. This translates to 93 State corporations (Appendix III). Mugenda & Mugenda,(2003) suggested 10% of the population for a survey sample. However, this study increased the sample size to 30% to take care of non-responses, which is prevalent in state corporations.

3.5 Collection of Data

The research utilized primary data. A structured form with closed -ended inquiries was used to gather the primary data. A nine-point likert scale was deployed to gather the data. Data collection was undertaken at management level with the respondents being corporation secretaries, internal auditors, risk managers, or monitoring and evaluation officers with only one response anticipated from each organization. The study collected the data through e-mail or web link. However, for those not responding early enough, there was a physical follow-up to collect the data. Only a single response was received from each state corporation that responded.

3.6 Data Analysis

Data was examined and summarized by descriptive statistics, comprising frequencies; percentages or proportions; ratios; standard deviations; and means. The implementation of corporate governance guidelines was ranked in order of extent of application from the highest tally to the lowest. Analysis of Variance (ANOVA) was deployed to determine whether implementation of corporate governance guidelines differ across the different strata of state corporations.

ANOVA was chosen because the data fulfilled the statistical requirements that would make ANOVA the most appropriate approach. The use of one way ANOVA was arrived at given the many categories of state corporations for a small sample size. The one-way ANOVA only involved one independent factor, which is the category of state corporations, but with ten different categorical groups, with each state corporation belonging to only one category. The choice of ANOVA is also informed by the major assumptions that the sample was drawn from a normally distributed population, all samples were drawn independently of each other and within each sample, the observations were made randomly and independently of each other.

A one-way ANOVA is most appropriate for three or more groups of data within the independent factor (Category of State Corporations) to gain information about the relationship between the dependent and independent factors by testing the difference between two or more means, and determining whether the ten groups of data (Categories of State Corporations) are statistically different from each other.

In this study, the dependent factor, which is the score on compliance, was a continuous level of measurement presented as a number between 1 and 9.The dependent factor was a computed average of the score of each state corporation across the eight corporate governance guidelines thematic areas. The one-way analysis of variance (ANOVA) was therefore used to determine if there were any statistically significant differences between the means of the different categories of state corporations. The score of compliance was a number between 1(Lowest score) and 9(Highest score) hence the choice of the use of means and analysis of variance to compare different categories of corporations.

The results are presented in narrative, tables and graphs. Respective patterns and profiles have been derived from the findings. These have been organized according to the respective sections as guided by the principles and guidelines investigated.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings and interpretations of the study. The chapter presents the background information of the respondents and findings based on the objectives of the study. Descriptive statistics, comprising frequencies; percentages or proportions; ratios; standard deviations; and means are summarized.

4.1.1 Response Rate

The study targeted a sample of 93 state corporations. Out of these, 68 filled-in and returned the questionnaires, giving a 73.1% response rate. The response level is considered very good for analysis, according to Mugenda (2003).

Table 4.1: Response Rate

Corporation category	Total Questionnaires Distributed	Total Returned	% Return
Executive agencies	26	18	69.23%
Education and training	19	13	68.42%
Operating on commercial principles	14	10	71.43%
Regulatory agencies	15	11	73.33%
Development agencies	3	3	100.00%
Public fund management	7	6	85.71%
Research institutes	4	3	75.00%
Promotional agencies	1	1	100.00%
Social services	3	2	66.67%
Revenue collection	1	1	100.00%
Total	93	68	73.12%

Source: Research Data

4.1.2 Demographic Information

The study began by capturing the respondent's demographics. These entailed gender, age, level of education, corporation category and duration in the organization. The sub-sections below provide the details.

4.1.2.1 Gender Category

The study respondents were required to indicate their gender. Below are the findings on this assessment. The majority were male.

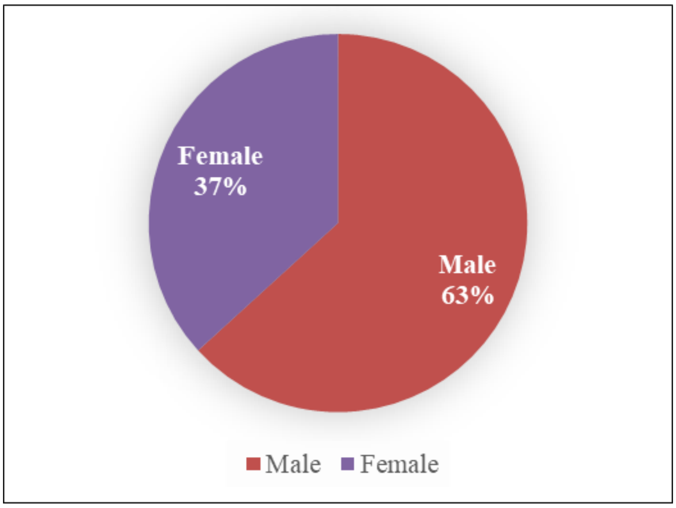

Figure 4.1: Distribution of Respondents by Gender
Source: Research Data

From figure 4.1, almost two thirds of the respondents (63%) were male, with only 37% of them being female. While this distribution seems biased towards men, the proportion of females was sufficient to infer the findings by gender whenever possible.

4.1.2.2 Age of Respondents

The age of the respondents was captured in categories. This enabled the views of different respondents to be disaggregated by the different age groups. The majority were between age 46-55 as reflected in figure 4.2.

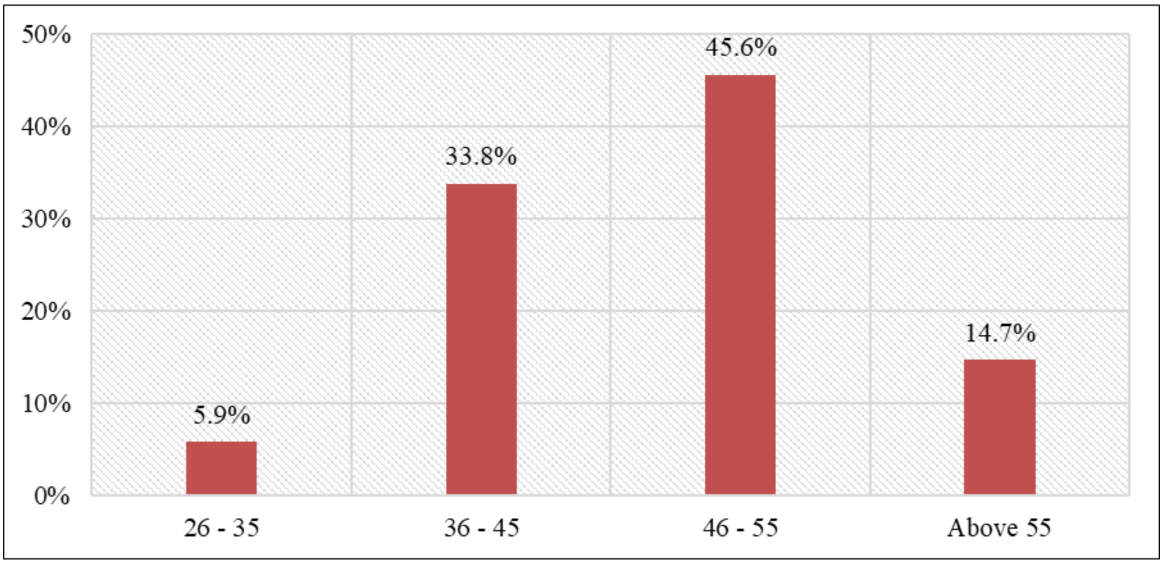

Figure 4.2: Distribution of respondents by Age group

Source: Research Data

The findings in figure 4.2 depict that most respondents (45.6%), were aged between 46 to 55 years, 33.8% of the respondents were aged between 36 to 45 years, 14.7% of the respondents were aged above 55 years, while 5.9% were aged between 26 to 35 years. The implication is that respondents from various age groups were involved in this study and therefore the findings of this study did not suffer from any age group bias.

4.1.2.3 Level of Education

The respondents were asked about their highest educational qualifications. Most of them had a postgraduate or masters degree. A summary of this is given in figure 4.3.

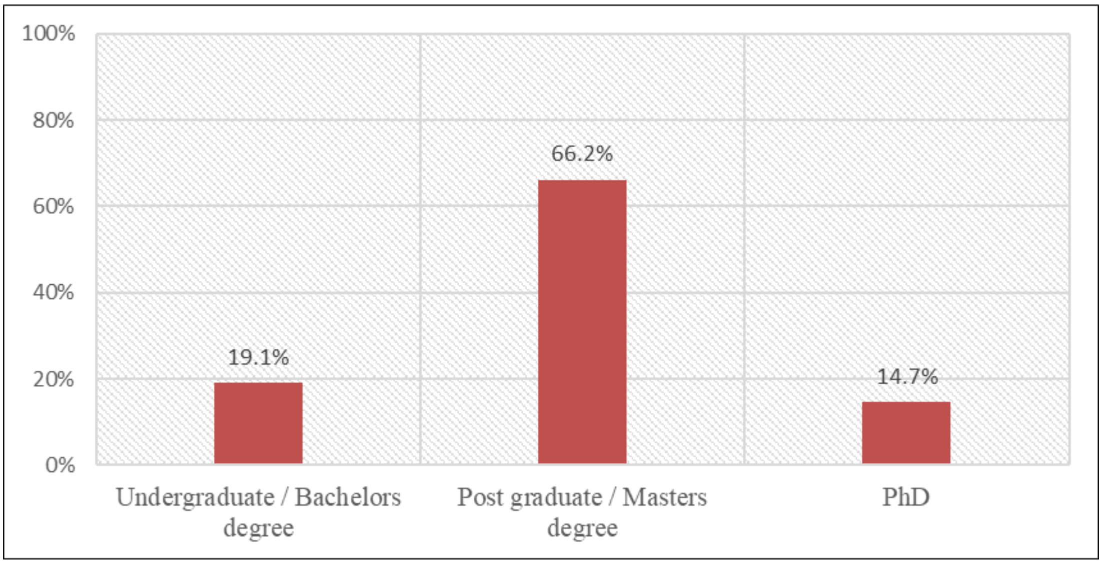

Figure 4.3: Highest Level of Education of the Respondent

Source: Research Data

Results in figure 4.3 show that two thirds of the respondents (66.2%) had post-graduate level of education, 19.1% bachelors degree while 14.7% held PhD education level. This implies that all the study respondents were well educated and hence capable to easily articulate the required information. It also meant that all the respondents had tertiary level education. This was good, and given their level in management in the organization, it was a good indicator of their being able to perform competently in their roles.

4.1.2.4 Findings by Categorization of Corporation

The study targeted state corporations under different categories as presented in figure 4.4. From the findings, most of the corporations (26.5%) of the 68 that responded were executive agencies, followed by education and training (19.1%), operating on commercial principles (14.7%), regulatory agencies (11.8%), public fund management (8.8%), social services, promotional agencies and research Institutes at (2.9%) each and finally, revenue collection (1.5%). Therefore, each stratum in the classification of state corporations in Kenya was represented in the final data.

