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Wilfred Muhongo Buyema, Dr. Gladys Chepkirui Rotich and Dr. Kepha Ombui

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EFFECT OF INSTITUTIONAL STRUCTURE ON PERFORMANCE OF NATIONAL GOVERNMENT AFFIRMATIVE ACTION FUNDS IN KENYA

[*1]Wilfred Muhongo Buyema
PhD Student: Jomo Kenyatta University of Agriculture and Technology
[*]Corresponding Author's Email: buyemaw@gmail.com

[2]Dr. Gladys Chepkirui Rotich
Lecturer: Jomo Kenyatta University of Agriculture and Technology

[3]Dr. Kepha Ombui
Lecturer: Jomo Kenyatta University of Agriculture and Technology

Abstract

Purpose: The purpose of this study was to effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya.

Methodology: This study adopted a descriptive research design. The study adopted epistemology philosophy. The population of this study comprised of National Affirmative Funds. The target respondents comprised of all the management staff of these institutions whose total number was 195. The study adopted a census design and selected all the 195 managers in all the 6 National Government Affirmative Action Funds in Kenya. Primary data for this study was collected using a questionnaire while secondary data was collected from published reference materials such as reports and journals. Descriptive statistics using the mean and standard deviation and, inferential statistics involving correlation and regression analysis were used to analyze quantitative data. Qualitative data was analyzed through content analysis.

Results: ANOVA results indicated that institutional structure has a significant relationship with performance of affirmative funds. The results also showed that institutional structure is a good predictor of performance of affirmative funds. Regression of coefficients results further established that institutional structure has a positive and significant relationship with performance of affirmative funds.

Unique Contribution to Theory, Practice and Policy: Based on the study findings, the management was recommended to come up with a board composition policy that states the number of board members, gender constituent, expertise and other diversities such as religion, race and nationality. The policy should also include specifications on board of director's remuneration.

Keywords: *Institutional structure, performance, National Government Affirmative Action Funds.*

1.0 INTRODUCTION

1.1 Background of the Study

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

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

1.2 Statement of the Problem

Although several studies undertaken by various researchers on corporate governance indicated the existence of Corporate Governance Practices in public institutions; there were continued reported cases bordering on corporate failure, unethical behaviour, and financial reporting irregularities in those institutions (Khalil, 2018). These cases, appeared to involve senior management staff including CEOs and CFOs (Agrawal & Cooper, 2017). Similar scandals in developing nations such as Kenya had necessitated an increased demand for improved corporate governance practices in National Government Affirmative Action Funds.

The studies indicated a positive relationship between the institutional structure and institutional performance. However, context of the studies focused on developed nations and thus a shortcoming in developing nations like Kenya (Aguilera, Desender, Bednar & Lee, 2015). Robust Corporate Governance Management System appeared to be becoming necessary for improving these institutions' performance and reduction of scandals. This necessity had increasingly led to a remarkable attraction for the researcher to undertake this study. This meant that there was a need to develop institutional structure model that would consider the conditions in developing countries and that were not directly borrowed from developed countries (Yermack, 2017).

The studies reviewed appeared to be focused more on private institutions and hence need to assess the Kenya's National Government Affirmative Funds to provide a public context. In Kenya, one of the proposed pillars of institutional performance is reforms, mostly for public institutions. The reforms are geared toward making sure that these institutions achieve a balance between operating as a financially viable and sustainable business on one hand while pursuing a mission of general in interest (Primavera & Loveluck, 2016). The underlying assumption was that institutional structure was related to an institution's internal operating and control procedures (Yermack, 2017).

Therefore, understanding the role of institutional structure on performance was critical in finding a solution for preventing the reported corporate scandals. Using a framework built around stakeholder theory, this dissertation examined whether the institutional structure had an effect on performance of National Government Affirmative Action Funds in Kenya. It is in this regard that this study was designed to examine the effect of institutional structure on Performance of National Government Affirmative Action Funds in Kenya.