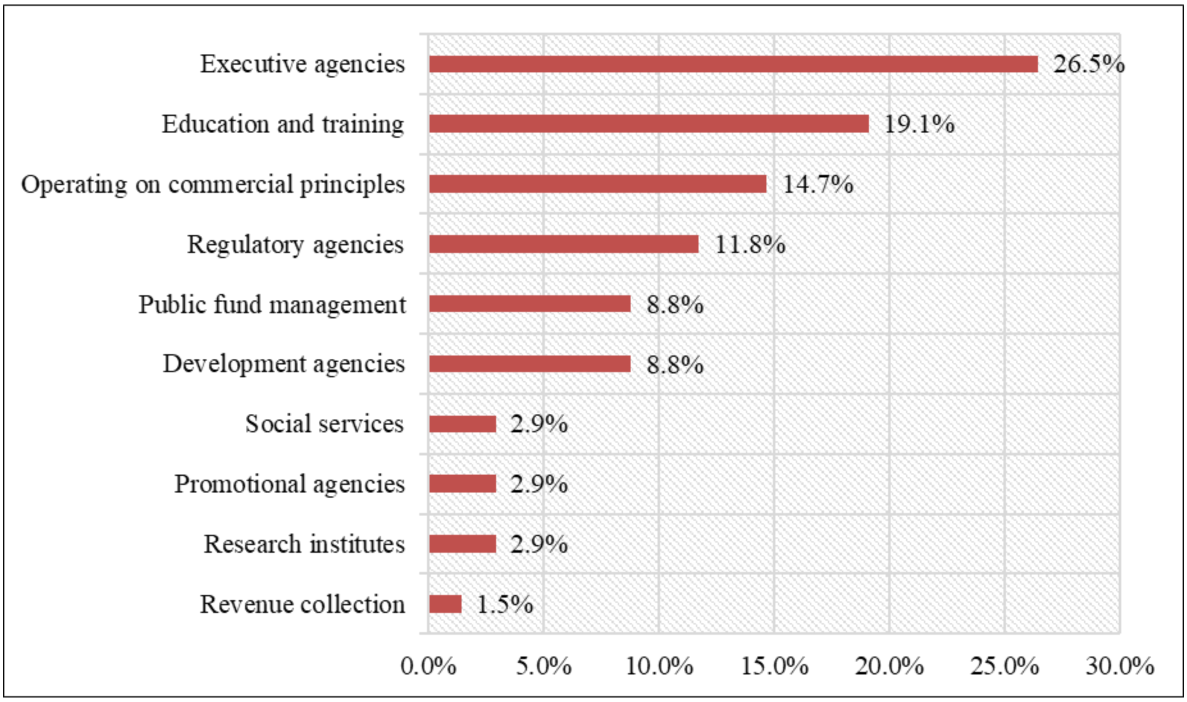

Figure 4.4: Response by category of state corporation

Source: Research Data

4.1.2.5 Length of Service in the Organization

The respondents were further asked to indicate the duration in years that they had served in the organization as opposed to just their current position. As reflected in figure 4.5, majority of the respondents (35.3%) had served in their organization for 5 to 10 years. Also, 25.0% had served for less than 5 years, 17.6% for 11 to 15 years, 14.7% for 16 to 20 years whereas 7.4% has served their organizations for a period of over 20 years.

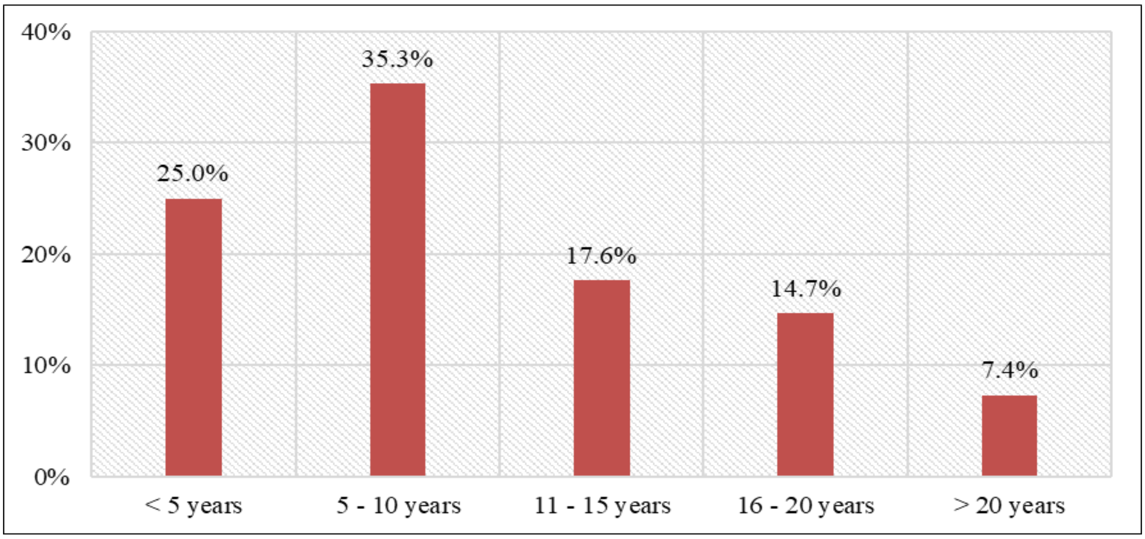

Figure 4.5: Length of Service in the Organization
Source: Research Data

4.2 Descriptive Statistics (Means, Standard deviations, Percentages)

The study sought views of the respondents on corporate governance guidelines implementation by State Corporations in Kenya. On a likert scale of 1(lowest) to 9 (highest), the respondents were asked to state the extent to which they agreed with the statements associated with each of the corporate governance guidelines by stating the level of agreement or disagreement using nine-point Likert scale. Subsequently, the mean score and standard deviation of each attribute was determined and analyzed appropriately. The percentage level was computed as a fraction by dividing the mean by 9 (the maximum of the scale).

4.2.1 The Board of Directors' Practices, Nature and Outcomes

4.2.1.1 Nature and Practices of the Board of Directors

The study sought the views of the respondents on different statements regarding the board of directors in order to check on their effectiveness and competence, which is required to achieve the strategic objectives of the corporate organizations. For each statement on a scale of 1 to 9, the respondents ranked their responses based on the extent to which the statement was true. The results are presented in table 4.2:

Table 4.2: Board of Directors' Nature, Practices and Outcomes

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The board meets at least quarterly each year	64	8.64	9.00	1.173	96%
The board has established an audit committee to deal with: Governance, risk, compliance, finance, technical matters, strategy and human resources	62	8.60	9.00	1.032	96%
The board has a charter that defines roles, responsibilities and functions of the board	62	8.42	9.00	1.362	94%
The performance of the board, its committees and individual directors is evaluated annually	60	8.12	9.00	1.860	90%
There is a fair, formal and transparent remuneration policy for the board members	62	7.97	9.00	1.792	89%
There is a clear separation of roles between the board and the management	66	7.94	9.00	1.771	88%
The appointed CEO discharges his/her duties and responsibilities effectively	65	7.83	9.00	1.635	87%
The chairperson of the board has the freedom to exercise his/her responsibilities	60	7.78	8.00	1.637	86%
The board executes its role collectively but not individually	64	7.78	8.00	1.608	86%
The chairman of the board executes his/her roles effectively	63	7.73	9.00	1.860	86%
The Corporation Secretary discharges his/her duties effectively	57	7.65	8.00	1.885	85%
The board is aware of its roles and functions	64	7.63	8.00	1.890	85%
The board provides strategic direction to the organization, exercises control and is accountable to stakeholders	65	7.49	8.00	1.821	83%
Individual board members devote enough time to carry out their responsibilities	64	7.19	8.00	1.893	80%
The results of board performance are shared with relevant stakeholders	54	7.13	9.00	2.480	79%
The board members skills and knowledge are continuously developed to enhance effectiveness	63	7.13	8.00	1.930	79%
The board effectively executes all its roles and functions	63	7.11	8.00	1.993	79%
Individual board members act in the best interest of the organization	64	7.11	8.00	2.094	79%
Individual board members exercise care, skill and due diligence when executing their duties	64	7.06	8.00	2.130	78%
The board has diversity of gender, competencies and skills	65	6.97	8.00	2.298	77%
Individual board members owe their duty to their organization and not to their nominating or appointing authority	64	6.92	8.00	2.213	77%
The organization ensures annual governance audits is undertaken by a member certified by the Institute of Certified Public secretaries of Kenya (ICPSK)	55	6.44	7.00	2.992	72%
The board is appointed through a transparent and formal process in line with Article 27 of the Kenyan constitution	62	6.44	8.00	2.918	72%
There is a succession plan for the members of the board	57	5.54	6.00	2.983	62%
Average		7.44	8.25	1.97	83%

Source: Research Data

Based on table 4.2 findings, the statement that was agreed upon the most (96%, M=8.64, SD=1.173) was "the board meets at least quarterly each year". This was followed closely by the statement on the board having established an audit committee to deal with Governance, risk, compliance, finance, technical matters, strategy and human resources (96%, M=8.60, SD=1.032). The boards also had a charter that defined roles, responsibilities and their functions, annual performance evaluation, and existence of a fair, formal and transparent remuneration policy for the members. Some of the least agreed upon statements included the existence of a succession plan for the members of the board (62%, M=5.54, SD=2.983). Adherence to Article 27 of the Kenyan Constitution when it comes to board appointment through a transparent and formal process was also a challenge (72%, M=6.44, SD=2.918) as well as ensuring annual governance audits are undertaken by a member certified by the Institute of Certified Public Secretaries of Kenya (ICSPK) (72%, M=6.44, SD=2.992). These results highlighted both the strengths as well as areas of weakness when it comes to the boards implementing the corporate governance guidelines while ensuring effectiveness and competence. Overall, aspects related to board of directors being in place were in place for 83% of the corporations. (M=7.44, SD=1.97).

4.2.1.2 Number of Members on the Board of Directors

To complete the assessment on the institutions' board of directors, the study sought to determine the number of directors in each state corporation. From figure 4.6, most corporations (38.3%) had 9 members, followed by 11members (15.0%), while at least 30.0% had less than 9 members. None of them had less than 6 members.

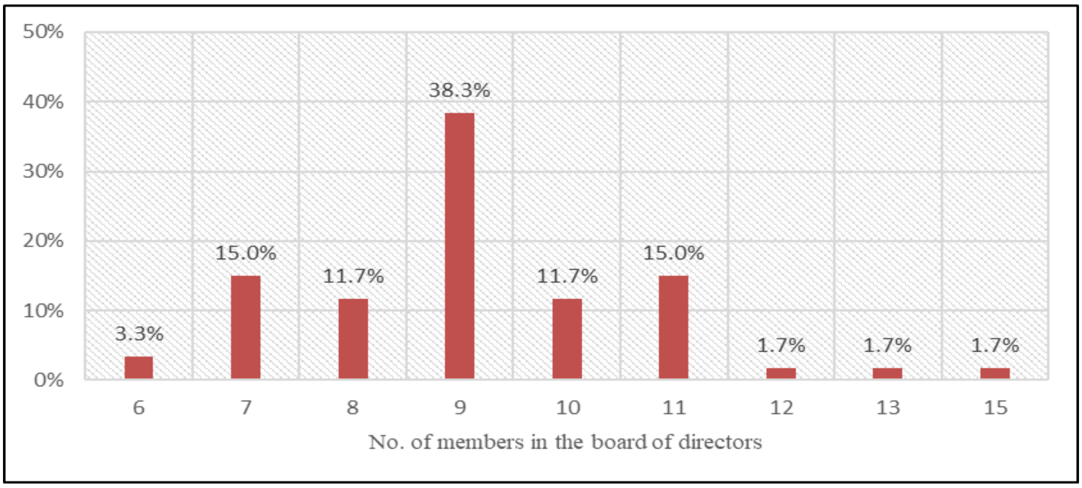

Figure 4.6: Number of Members in the Board

Source: Research Data

4.2.2 Transparency and Disclosure

The study acknowledges transparency and disclosure as integral aspects of corporate governance as they build the confidence of investors, stakeholders and the society at large. The study therefore sought to ascertain the level of transparency and disclosure of information pertaining to stewardship of the corporation by the board when conducting its various responsibilities. Table 4.3 summarizes the scores from the highest to the lowest.

Table 4.3: Transparency and Disclosure

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The financial reports are properly prepared and include relevant information	65	8.02	9.00	1.672	89%
There is a transparent procurement policy and process for the organization	66	7.98	9.00	1.622	89%
The board has disclosed the key stakeholders and the extent of their shareholding	42	7.95	9.00	1.696	88%
The extent of compliance with laws, regulations and standards is satisfactory and they are well known	67	7.90	9.00	1.568	88%
The board ensures effective, accurate, timely and transparent disclosure of relevant information on the State Corporation’s operations and performance	64	7.81	8.50	1.689	87%
There is a clear risk management policy that is well-known	65	7.29	9.00	2.517	81%
The Code of Ethics and Conduct, Conflict of Interest and whistle-blowing policies have been effective in tracking unethical behavior	62	6.89	7.50	2.464	77%
Average		7.69	8.71	1.89	85%

Source: Research Data

From the findings in table 4.3, the most agreed upon statement (89%, M=8.02, SD=1.672) was on the financial reports being properly prepared with relevant information. This was followed by the existence of a transparent procurement policy and process for the organizations (89%, M=7.98, SD=1.622). The findings also indicated that the boards had disclosed key stakeholders and the extent of their shareholding (88%, M=7.95, SD=1.696) as well as the extent of compliance with the laws, regulations and standards being satisfactory and well known (88%, M=7.90, SD=1.568). On the least agreed upon statements, the respondents rated the statement on the code of ethics and conduct, conflict of interest and whistleblowing as having been effective in tracking unethical behavior at (77%, M=6.89, SD=2.464), the existence of a clear risk management policy that is well known (81%, M=7.29, SD=2.517), as well as the Boards ensuring effectiveness, accuracy, timeliness and transparency in disclosure of relevant information pertaining to the state corporation’s operations and performance (87%, M=7.81, SD=1.689). Overall, aspects related to transparency and disclosure was found to be in place for 85% of the corporations. (85%, M=7.69, SD=1.89). None of the statements scored below 77%, indicating that most corporations have implemented guidelines on transparency and disclosure fairly well.

4.2.3 Accountability, Risk Management and Internal Controls

The study sought answers to questions on the responsibility of the board in ensuring that there are comprehensive systems and processes of accountability, risk management and internal controls in state corporations. The results are presented in table 4.4.

Table 4.4: Accountability, Risk Management and Internal Controls

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The financial statements are accurate and prepared in a timely manner	66	7.88	8.00	1.603	88%
There is an ICT policy that is aligned to the corporate objectives of the organization	64	7.42	8.00	2.252	82%
Procurement processes are transparent, cost-effective and there is value for money	67	7.34	8.00	1.958	82%
The internal audit function is elaborate and effective	67	7.34	8.00	2.034	82%
There are efficient processes and systems of risk management and internal control in the organization	68	7.21	8.00	2.012	80%
Average		7.44	8.00	1.97	83%

Source: Research Data

From the findings presented in table 4.4, it is evident that most respondents (88%, M=7.88, SD=1.603) agreed that financial statements were accurate and prepared in a timely manner. Conversely, the respondents' least concured that there were efficient processes and systems of risk management and internal control in the organizations (80%, M=7.21, SD=2.012); the internal audit functions being elaborate and effective (82%, M=7.34, SD=2.034); procurement processes being transparent, cost-effective and there being value for money (82%, M=7.34, SD=1.958) as well as the existence of ICT policy that is effectively-aligned to the corporate goals of the organizations (82%, M=7.42, SD=2.252). Overall, accountability, risk management and internal controls were found to be in place for 83% of the corporations. (M=7.44, SD=1.97).

Existence of policy documents within the organization is also an indication of effective accountability and internal controls. The study further sought to determine whether the sampled corporations had policies in place to govern different aspects of management and administration. Figure 4.7 shows which of them are in place.

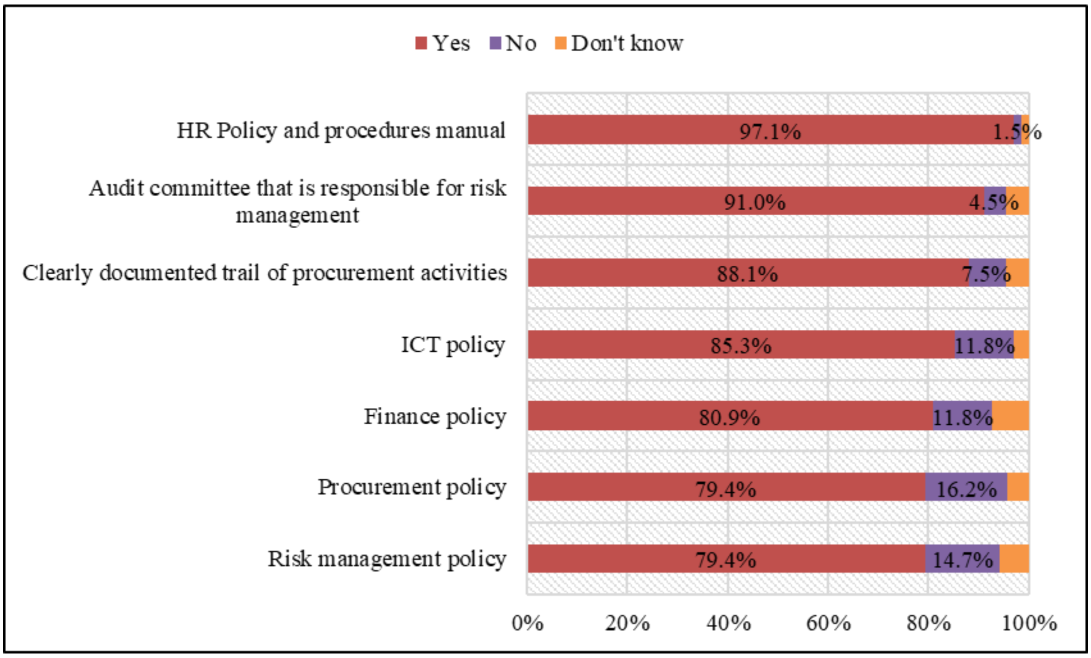

Figure 4.7: Policy Documents in Place
Source: Research Data

An overwhelming majority (97.1%) had a human resource policy and procedures manual, followed by audit committee that was responsible for risk management (91.0%). Risk management policy (79.4%) and procurement policy (79.4%) were the least available across the state corporations.

4.2.4 Ethical Leadership and Corporate Citizenship

The study sought answers about existence of ethical practices which support good corporate citizenship. The results are depicted in table 4.5.

Table 4.5: Ethical Leadership and Corporate Citizenship

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The core values of the organization are aligned to the Constitution of Kenya	68	8.46	9.00	1.028	94%
The board promotes a positive image of the organization	65	7.80	9.00	1.938	87%
All members of the organization subscribe to the code of conduct and ethics	67	7.75	9.00	1.894	86%
The organization is committed to operate ethically and promote corporate social responsibility and investments	68	7.74	9.00	1.784	86%
Board members declare real or perceived conflict of interest with the organization upon appointment	58	7.72	9.00	1.998	86%
The operations of the organization are guided by ethical practices	68	7.59	8.50	1.902	84%
The board has provided ethical leadership in the management of the organization	65	7.54	9.00	2.100	84%
The whistle-blowing policy protects and inhibits victimization of those who disclose information	58	7.29	8.00	2.325	81%
Board members do not influence in any manner decision-making on any matter in which they have interest	59	7.22	8.00	2.182	80%
There is an independent party responsible for receiving and investigating reports received from whistle-blowers	57	6.49	7.00	2.829	72%
Average		7.56	8.55	2.00	84%

Source: Research Data

Findings in table 4.5 illustrate that the most concured upon statement was (94%, M=8.46, SD=1.028) on the core values of the organization being aligned to the Constitution of Kenya, followed by Boards promoting a positive image of the organization (87%, M=7.80, SD=1.938) and members of the organization subscribing to the code of conduct and ethics (86%, M=7.75, SD=1.894). Some of the least agreed upon statements include the existence of an independent party responsible for receipt and investigation of reports from whistle-blowers (72%, M=6.49, SD=2.829); board members not influencing decision-making pertaining to matters in which they have interest (80%, M=7.22, SD=2.182); as well as the whistle-blowing policy protecting and inhibiting victimization of sources of information (81%, M=7.29, SD=2.325). Overall, aspects related to ethical leadership and corporate citizenship were found to be in place for 84% of the corporations. (M=7.56, SD=2.00).

Respondents were further asked to espouse if their institutions had a policy on good corporate citizenship and a whistle blowing policy. In figure 4.8, almost half (47%) had a good corporate citizenship policy while two thirds (66.7%) had a whistle blowing policy. It’s worth noting that 10.6% did not know whether any of these two policies were in place.

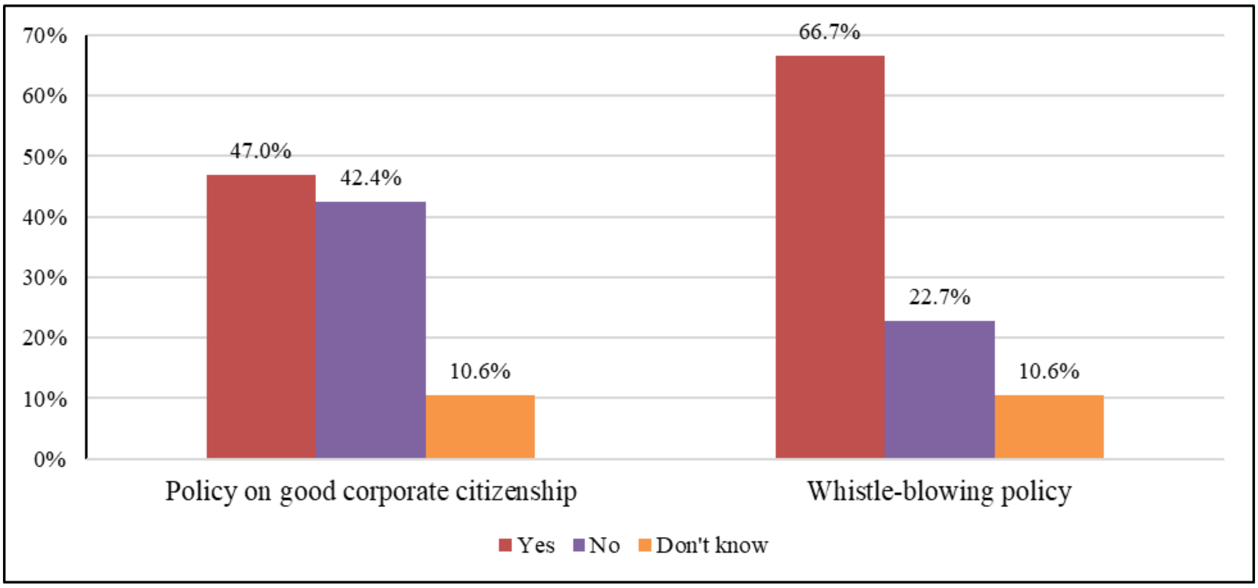

Figure 4.8: Existence of Good Corporate Citizenship and Whistle-blowing Policies:
Source: Research Data

4.2.5 Stakeholder Rights and Obligations

The study sought answers to questions about stakeholder rights and obligations in each of the State corporations. Board protection of stakeholder rights was ranked the highest. The results are presented in table 4.6:

Table 4.6: Stakeholder Rights and Obligations

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The board protects the rights of all stakeholders	64	7.59	8.00	1.841	84%
The stakeholders create an enabling environment for the board to exercise independent judgement and decision-making	63	7.40	8.00	1.854	82%
The board ensures that minority stakeholder rights are safeguarded	60	7.37	8.00	1.983	82%
There is equitable treatment of all stakeholders	64	7.20	8.00	2.154	80%
The stakeholders receive adequate and timely information to enable them to make appropriate decisions	63	7.05	8.00	2.188	78%
The stakeholders exercise their obligations	65	6.98	7.00	2.050	78%
The stakeholders are aware of their rights and obligations	64	6.98	8.00	2.207	78%
Average		7.23	7.86	2.04	80%

Source: Research Data

From the findings in table 4.6, the most agreed upon statement was on the board protecting the rights of all the stakeholders (84%, M=7.59, SD=1.841). This was followed by the statement on the stakeholders creating an enabling environment for the board to exercise independent judgment and decision-making (82%, M=7.40, SD=1.854) and the board ensuring that minority stakeholder rights are safeguarded (82%, M=7.37, SD=1.983). The least agreed upon statements were on the stakeholders being aware of their rights and obligations (78%, M=6.98, SD=2.207), the stakeholders exercising their obligations (78%, M=6.98, SD=2.050) and the stakeholders receiving adequate and timely information to inform effective decision-making (78%, M=7.05, SD=2.188). Overall, aspects related to stakeholder rights and obligations were found to be in place for 80% of the corporations. (M=7.23, SD=2.04).

4.2.6 Stakeholder Relationships

Respondents answered questions on effectiveness of stakeholder' relationships which is crucial for the achievement of corporate objectives. Alignment of policies, practices and strategic plans to respective national policies, development goals and vision 2030 was rated highest. The results are presented in table 4.7:

Table 4.7: Stakeholder Relationships

	n	Mean	Median	Std. Deviation	Percentage Level
Policies, practices and strategic plans of the organization are aligned with national polices, development goals and Vision 2030	66	8.20	9.00	1.561	91%
The board considers legitimate interests and expectations of stakeholders in decision-making	63	7.59	8.00	1.541	84%
The rights of key stakeholders are identified and respected	67	7.57	8.00	1.940	84%
The board promotes effective communication with stakeholders	64	7.45	8.00	1.727	83%
Disputes among stakeholders are resolved effectively and expeditiously	61	7.05	8.00	1.944	78%
Stakeholder relationships are managed in a proactive manner that ensures legitimate interest of stakeholders and achievement of corporate objectives	67	6.90	7.00	1.955	77%
Average		7.46	8.00	1.78	83%

Source: Research Data

From the findings in table 4.7, the most agreed upon statement was on the policies, practices and strategic plans of the organization being effectively-aligned to national policies, development goals and vision 2030 (91%, M=8.20, SD=1.561). This was followed by the statement on the board considering legitimate interests and expectations of stakeholders while making decisions (84%, M=7.59, SD=1.541) and the rights of key stakeholders being identified and respected (84%, M=7.57, SD=1.940). The least agreed upon statement was on the stakeholder relationship being managed in a proactive manner that ensures legitimate interest of stakeholders and achievement of corporate objectives (77%, M=6.90, SD=1.955), disputes among stakeholders being resolved effectively (78%, M=7.05, SD=1.944) and the board promoting effective communication with stakeholders (83%, M=7.45, SD=1.727). Overall, aspects related to stakeholder relationships were found to be in place for 83% of the corporations (M=7.46, SD=1.78).

4.2.7 Sustainability and Performance Management

The study acknowledges that the organization should meet its present needs without compromising its ability to sustain its future objectives and operations. Therefore, the respondents were asked questions about the sustainability and performance management of the organizations. The results are presented in table 4.8:

Table 4.8: Sustainability and Performance Management

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The goals and objectives of the organization focus on the long-term sustainability of the organization	67	7.88	9.00	1.879	88%
The performance management framework is effectively-aligned with the corporate Strategic Plan, national development plans and sector performance standards	66	7.86	9.00	1.735	87%
There are clear performance targets that forms the basis of performance evaluation	66	7.86	9.00	1.626	87%
The board has put in place a performance management framework that is linked to the mandate, core business and strategic direction of the organization	65	7.85	9.00	1.813	87%
There is continuous monitoring, evaluation and reporting on organizational performance and areas that require improvement are identified	64	7.73	8.00	1.596	86%
The board considers in their decision-making the impact of the organization’s operations on the community and the operational environment	64	7.41	8.00	1.761	82%
The board ensures continuous innovation of its processes, products and services	65	7.11	8.00	2.326	79%
The board focuses on long-term talent development to ensure sustainability of the organization	64	7.05	8.00	2.141	78%
Average		7.59	8.50	1.86	84%

Source: Research Data

From the findings in table 4.8, the most agreed upon statement was on the goals and objectives of the organization focusing on the long-term sustainability of the state corporation (88%, M=7.88, SD=1.879). This was followed by the performance frameworks being effectively-aligned with the corporate strategic plan, national development plans, and sector performance standards (87%, M=7.86, SD=1.735) as well as the existence of clear performance management framework that forms the basis of performance evaluation (87%, M=7.86, SD=1.626). The least agreed upon statements by the respondents included the Board focusing on long-term talent development to ensure sustainability of the organization (78%, M=7.05, SD=2.141); the Board ensuring continuous innovation for its processes, products and services (79%; M=7.11, SD=2.326) and the Board considering in their decision-making processes the impact of their organization's operations on the community and the operational environment (82%, M=7.41, SD=1.761). Overall, aspects related to sustainability and performance management were found to be in place for 84% of the corporations (M=7.59, SD=1.86).

4.2.8 Compliance with Laws and Regulations

The study sought answers to questions on the compliance of the organization to statutory laws, rules and regulations. The organization's compliance with the applicable laws, rules and regulations was rated the highest. The results are presented in table 4.9.

Table 4.9: Compliance with Laws and Regulations

	Size (n)	Mean	Median	Std. Deviation	Percentage Level
The organization conducts its business affairs in full compliance with all applicable laws, rules and regulations	68	7.93	9.00	1.713	88%
The polices, institutional frameworks and administrative procedures of the organization effectively support the implementation of the constitution	68	7.87	9.00	1.803	87%
The compliance strategy is aligned to the operations of the organization	64	7.77	8.00	1.621	86%
The organization complies with the spirit and letter of the Constitution of Kenya,2010	68	7.75	9.00	1.958	86%
The board has established internal procedures and monitoring systems to promote compliance	64	7.72	8.00	1.713	86%
The board ensures that relevant laws, rules, regulations, codes and standards are identified, documented and observed	67	7.63	8.00	1.945	85%
Recommendations from the Legal Compliance audit report are implemented	61	7.41	8.00	1.944	82%
Average		7.72	8.43	1.814	86%

Source: Research Data

The findings in table 4.9 show that the most agreed upon statements was the organization conducting its affairs in full conformity to the applicable laws, rules and regulations (88%, M=7.93, SD=1.713). This was followed by the "policies, institutional frameworks and administrative procedures" of the organization adequately supporting the implementation of the constitution (87%, M=7.87, SD=1.803) and the compliance framework being aligned to the operations of the organization (86%, M=7.77, SD=1.621). The least agreed upon statements included the recommendations from the legal compliance audit report being implemented (82%, M=7.41, SD=1.944), the board ensuring that relevant laws, rules, regulations, codes and standards are identified, documented and observed (85%, M=7.63, SD=1.945) and the board having established internal procedures and monitoring systems that promote compliance (86%, M=7.72, SD=1.713). Overall, aspects related to compliance of the organization to applicable laws, rules and regulations were found to be in place for 86% of the corporations (M=7.72, SD=1.814).

4.3 Compliance with Governance Principles across Different State Corporations

Since the study was comparing the differences of means among more than three categories, a one-way analysis of variance (ANOVA) was used to determine whether there were any statistically significant differences between the means of the different categories of state corporations. The dependent factor was a computed average of the score of each state corporation across the eight thematic areas which were:

i. The Board of Directors
ii. Transparency and Disclosure
iii. Accountability, Risk Management and Internal Controls
iv. Ethical Leadership and Corporate Citizenship
v. Stakeholder Rights and Obligations
vi. Stakeholder Relationships
vii. Sustainability and Performance Management
viii. Compliance with laws and regulations

The independent factor was the category in which the state corporation was classified. This was a categorical with the following groups:

i. Regulatory agencies
ii. Commercial Institutions
iii. Research institutes
iv. Education and training
v. Development agencies
vi. Executive agencies
vii. Promotional agencies
viii. Social services

ix. Public fund management

x. Revenue collection

Source: State Corporations Advisory Committee (SCAC)

A computation of the mean score for each principle was undertaken. This is a number between 1 and 9 where higher scores imply better compliance. Table 4.10 provides a summary of how each of the principles was rated by category of State Corporation.

Table 4.10: Summary of the Mean Compliance Scores by Category of State Corporation and Principle of Governance.

	Compliance with laws and regulations	The Board of Directors	Transparency and Disclosure	Accountability, Risk Management and Internal Controls	Ethical Leadership and Corporate Citizenship	Stakeholder Rights and Obligations	Stakeholder Relationships	Sustainability and Performance Management	Average
Regulatory agencies	8.55	8.1	8.01	8.15	7.8	8.31	8.42	8.55	8.19
Operating on commercial principles	7.64	7.56	7.82	7.5	7.28	7.18	7.36	7.64	7.48
Research institutes	6.92	7.43	6.4	7.36	6.79	7.5	6.69	6.92	7.01
Education and training	7.50	7.38	7.34	7.26	6.84	6.85	7.34	7.5	7.22
Development agencies	7.45	7.29	7.85	7.26	6.73	7.77	7.94	7.45	7.47
Executive agencies	7.56	7.21	7.51	7.15	7	7.45	7.48	7.56	7.34
Promotional agencies	7.86	6.85	8.1	8.2	6.64	7.5	7.31	7.86	7.49
Social services	6.95	6.09	6.29	7.56	5	5.33	6.63	6.95	6.26
Public fund management	7.97	7.91	8.19	8.25	7.88	7.73	7.79	7.97	7.96
Revenue collection	9.00	8.35	9	9	9	8.67	9	9	8.86
Average	7.74	7.42	7.65	7.77	7.10	7.43	7.60	7.74	7.48

Findings presented in table 4.10 indicate that Accountability, Risk Management and Internal Controls is the principle most adhered to (Mean =7.77) followed by Compliance with laws and regulations and Sustainability and Performance Management which tie in second place with a mean of 7.74. The principle on Board of directors, with a mean of 7.42; and Ethical Leadership and Corporate Citizenship; with a mean of 7.10 are the two lowest rated principles.

ANOVA was chosen because the data fulfilled the statistical requirements of assumptions that would make ANOVA the most appropriate approach. These assumptions were; the dependent factor, which is the score on compliance, was continuous and was presented as a number between 1 and 9, the independent factor consisted of ten categories; each state corporation can only be in one stratum. There were outliers as demonstrated by the standard deviation earlier indicated, and finally the dependent factor was approximately normally distributed for each category of the independent factor.

Table 4.11 illustrates the descriptive statistics, entailing the mean, standard deviation and 95% confidence intervals for the dependent factor (the score) for each category of state corporations.

Table 4.11: Means and Standard Deviations of Compliance by Categories of State Corporations

	Mean	Std. Deviation	Std. Error
Regulatory agencies	8.37619	0.479941	0.181401
Operating on commercial principles	7.45189	1.548730	0.489752
Research institutes	6.89770	0.127835	0.090393
Education and training	7.22466	2.308242	0.640191
Development agencies	7.42287	1.679625	0.685704
Executive agencies	7.31492	1.284632	0.302791
Promotional agencies	7.48333	1.121328	0.792899
Social services	6.35241	3.030472	2.142867
Public fund management	7.99729	1.107302	0.452054
Revenue collection	7.84481	1.459910	1.032313
Total	7.47675	1.544681	0.187320

Source: Research Data

4.4. ANOVA Results

Table 4.12 shows the ANOVA output which seeks to illustrate if there is a statistically significant difference between the means across the different categories of state corporations. There was a statistically significant difference in implementation of corporate governance guidelines across the different categories of state corporations. ($F=0.527$, $P=0.0439 < 0.05$).

Table 4.12: ANOVA Output

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	12.080	9	1.342	0.527	0.0439
Within Groups	147.785	58	2.548		
Total	159.865	67			

Source: Research Data

Given the unequal number of state corporations in each category in the sample, the harmonic mean sample size is used. Means for categories in homogeneous subsets are displayed in table 4.13. These are the mean scores for each category of state corporations. The overall adjusted mean is 7.16631 with social services having the least mean at 6.35241. Regulatory agencies had the highest mean (8.37619).

Table 4.13: Means by Category

Category	*Mean*
Social services	6.35241
Research institutes	6.89770
Education and training	7.22466
Executive agencies	7.31492
Development agencies	7.42287
Operating on commercial principles	7.45189
Promotional agencies	7.48333
Revenue collection	7.84481
Public fund management	7.99729
Regulatory agencies	8.37619
Adjusted Mean	*7.16631*

Source: Research Data

4.5 Discussion of Results

Informed by the results of the study, all the governance principles achieved high percentage levels of compliance. The regulation / principle with the highest score by the state corporations was adherence to the law and regulations (86%, M=7.72, SD=1.814). Some of the parameters investigated under compliance were whether the organization conducts its business affairs in full conformity to all applicable laws, rules and regulations; adheres to the spirit and letter of the Constitution of Kenya, 2010; and implements recommendations from the Legal Compliance audit report, amongst others. While the highest principle scored 88% and the lowest scored 82%, compliance is an aspect that the corporations should aspire to score the maximum since these are mandatory requirements and not advisory. This confirms the argument by Roe (1994), reiterating that corporate governance is about formation of an applicable lawful, financial and organizational atmosphere that permits organizations to flourish. The argument further makes it clear that for consistency, it is vital to follow established global or national guidelines without which it is difficult to assess application of corporate governance processes.

Transparency and disclosure scored one percentage point less than compliance with regulations (85%, M=7.69, SD=1.89). This implies that the state corporations applied this principle in their operations. Transparency in procurement processes, disclosure of shareholders and their stakes and transparency in disclosure of relevant information on the corporations' performance were some of the parameters investigated. The importance of transparency and disclosure is supported by the Private Sector Corporate Governance Trust (PSCGT) that insists that this principle entails delivery of complete, dependable, timely, pertinent information that is understandable and at low cost to assist members and stakeholders evaluate the efficacy and usefulness of those they entrust to govern (1999).The state corporations seemed to struggle with effectiveness on implementation of the code of ethics and conduct, conflict of interest and whistle blowing policies, which scored the least under this construct (77%). This weakness was highlighted by Sing (2015) who points out that a framework for theory of ethics in public service should offer a grasp on proper application of different ethical foundations in public service, with a caution that there is still a need for a more comprehensive ethical standard for public administrators (Karaca, Bakiev, Allaf, and Campbell, 2009).

Sustainability and Performance Management (84%, M=7.59, SD=1.86) and Ethical Leadership and Corporate Citizenship (84%, M=7.56, SD=2.0) both had an implementation score of 84%. Majority of the organizations meet their present needs without compromising their ability to sustain future objectives and operations. Their performance management framework and measurement are aligned to their strategic plans and the national development agenda, meaning that they aspire to contribute to the policy framework and development agenda of the government at macro-level.

State corporations continue to struggle when it comes to Stakeholder Rights and Obligations (80%, M=7.23, SD=1.97) with most of the stakeholders not aware of their rights and obligations. The stakeholders in most organizations are also not able to receive adequate and timely information that facilitates relevant decision-making. This goes against the findings by Shanikat and Abbadi (2011) that straightforward stakeholder rights were respected in decision-making. The State corporations' weaknesses are also evident when it comes to the Board of directors, stakeholder relationships and accountability, risk management and internal controls.

From the analysis of variance (ANOVA), Regulatory agencies scored the highest (M=8.37619) followed by public fund management corporations (M=7.99729). Research institutes (6.8977) and social services (M=6.35241) recorded the lowest mean out of the possible maximum of 9. The overall adjusted mean score for all the sampled corporations was (M=7.16631). Therefore, while all the corporations score above average, there were clear differences, which were determined to be statistically significant. Only social services and research institutes scored below 7. As such, it was found that the nature of the corporation was more likely to determine what aspects of the corporate governance guidelines it prioritizes or even pursues to a logical conclusion.

The analysis of the corporate governance principles scores clearly highlights adherence by the state corporations to laws and regulations as their strength alongside ensuring of transparency and disclosure as part of encouraging openness. These laws and regulations went beyond establishing minimum requirements for the state corporations to ensuring flexibility to implement customized practices that suit the organization's needs. Transparency and disclosure stand out as essential governance elements for the state corporations by providing the base for informed decision-making. On the other hand, a number of corporate governance guidelines were deemed to have been moderately put into implementation, or even stalled. Some notable examples include Sustainability and Performance Management and Ethical Leadership and Corporate Citizenship. More effort is therefore required to facilitate implementation of principles such as Stakeholder Rights and Obligations, which was pointed out as the main challenge in the realization of the best practices under corporate governance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter espouses a summary of the findings of the study, a conclusion emanating from the findings as well as recommendations. The chapter also provides limitations of this study and suggested areas for further research.

5.2 Summary of Findings

The study objective was to evaluate the corporate governance guidelines implementation by State Corporations in Kenya. Despite SCAC having undertaken governance audits for individual State corporations based on the Mwongozo guidelines, the study recognizes that the audits did not involve an evaluation of guidelines to execute corporate governance. Therefore, the study sought to determine how the State corporations in Kenya are implementing guidelines of corporate governance.

From the findings, the study ascertained that most of the state corporations are compliant with the laws and regulations. The state corporations acknowledged that transparency and disclosure were important aspects of corporate leadership as they build the confidence levels of investors, stakeholders and the society at large. On the other hand, the descriptive results revealed that the State corporations were facing challenges with respect to stakeholder' rights, obligations and relationships. Accountability, risk management and internal controls have also been highlighted as areas that need improvement. Therefore, this implies that full implementation of the corporate governance guidelines has not been realized by most state corporations.

The nature of the corporation also influenced the extent of its compliance with corporate governance guidelines. Regulatory agencies, public fund management and revenue collection agencies were on one end found to have implemented the guidelines the most while social services, research institutes and education and training corporations had implemented the guidelines to the least level.

5.3 Conclusions

Arising from the study findings, the conclusion is that implementation of corporate governance guidelines has not been fully realized by the state corporations in Kenya. Regulatory agencies, public fund management and revenue collection corporations are the most compliant to corporate governance guidelines. Compliance with laws and regulations, alongside transparency and disclosure are some of the good corporate governance practices that were prevalent within the state corporations in Kenya. This is an indication that these organizations have internal policies and procedures that detect and inhibot violations of applicable law, regulations, and ethical standards.

However, stakeholder rights, obligations and relationship together with the board of directors and ensuring of accountability, risk management and internal controls stood out as the major areas of weakness inhibiting the realization of the best corporate governance practices. The evaluation also indicates that principles such as sustainability and performance management and ethical leadership and corporate citizenship are aspects that need improvement, lest they become new challenges towards the realization of good corporate governance.

Overally,the outputs of this study is useful in strengthening the policy and regulatory framework to facilitate full implementation of the corporate governance guidelines, enriching policies and operational procedures to enhance conformity levels and informing the theory on corporate governance through suggested areas for new research.

5.4 Recommendations

The study recognizes that to realize good corporate governance, there is need for the full implementation of the corporate governance guidelines and procedures by State Corporations. The study therefore makes the following recommendations informed by the findings:

First is adherence to the laws and regulations which should be enhanced through the formulation and institutionalization of more formal policies to prevent violations. There is also need for adequate sensitization and training of staff on the relevant regulations, implementation of compliance procedures and continuous monitoring, evaluation and reporting on violations to enhance compliance. This will ensure that the state corporations are not exposed to serious risk and legal liability. The state corporations within specified timelines should also enforce recommendations emanating from legal compliance audit.

Secondly, the state corporations need to be well acquainted with the rights of stakeholders and obligations as established by the law. The corporations should further hold regular stakeholder’ fora, undertake adequate sensitization of stakeholders on their rights and obligations and effectively engage in active co-operation with the stakeholders. There is also need to manage stakeholder relationships in a proactive manner that ensures meeting the legitimate interest of stakeholders and achievement of corporate objectives.

Thirdly, there is need to ensure accountability, develop and institutionalize comprehensive risk management framework and strengthen internal control systems for the state corporations. This should include assessment and determination of the most likely areas of future risk for the state corporations, including the interrelationships of the existing risks and determining the corresponding mitigation measures that should subsequently be embedded in the strategic model of the state corporations' strategic plans. Further, the state corporations need to strengthen their internal audit and risk management function; develop and implement ICT policy that is effectively-aligned to the overall goals of the organization; and ensure that procurement processes are transparent, cost-effective and there is value for money. Automation of the procurement processes should also be pursued to enhance statutory compliance, efficiency and effectiveness.

Finally, to realize the strategic objectives of the corporate organizations, the board of directors should be appointed based on their competency and effectiveness plus clear understanding of the functional mandates of the state corporations to which they are being appointed. The boards should be appointed through a transparent process in conformity to Article 27 of the Kenyan constitution, with individual board members owing their duty to the corporation as opposed to the nominating or appointing authority. Training of the Board on Mwongozo corporate governance guidelines should be enforced and strengthened to facilitate clarity of roles and responsibilities. Joint training of the Board and top management on corporate governance principles and practices is also imperative to facilitate clarity and demarcation lines in roles and responsibilities between the two levels. There should also be a succession plan for members of the board to eliminate situations where the board becomes incapacitated due to inadequacy in numbers.

5.5 Limitations of the Study

The study was carried out at the height of the Covid-19 pandemic. This made face-to-face interaction impossible, prompting the utilization of email and a web-based link in administration of the questionnaire. This limited potential for follow-up questions in areas that needed clarifications.

Also, given the 'self-implicating' nature of the study, there was some inherent fear among some respondents that the information they gave could be used either against them or their institutions. While this was overcome by providing a clear and comprehensive introduction reciting the research ethics and reminding the respondent that the information was only for an objective academic purpose, it is not clear to what extent this fear was mitigated.

Finally, the study was undertaken at management level without involving the Board of Directors as respondents. The omission of the integral views of the Board could have inhibited value-addition to the study from a policy formulation perspective.

5.6 Suggestion for Further Research

Future studies need to further unpack the constructs studied in this research and seek to establish the reasons for the differences in the levels of corporate governance guidelines implementation by state corporations. While this study has established the level of implementation of corporate governance guidelines, the finding that different categories of state corporations seem to be at different levels needs to be explored.

There is further need for research on how to engage more employees from each state corporation to get their buy-in into the parameters put down as the indicators of good corporate governance. The findings will minimize any appropriate-response bias that may be present in this study. This can be explained by the fact that there may have been deliberate effort on the part of some respondents to report what should be as opposed to what is actually the practice in the state corporations.

Finally, it is imperative to undertake further research to determine if soft issues like organizational culture and extraneous issues like political interference influence or impact on the level of implementation of corporate governance guidelines.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

CORPORATE GOVERNANCE QUESTIONNAIRE

This research aims at evaluating implementation of corporate governance principles and the Mwongozo guidelines by state corporations in Kenya. Kindly note that your response will be preserved in stern confidence, utilized objectively and solitary for the aim of this research. You are therefore requested to respond to the questions as objectively as you can.

RESPONDENT'S AND ORGANIZATIONAL DATA

1. Name of State Corporation/Organization____
2. Respondent's name **(Optional)**____
3. Designation____
4. Department ____

5. What is your highest level of education?

PHD	1
Post graduate / Masters degree	2
Undergraduate / Bachelors degree	3
Diploma	4
Certificate	5
Secondary	6

6. What is your Gender?

Male	1
Female	2

7. What is your Age?

18 - 25	1
26 - 35	2
36 - 45	3
46 - 55	4
Above 55	5

8. How long have you been with this organization________________________________(in years)

Section A: The Board of Directors

This section asks questions about the Board of Directors with the purpose of checking the effectiveness and competence, which is required to achieve the strategic objectives of your organization.

For each of the statements below, on a scale of 1 to 9, you are required to rank **(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.

Please select the appropriate response.

To what extent do you agree with the following statements:	1 Least Extent	2	3	4	5	6	7	8	9 Greatest Extent	DK	N/A
	1	2	3	4	5	6	7	8	9	99	88
1. The board is appointed through a transparent and formal process in conformity to Article 27 of the Kenyan constitution	1	2	3	4	5	6	7	8	9	99	88
2. The board has diversity of gender, competencies and skills	1	2	3	4	5	6	7	8	9	99	88
3. The board provides strategic direction to the organization, exercises effective control and is accountable to stakeholders	1	2	3	4	5	6	7	8	9	99	88
4. The board executes its role collectively but not individually	1	2	3	4	5	6	7	8	9	99	88
5. The board is aware of its roles and functions	1	2	3	4	5	6	7	8	9	99	88
6. The board members skills and knowledge are continuously developed to facilitate effectiveness	1	2	3	4	5	6	7	8	9	99	88
7. The board effectively executes all its roles and functions	1	2	3	4	5	6	7	8	9	99	88
8. Individual board members exercise care, skill and due diligence when executing their duties	1	2	3	4	5	6	7	8	9	99	88
9. Individual board members act in the best interest of the organization	1	2	3	4	5	6	7	8	9	99	88
10. Individual board members devote enough time to carry out their responsibilities	1	2	3	4	5	6	7	8	9	99	88
11. Individual board members owe their duty to their organization as opposed to their nominating or appointing authority	1	2	3	4	5	6	7	8	9	99	88
12. The chairperson of the board has the freedom to exercise his/her responsibilities	1	2	3	4	5	6	7	8	9	99	88
13. The chairman of the board executes his/her	1	2	3	4	5	6	7	8	9	99	88

roles effectively											
14. The board has established an audit committee to deal with: Governance, risk, compliance, finance, technical matters, strategy and human resource issues	1	2	3	4	5	6	7	8	9	99	88
15. The board meets at least quarterly each year	1	2	3	4	5	6	7	8	9	99	88
16. The board has a charter that defines roles, responsibilities and functions of the board	1	2	3	4	5	6	7	8	9	99	88
17. The performance of the board, its committees and individual directors is evaluated annually	1	2	3	4	5	6	7	8	9	99	88
18. The results of board performance are shared with relevant stakeholders	1	2	3	4	5	6	7	8	9	99	88
19. The organization ensures annual governance audits is undertaken by a member certified by the Institute of Certified Public secretaries of Kenya (ICPSK)	1	2	3	4	5	6	7	8	9	99	88
20. There is a succession plan for the members of the board	1	2	3	4	5	6	7	8	9	99	88
21. There is a fair, formal and transparent renumeration policy for the board members	1	2	3	4	5	6	7	8	9	99	88
22. The appointed CEO discharges his/her duties and responsibilities effectively	1	2	3	4	5	6	7	8	9	99	88
23. The Corporation Secretary discharges his/her duties effectively	1	2	3	4	5	6	7	8	9	99	88
24. There is a clear demarcation and separation of roles between the board and the management	1	2	3	4	5	6	7	8	9	99	88

25. How many members are in the board of directors?____

Section B: Transparency and Disclosure

This section asks questions about transparency and disclosure of information pertaining to the operations of the corporation by the board when conducting its various responsibilities. Openness and revelation are vital aspects of corporate governance as they build the trust of financiers, stakeholders and the broader society.

For each of the statements below, on a scale of 1 to 9, you are required to rank**(tick)** your responses based on the extent to which the statement is true. Select ‘don’t know’ or ‘not applicable’ only where appropriate as per your institution.

Please select the appropriate response

To what extent do you agree with the following statements:	1 Least Extent	2	3	4	5	6	7	8	9 Greatest Extent	DK	N/A
	1	2	3	4	5	6	7	8	9	99	88
1. The board ensures effectiveness, accuracy, timeliness and transparency in disclosure of relevant information on the State Corporation's operations and performance	1	2	3	4	5	6	7	8	9	99	88
2. The board has disclosed the key stakeholders and the extent of their shareholding	1	2	3	4	5	6	7	8	9	99	88
3. The Code of Ethics and Conduct, Conflict of Interest and whistle-blowing policies are effective in tracking unethical behavior	1	2	3	4	5	6	7	8	9	99	88
4. There is a clear risk management policy that is well-known	1	2	3	4	5	6	7	8	9	99	88
5. The financial reports are properly prepared and include relevant information	1	2	3	4	5	6	7	8	9	99	88
6. There is a transparent procurement policy and process for the organization	1	2	3	4	5	6	7	8	9	99	88
7. The level of compliance with laws, regulations and standards is satisfactory and they are well known	1	2	3	4	5	6	7	8	9	99	88

Section C: Accountability, Risk Management and Internal Controls

This section asks questions on the responsibility of the board in ensuring that there are satisfactory systems and procedures of responsibility, risk controlling and inner controls in this organization.

For each of the statements below, on a scale of 1 to 9, you are required to rank**(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.

Please select the appropriate response.

To what extent do you agree with the following statements:	1 Least Extent	2	3	4	5	6	7	8	9 Greatest Extent	DK	N/A
	1	2	3	4	5	6	7	8	9	99	88
1. The financial statements are accurate and prepared in a timely manner	1	2	3	4	5	6	7	8	9	99	88
2. There are efficient processes and	1	2	3	4	5	6	7	8	9	99	88

systems of risk management and internal control in the organization											
3. Procurement processes are transparent, cost-effective and there is value for money	1	2	3	4	5	6	7	8	9	99	88
4. The internal audit function is elaborate and effective	1	2	3	4	5	6	7	8	9	99	88
5. There is ICT policy that is effectively-aligned to the overall goals of the organization	1	2	3	4	5	6	7	8	9	99	88

Indicate the existence of the following policy documents within the organization *(Tick whichever is applicable)*

	Yes	No	Don't Know
1. Does the organization have a risk management policy?	1	2	3
2. Does the organization have an Audit committee that is responsible for risk management?	1	2	3
3. Does the organization have a procurement policy?	1	2	3
4. Does the organization have a clearly documented trail of procurement activities?	1	2	3
5. Does the organization have an ICT policy?	1	2	3
6. Does the organization have a finance policy?	1	2	3
7. Does the organization have an HR Policy and procedures manual?	1	2	3

Section D: Ethical Leadership and Corporate Citizenship

This section asks questions about moral practices which pursue to endorse decent corporate residency.

For each of the statements below, on a scale of 1 to 9, you are required to rank**(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.

Please select/tick the appropriate response

To what extent do you agree with the following statements:	1 Least Extent	2	3	4	5	6	7	8	9 Greatest Extent	DK	N/A
	1	2	3	4	5	6	7	8	9	99	88
1. The operations of the organization are informed by ethical practices	1	2	3	4	5	6	7	8	9	99	88
2. The organization is committed to operating ethically and promoting corporate social investments	1	2	3	4	5	6	7	8	9	99	88
3. The board has provided ethical leadership in the management of the organization	1	2	3	4	5	6	7	8	9	99	88
4. The core values of the organization are aligned to the Constitution of Kenya	1	2	3	4	5	6	7	8	9	99	88
5. All members of the organization subscribe to the code of conduct and ethics	1	2	3	4	5	6	7	8	9	99	88
6. Board members declare real or perceived conflicts of interest with the organization upon appointment	1	2	3	4	5	6	7	8	9	99	88
7. Board members do not influence in any manner decision-making on any matter in which they have interest	1	2	3	4	5	6	7	8	9	99	88
8. The board promotes a positive image of the organization	1	2	3	4	5	6	7	8	9	99	88
9. The whistle-blowing policy protects and inhibits victimization of sources of information	1	2	3	4	5	6	7	8	9	99	88
10. There is an independent party responsible for receiving and investigating reports from whistle-blowers	1	2	3	4	5	6	7	8	9	99	88

	Yes	No	Don't Know
11. Does the organization have a policy on good corporate citizenship?	1	2	3
12. Does the organization have a whistle-blowing policy?	1	2	3

Section E: Stakeholder Rights and Obligations
This section will ask questions about stakeholder rights and obligations in this organization.

For each of the statements below, on a scale of 1 to 9, you are required to rank**(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.
Please select/tick the appropriate response.

To what extent do you agree with the following statements:	**1 Least Extent**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9 Greatest Extent**	**DK**	**N/A**
	1	2	3	4	5	6	7	8	9	99	88
1. The board protects the rights of all stakeholders	1	2	3	4	5	6	7	8	9	99	88
2. There is equitable treatment of all stakeholders	1	2	3	4	5	6	7	8	9	99	88
3. The stakeholders receive adequate and timely information that enables them to make relevant decisions	1	2	3	4	5	6	7	8	9	99	88
4. The stakeholders are aware of their rights and obligations	1	2	3	4	5	6	7	8	9	99	88
5. The stakeholders exercise their obligations	1	2	3	4	5	6	7	8	9	99	88
6. The stakeholders create an enabling environment that enables the board to exercise independent judgement and decision-making	1	2	3	4	5	6	7	8	9	99	88
7. The board ensures that minority stakeholder rights are safeguarded	1	2	3	4	5	6	7	8	9	99	88

Section F: Stakeholder Relationships

This section will ask questions about stakeholder relationships which is important for the achievement of corporate objectives.

For each of the statements below, on a scale of 1 to 9, you are required to rank **(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.

Please select/tick the appropriate response.

To what extent do you agree with the following statements:	**1 Least Extent**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9 Greatest Extent**	**DK**	**N/A**
	1	2	3	4	5	6	7	8	9	99	88
1. Stakeholder relationships are managed in a proactive manner that ensures legitimate interest of stakeholders and realization of corporate objectives	1	2	3	4	5	6	7	8	9	99	88
2. The board promotes effective communication with stakeholders	1	2	3	4	5	6	7	8	9	99	88
3. The rights of key stakeholders are identified and respected	1	2	3	4	5	6	7	8	9	99	88
4. The board considers legitimate interests and expectations of stakeholders in decision-making processes	1	2	3	4	5	6	7	8	9	99	88
5. Disputes among stakeholders are resolved effectively	1	2	3	4	5	6	7	8	9	99	88
6. The policies, practices and strategic plans of the organization are effectively-aligned with national polices, development goals and Vision 2030	1	2	3	4	5	6	7	8	9	99	88

Section G: Sustainability and Performance Management
This segment will probe questions about the sustainability and performance management of this organization. The organization should meet its present needs without compromising its capability to withstand its future development desires and purposes.

For each of the statements below, on a scale of 1 to 9, you are required to rank**(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.

Please select/tick the appropriate response.

To what extent do you agree with the following statements:	**1 Least Extent**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9 Greatest Extent**	**DK**	**N/A**
	1	2	3	4	5	6	7	8	9	99	88
1. The goals and objectives of the organization focus on the long-term sustainability of the organization and its operations	1	2	3	4	5	6	7	8	9	99	88
2. The board ensures continuous innovation of its processes, products and services	1	2	3	4	5	6	7	8	9	99	88
3. The board focuses on long-term talent development to ensure sustainability of the organization	1	2	3	4	5	6	7	8	9	99	88
4. The board considers in their decision-making processes the impact of the organization's operations on the community and the operational environment	1	2	3	4	5	6	7	8	9	99	88
5. The board has put in place a performance management framework that is effectively aligned to the mandate, core business and strategic direction of the organization	1	2	3	4	5	6	7	8	9	99	88
6. The performance management framework is effectively-aligned with the corporate Strategic Plan, national development plans and sector performance standards	1	2	3	4	5	6	7	8	9	99	88
7. There are clear performance targets which forms the basis of performance evaluation	1	2	3	4	5	6	7	8	9	99	88
8. There is continuous monitoring, evaluation and reporting on organizational performance and areas that require improvement are	1	2	3	4	5	6	7	8	9	99	88

identified											

Section H: Compliance with Laws and Regulations

The section asks questions about the compliance of the organization to applicable laws, rules and regulations.

For each of the statements below, on a scale of 1 to 9, you are required to rank**(tick)** your responses based on the extent to which the statement is true. Select 'don't know' or 'not applicable' only where appropriate as per your institution.

Please select/tick the appropriate response.

To what extent do you agree with the following statements:	**1 Least Extent**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9 Greatest Extent**	**DK**	**N/A**
1. The organization conducts its business affairs in full compliance with the applicable laws, rules and regulations	1	2	3	4	5	6	7	8	9	99	88
2. The organization conforms to the spirit and letter of the Constitution of Kenya,2010	1	2	3	4	5	6	7	8	9	99	88
3. The polices, institutional frameworks and administrative procedures of the organization effectively support the implementation of the constitution	1	2	3	4	5	6	7	8	9	99	88
4. The board ensures that relevant laws, rules, regulations, codes and standards are identified, documented and observed	1	2	3	4	5	6	7	8	9	99	88
5. The board has established internal procedures and monitoring systems that promote statutory compliance	1	2	3	4	5	6	7	8	9	99	88
6. The compliance strategy is effectively-aligned to the operations of the organization	1	2	3	4	5	6	7	8	9	99	88
7. Recommendations from the Legal Compliance audit report are implemented	1	2	3	4	5	6	7	8	9	99	88
8.	1	2	3	4	5	6	7	8	9	99	88

Thank you for sparing your time and busy schedule to respond to the questions above.

APPENDIX II: LIST OF KENYAN STATE CORPORATIONS

CATEGORY (A) : REGULATORY AGENCIES – 53	CATEGORY (B) : PARASTATALS OPERATING ON COMMERCIAL PRINCIPLES – 45
1.Central Bank of Kenya. 2.Agricultural, Fisheries and Food Authority. 3.Kenya Leather Development Council. 4.National Bio- safety Authority. 5.National Irrigation Authority. 6.Public Benefits Organizations Regulatory Authority. 7.Tourism Regulatory Authority. 8.Commission for University Education. 9.National Commission for Science Technology and Innovation. 10.Energy and Petroleum Regulatory Commission. 11.Nuclear Power & Energy Agency. 12.National Environmental Management Authority. 13.Kenya Medical Laboratory Technicians and Technologists Board. 14.Anti- Counterfeit Agency. 15.Kenya Bureau of Standards. 16.Accreditation Kenya National Service. 17.Communications Authority of Kenya 18.National Authority for the Campaign Against Alcohol and Drug Abuse. 19.National Construction Authority. 20.Public Procurement Oversight Authority. 21.Council for Legal Education. 22.Kenya Copyright Board. 23.Kenya Film Classification Board. 24.Kenya Maritime Authority. 25.National Transport and Safety Authority. 26.Capital Markets Authority. 27.Insurance Regulatory Authority. 28.Retirement Benefits Authority. 29.Sacco Societies Regulatory Authority. 30.Clinical Officers Council of Kenya. 31.Energy Regulatory Commission. 32.Financial Reporting Centre. 33.Health Records and Information Managers Board. 34.ICT Authority. 35.Kenya Accountants & Secretaries Examination Board. 36.Kenya Civil Aviation Authority. 37.Kenya Dairy Board. 38.Kenya Institute of Supplies Management. 39.Kenya National Examination Council. 40.Kenya Nutritionists and Dieticians Institute. 41.Kenya Space Agency. 42.Kenya Veterinary Board. 43.Media Council of Kenya. 44.NGO Co-ordination Board. 45.Nursing Council of Kenya. 46.Pest Control Products Board.	1.Industrial and Commercial Development Corporation. 2.Miwani Sugar Company Ltd. 3.Agro-Chemical and Food Company. 4.Kenya Meat Commission. 5.Muhoroni Sugar Company Ltd. 6.South Nyanza Sugar Company Limited. 7.Chemelil Sugar Company Ltd. 8.Nzoia Sugar Company Ltd. 9.Kenya National Trading Corporation. 10.Kenyatta International Convention Centre. 11.Bomas of Kenya. 12.Kenya Literature Bureau. 13.University of Nairobi Enterprises Ltd. 14.East African Portland Cement. 15.Kenya Wine Agencies Ltd. 16.New Kenya Co-operative Creameries. 17.National Housing Corporation. 18.Kenya Post Office Savings Bank. 19.Consolidated Bank of Kenya Ltd. 20.Kenya National Assurance Co. (2001) Ltd. 21.Kenya Reinsurance Corporation Ltd. 22.National Bank of Kenya. 23.Kenya National Shipping Line. 24.Kenya Broadcasting Corporation. 25.Postal Corporation of Kenya. 26.Kenya Airports Authority. 27.National Cereals and Produce Board. 28.Agricultural Development Corporation. 29.Kenya Electricity Generating Company. 30.Kenya Electricity Transmission Company. 31.Kenya Pipeline Company Ltd. 32.Kenya Ports Authority. 33.Kenya Power and Lighting Company. 34.Kenya Railways Corporation. 35.Kenya Seed Company. 36.National Oil Corporation of Kenya. 37.Numerical Machining Complex. 38.Kenya Investment Authority. 39.Nyayo Tea Zones Development Corporation. 40.Geothermal Development Company. 41.Kenya Safari Lodges & Hotels. 42.National Mining Corporation. 43.Post Bank Kenya Ltd. 44.School Equipment Production Unit. 45.The Kenya Ordinance Factories Corporation. **CATEGORY (C) : RESEARCH INSTITUTES – 12**

47.Pharmacy & Poisons Board. 48.Physiotherapy Council of Kenya. 49.Private Security Regulatory Authority. 50.Public Sector Accounting Standards Board. 51.Scrap Metal Council of Kenya. 52.The Betting Control & Licensing Board. 53.Water Services Regulatory Board.	1.Fisheries and Marine Research Institute. 2.Kenya Agricultural & Livestock Research Organisation. 3.Kenya Animal Genetics Resource Centre. 4.Kenya Forestry Research Institute. 5.Kenya Industrial Research & Development Institute. 6.Kenya Institute for Public Policy Research and Analysis. 7.Kenya Institute of Curriculum Development. 8.Kenya Marine and Fisheries Research Institute. 9.Kenya Medical Research Institute. 10.National Crime Research Centre. 11.National Quality Control Laboratory. 12.Tourism Research Institute.
CATEGORY (D) : EDUCATION & TRAINING INSTITUTIONS - 63 1.Alupe University College. 2.Bandari Maritime Academy. 3.Bomet University College. 4.Bukura Agricultural College. 5.Chuka University. 6.Cooperative University College. 7.Dedan Kimathi University. 8.East African School of Aviation. 9.Egerton University. 10.Embu University. 11.Garissa University.	**CATEGORY (E) : DEVELOPMENT AGENCIES – 11** 1.Coast Development Authority. 2.Drought Management Authority. 3.Ewaso Ngiro North Development Authority. 4.Kerio Valley Development Authority. 5.Konza Technopolis Development Authority. 6.Lake Basin Development Authority. 7.LAPSSET Corridor Development Authority. 8.National Water Harvesting & Storage Authority. 9.Nyayo Tea Zone Development Corporation. 10.Tana and Athi Rivers Development Authority. 11.Ewaso Ng'iro South Development Authority.
12.Jaramogi Oginga Odinga University of Science and Technology. 13.Jomo Kenyatta University of Agriculture Science. & Technology Enterprises Ltd. 14.Kaimosi Friends University College. 15.Karatina University. 16.Kenya Academy of Sports. 17.Kenya Industrial Training Institute (KITI). 18.Kenya Institute of Business Training. 19.Kenya Institute of Highways and Building Technology. 20.Kenya Institute of Mass Communication. 21.Kenya Medical Training College (KMTC). 22.Kenya Multi- Media University. 23.Kenya Railways Training School. 24.Kenya School of Government. 25.Kenya School of Law. 26.Kenya Utalii College. 27.Kenya Water Institute. 28.Kenyatta University. 29.Kibabii University. 30.Kirinyaga University. 31.Kisii University. 32.Kisumu Polytechnic. 33.Koitalel Arap Samoei University College. 34.Laikipia University. 35.Maasai Mara University. 36.Machakos University.	**CATEGORY (F) : EXECUTIVE AGENCIES - 87** 1.Athi Water Works Development Agency. 2.Business Registration Service. 3.Coast Water Works Development Agency. 4.Competition Authority of Kenya. 5.Export Processing Zones Authority. 6.Genetics Resource Centre. 7.Geothermal Development Company. 8.Higher Education Loans Board. 9.Industrial Development Bank. 10.Kenya Citizens and Foreign Nationals Management Service. 11.Kenya Civil Aviation Authority 12. Kenya Deposit Protection Authority. 13.Kenya Forest Service. 14.Kenya industrial Property Institute. 15.Kenya Law Reform Commission. 16.Kenya Medical Supplies Authority. 17.Kenya National Bureau of Statistics. 18.Kenya National Highways Authority. 19.Kenya National Innovation Agency. 20.Kenya National Qualifications Authority. 21.Kenya Plant Health Inspectorate Service. 22.Kenya Ports Authority 23.Kenya Roads Board. 24.Kenya Rural Roads Authority.

37.Maseno University.
38.Masinde Muliro University of Science and Technology.
39.Meru University of Science & Technology.
40.Meru University of Science and Technology.
41.Moi University.
42.Murang'a University of Technology.
43.National Industrial Training Authority.
44.Pwani University.
45.Regional Centre on Groundwater Resources, Training and Research in Eastern Africa.
46.Rongo University College.
47.South Eastern Kenya University.
48.Taita Taveta University.
49.TaitaTaveta University College.
50.Technical University of Mombasa.
51.Tharaka Nithi University College.
52.The Cooperative University of Kenya.
53.The Technical University of Kenya.
54.Tom Mboya University College.
55.Turkana University College.
56.University of Kabianga.
57.University of Eldoret.
58.University of Embu.
59.University of Nairobi.
60.Gatundu University College.
61.Tom Mboya University College.
62.Kenya Institute of Special Education.
63.Kenya Meteorological Training College.

CATEGORY (G) : PROMOTIONAL AGENCIES - 3

1.Kenya Export Promotion & Branding Agency
2.Kenya Investment Authority
3.Kenya Tourism Board

CATEGORY (H) : SOCIAL SERVICES/CULTURAL - 11

1.Anti-Female Genital Mutilation Board
2.Child Welfare Society of Kenya
3.Kenya National Library Services
4.National Council for Children's Services (NCCS)
5.National Museums of Kenya
6.National Youth Council
7.National Youth Service
8.Sports Kenya
9.The Kenya Cultural Centre
10.Permanent Presidential Music Commission
11.National Government Affirmative Action Fund

CATEGORY (I) : PUBLIC FUND MANAGEMENT - 22

1.Commodities Fund
2.Local Authority Provident FUND
3.National Development Fund for Persons with Disabilities.

25.Kenya Trade Network Agency.
26.Kenya Tsetse & Trypanosomiasis Eradication Council.
27.Kenya Universities and Colleges Central Placement Service.
28.Kenya Urban Roads Authority.
29.Kenya Veterinary Vaccines Production Institute.
30.Kenya Water Towers Agency.
31.Kenya Wildlife Service.
32.Kenya Yearbook Editorial Board.
33.Kenyatta National Hospital.
34.Lake Victoria North Water Works Development Agency.
35.Lake Victoria South Water Works Development Agency.
36.Local Government Loans Authority.
37.Micro and Small Enterprises Authority.
38.Moi Teaching & Referral Hospital.
39.Nairobi Center for International Arbitration.
40.National Aids Control Council.
41.National Cereals and Produce Board.
42.National Commission for Science, Technology and Innovation.
43.National Council for Law Reporting.
44.National Council for Persons With Disabilities.
45.National Council for Population and Development.
46.National Legal Aid Service Board.
47.National Water Conservation and Pipeline Corporation.
48.Northern Water Works Development Agency.
49.Policyholders Compensation Fund.
50.Privatization Commission.
51.Retirement Benefits Authority.
52.Rift Valley Water Works Development Agency.
53.Rural Electrification and Renewable Energy Commission.
54.Small and Micro Enterprises Development Authority.
55.South -South Centre.
56.Special Economic Zones Authority.
57.Tana Water Works Development Agency.
58.Tanathi Water Works Development Agency.
59.Technical and Vocational Education & Training Authority.
60.The Kenya Engineering Technology Registration Board.
61.The Kenya Universities and Colleges Placement Service.
62.The National Social Security Assistance Authority.
63.Tourism Finance Corporation.
64.TVET Curriculum Development, Assessment and Certification Council.
65.Unclaimed Financial Assets Authority.
66.University Funding Board.
67.Water Resources Management Authority.
68.Witness Protection Agency.

4.Tourism Fund. 5.National Hospital Insurance Fund. 6.National Social Security Fund. 7.National Sports Fund. 8.Youth Enterprises Development Fund. 9.Constituency Development Fund. 10.Water Services Trust Fund. 11.Local Authorities Provident Fund. 12.Policy Holders Compensation Fund. 13.Women Enterprise Fund. 14.Micro and Small Enterprises Development Fund. 15.Local Authority Transfer Fund. 16.Medical Supplies Fund. 17.Veterinary Services Development Fund. 18.Training Fund. 19.Kenya Energy Sector Environment and Social Responsibility Programme Fund. 20.Political Parties Fund. 21.Local Authority Provident Fund. 22.Kenya Slums Upgrade, low cost housing and infrastructure Trust Fund.	69.Youth Advisory Board. 70.Youth Enterprise Development Fund. 71.The National Cancer Institute of Kenya. 72.Nairobi Metropolitan Area Transport Authority. 73.Kenya National Qualifications Authority. 74.Kenya Petroleum Refineries. 75.Jomo Kenyatta Foundation. 76.Prisons Farms Revolving Fund. 77.Demonstration Farms Fund. 78.Agricultural Information Resource Centre Revolving Fund. 79.Management Supervisions and Liquidation Fund. 80.Kenya Energy Sector Environment and Social Responsibility Programme Fund. 81.Fish Marketing Authority. 82.Anti-Doping Agency of Kenya. 83.Higher Education Loans Board. 84.National Environmental Trust Fund. 85.Anti-Counterfeit Authority. 86.National Authority for the Campaign Against Alcohol and Drug abuse. 87.National Employment Authority.
	CATEGORY (J) : REVENUE COLLECTION – 3 1.Kenya Revenue Authority. 2.Petroleum Development Levy Fund. 3.Industrial Training Levy.
TOTAL: 310 STATE CORPORATIONS **SOURCE: STATE CORPORATIONS ADVISORY COMMITTEE (SCAC) -YEAR 2019**	

APPENDIX III: LIST OF THE 93 SAMPLED KENYAN STATE CORPORATIONS

CATEGORY (A) : REGULATORY AGENCIES – 15

1.Central Bank of Kenya.
2.Agricultural, Fisheries and Food Authority.
3.National Irrigation Authority.
4.Tourism Regulatory Authority.
5.Commission for University Education.
6.Nuclear Power & Energy Agency.
7.Kenya Bureau of Standards.
8.Kenya Film Classification Board.
9. Kenya Maritime Authority.
10.National Transport and Safety Authority.
11.Capital Markets Authority.
12.Communications Authority of Kenya.
13. Public Benefits Organizations Regulatory Authority.
14.Sacco Societies Regulatory Authority.
15.Kenya National Examination Council.

CATEGORY (B) : PARASTATALS OPERATING ON COMMERCIAL PRINCIPLES – 14

1.Nzoia Sugar Company Ltd.
2. Muhoroni Sugar Company Ltd.
3.South Nyanza Sugar Company Limited.
4.Chemelil Sugar Company Ltd.
5. National Housing Corporation.
6.Consolidated Bank of Kenya.
7.Kenya Broadcasting Corporation.
8.Kenya Airports Authority.
9.Kenya Electricity Generating Company.
10.Kenya Electricity Transmission Company.
11.Kenya Literature Bureau.
12.Kenya Pipeline Company.
13. Kenya Power and Lighting Company.
14.Kenya Seed Company.

CATEGORY (D) : EDUCATION & TRAINING INSTITUTIONS - 19

1.Bandari Maritime Academy.
2. East African School of Aviation.
3.Jaramogi Oginga Odinga University of Science and Technology.
4. Jomo Kenyatta University of Agriculture Science. & Technology Enterprises Ltd.
5.Kenya Academy of Sports.
6.Kenya Institute of Highways and Building Technology.
7.Kenya Railways Training School.
8.Kenya School of Government.
9. Kenya School of Law.
10.Kenya Utalii College.
11.Kenya Water Institute.
12.Kenyatta University.
13. Kibabii University.
14.Kisii University.
15.Kisumu Polytechnic.
16.Maseno University.
17.Masinde Muliro University of Science and Technology.
18.National Industrial Training Authority.
19.Kenya Institute of Special Education.

CATEGORY (G) : PROMOTIONAL AGENCIES – 1

1.Kenya Export Promotion & Branding Agency.

CATEGORY (H) : SOCIAL SERVICES - 3

1.Kenya National Library Services.
2.National Museums of Kenya.
3. Sports Kenya.

CATEGORY (I) :PUBLIC FUND MANAGEMENT – 7

1. Commodities Fund.

CATEGORY (C) : RESEARCH INSTITUTES – 3

1.Kenya Forestry Research Institute.
2.Kenya Institute for Public Policy Research Analysis.
3.Kenya Medical Research Institute.
4.Tourism Research Institute.

CATEGORY (E) : DEVELOPMENT AGENCIES – 3

1.Coast Development Authority.
2.National Water Harvesting & Storage Authority.
3.Tana and Athi Rivers Development Authority.

CATEGORY (F) : EXECUTIVE AGENCIES - 26

1. Athi Water Works Development Agency.
2.Business Registration Service.
3.Geothermal Development Company.
4.Higher Education Loans Board.
5.Kenya Civil Aviation Authority.
6.Industrial Development Bank.
7. Kenya Law Reform Commission.
8.Kenya Medical Supplies Authority.
9.Kenya National Bureau of Statistics.
10.Kenya National Highways Authority.
11.Kenya Ports Authority.
12. Kenya Roads Board.
13.Kenya Rural Roads Authority.
14.Kenya Trade Network Agency.
15. Kenya Urban Roads Authority.
16.Kenya Water Towers Agency.
17.Kenyatta National Hospital.
18. Lake Victoria North Water Works Development Agency.
19.Lake Victoria South Water Services Board.
20.National Aids Control Council.
21.National Council for Law Reporting.
22. National Employment Authority.

2.Tourism Fund. 3. Micro and Small Enterprises Development Fund. 4.National Hospital Insurance Fund. 5.National Social Security Fund. 6.Constituency Development Fund. 7.Water Services Trust Fund	23.Privatization Commission. 24.Rift Valley Water Works Development Agency. 25.Youth Enterprise Development Fund. 26.Water Resources Management Authority. **CATEGORY (J) : REVENUE COLLECTION – 1** 1.Kenya Revenue Authority.
TOTAL: 93 STATE CORPORATIONS **SOURCE: STATE CORPORATIONS ADVISORY COMMITTEE (SCAC) YEAR 2019**	

APPENDIX IV: LIST OF THE 68 KENYAN STATE CORPORATIONS THAT RESPONDED TO THE SURVEY

CATEGORY (A) : REGULATORY AGENCIES – 11

1.Agricultural, Fisheries and Food Authority.
2.National Irrigation Authority.
3.Nuclear Power & Energy Agency.
4.Kenya Bureau of Standards.
5.Kenya Film Classification Board.
6. Kenya Maritime Authority.
7.Capital Markets Authority.
8.Communications Authority of Kenya.
9. Public Benefits Organizations Regulatory Authority.
10.Sacco Societies Regulatory Authority.
11.Kenya National Examination Council.

CATEGORY (B) : PARASTATALS OPERATING ON COMMERCIAL PRINCIPLES – 12

1.Nzoia Sugar Company Ltd.
2. Muhoroni Sugar Company Ltd.
3.Chemelil Sugar Company Ltd.
4. National Housing Corporation.
5.Consolidated Bank of Kenya.
6.Kenya Broadcasting Corporation.
7.Kenya Airports Authority.
8.Kenya Electricity Generating Company.
9.Kenya Electricity Transmission Company.
10.Kenya Literature Bureau.
11.Kenya Pipeline Company.
12.Kenya Seed Company.

CATEGORY (D) : EDUCATION & TRAINING INSTITUTIONS - 13

1.Bandari Maritime Academy.
2. East African School of Aviation.
3.Jaramogi Oginga Odinga University of Science and Technology.
4. Jomo Kenyatta University of Agriculture Science. & Technology Enterprises Ltd.
5.Kenya Institute of Highways and Building Technology.
6.Kenya Railways Training School.
7.Kenya School of Government.
8.Kenyatta University.
9. Kibabii University.
10.Kisii University.
11.Kisumu Polytechnic.
12.Masinde Muliro University of Science and Technology.
13.National Industrial Training Authority.

CATEGORY (C) : RESEARCH INSTITUTES – 2

1.Kenya Forestry Research Institute.
2.Tourism Research Institute.

CATEGORY (E) : DEVELOPMENT AGENCIES – 3

1.Coast Development Authority.
2.National Water Harvesting & Storage Authority.
3.Tana and Athi Rivers Development Authority.

CATEGORY (F) : EXECUTIVE AGENCIES - 17

1. Athi Water Works Development Agency.
2.Geothermal Development Company.
3.Higher Education Loans Board.
4.Kenya Civil Aviation Authority.
5. Kenya Law Reform Commission.
6.Kenya National Bureau of Statistics.
7.Kenya National Highways Authority.
8.Kenya Ports Authority.
9.Kenya Trade Network Agency.
10. Kenya Urban Roads Authority.
11.Kenyatta National Hospital.
12. Lake Victoria North Water Works Development Agency.
13.Lake Victoria South Water Services Board.
14. National Employment Authority.
15.Privatization Commission.
16.Rift Valley Water Works Development Agency.
17.Water Resources Management Authority.

CATEGORY (G) : PROMOTIONAL AGENCIES – 1

1.Kenya Export Promotion & Branding Agency.

CATEGORY (H) : SOCIAL SERVICES - 2

1.Kenya National Library Services.
2.National Museums of Kenya.

CATEGORY (I) :PUBLIC FUND MANAGEMENT – 6

1. Commodities Fund.
2.Tourism Fund.
3.National Hospital Insurance Fund.
4.National Social Security Fund.
5.Constituency Development Fund.
6.Water Services Trust Fund

CATEGORY (J) : REVENUE COLLECTION – 1

1.Kenya Revenue Authority.

TOTAL: 68 STATE CORPORATIONS
SOURCE: STATE CORPORATIONS ADVISORY COMMITTEE (SCAC) YEAR 2019