1.3 Research Objective

The objective of this study was to assess the effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Literature

2.1.1 Agency Theory

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

Overcoming such hidden information necessitates both the promotion of transparency (which in itself incurs transaction costs) and the development of incentive mechanisms that encourage the agent to reveal their hidden knowledge. The notion is that humans are self - interested and not willing to sacrifice their personal interests for the best interests of the others. Overcoming opportunism is difficult (Fama & Jensen 1983) as it is premised on the very same conception of

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human behaviour that guides assumptions of organisational performance and the benefits of market guided corporate governance systems: the self-interested behaviour of individuals. Nevertheless, opportunism can be minimised through transparent reporting and observation (i.e. accountability) (Fama & Jensen, 1983). The implications of agency theory for why corporate governance best practice systems may provide productivity gains and competitive advantages to institutions are thus centred on the assumption that corporate governance is necessary to ensure agent behaviour is geared toward the interests of principals (Fama & Jensen, 1983).

The role of the governing board and the agency problem has been examined in a large body of literature (Aimone, & Butera, 2016; ABlander, Roloff, & Nayır, 2016; de Andrés-Alonso, Azofra-Palenzuela & Romero-Merino, 2009; Fama & Jensen, 1983; Kiel & Nicholson 2003), and those researchers examined the impact of the institutional structure as the monitoring mechanism to mitigate the principal agent problem which is the main focus of agency theory. In conclusion, (Fanta, Kemal and Waka, 2013) says that assumptions made in agency theory about individualistic utility motivation resulting in principal-agent interest divergence may not hold for all managers; and therefore, exclusive reliance on agency theory is undesirable, because the theory ignores the complexities of institutional life.

2.2 Empirical Review

According to Filatotchev and Wright (2011), governance factors which include Board size, types of dominant owners, board characteristics, and managerial compensation would influence the internalization tactics and the outcomes of the strategic decision which in return increases firm performance. Several studies have been researched on different aspects of innovation, corporate governance and firm service delivery including Chung Wright and Kedia (2003), Le, Walters, and Kroll (2006), Haat, Zulkafli and Norlizan (2010), Shukeri, Shin and Shaari (2012), Li, Griffin, Yue and Zhao (2013), Goh, Rasli and Khan (2014), Zhang, Chen and Feng (2014) and Marinova, Plantenga and Remery (2016) and suggested some future studies. Another study by Marinova, Plantenga and Remery (2016) investigated on gender diversity and firm performance on Dutch and Danish boardrooms for year 2007 and recommended a number of future studies which includes analyzing more variables in particular referring to board characteristics, use of accounting measures (ROA) instead of market-based performance measures (Tobin's Q), and to focus on non-financial indicators like innovation.

Additionally, Zhang, Chen and Feng (2014) suggested that future research could be done to examine the function of corporate governance and firm performance. This was supported by Goh Rasli and Khan (2014) who proposed to extend studies to different industry settings, and also mentioned that the findings for corporate governance, composition of independent directors and role duality on firm performance. Furthermore, Shukeri Shin and Shaari (2012) put forward the need for further research on the board's characteristic in effect of the firm's performance by comprising more than one year period in order to obtain a more general result. Haat, Zulkafli and Norlizan (2010) studied on the interaction effect of corporate governance on firm performance among Malaysian PLCs from 2005-2007 and suggest future studies to modify the length of performance.

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McColgan (2001) gave a very broader view of agency theory and corporate governance. The major interest of his research was to cover the area that where the interests of managers diverge from those of the interests of shareholders. He kept in view the agency relationship and the agency cost which arises from these relationships. He extended the work of Jensen and Meckling (1976) who defined the agency relationship as a type of contract in which the principal keeps the agent to carry out the services of the firm on his behalf. The agency problem arises due to the different interest and the conflict between the ownership and control as principal delegate some decision-making authority to the agent.

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

3.0 RESEARCH METHODOLOGY

This study adopted a descriptive research design. The study adopted epistemology philosophy. The population of this study comprised of National Affirmative Funds. The target respondents comprised of all the management staff of these institutions whose total number was 195. The study adopted a census design and selected all the 195 managers in all the 6 National Government Affirmative Action Funds in Kenya. Primary data for this study was collected using a questionnaire while secondary data was collected from published reference materials such as reports and journals. Descriptive statistics using the mean and standard deviation and, inferential statistics involving correlation and regression analysis were used to analyze quantitative data. Qualitative data was analyzed through content analysis.

4.0 RESULTS AND DISCUSSION

4.1 General Information

Table 1 presented the results on the general information of respondents.

Table 1: General Information

Response rate	Frequency	Percent
Returned	140	72
Unreturned/Rejected	55	28
Total	**195**	**100**
Number of years the Institution has been in Existence	**Frequency**	**Percent**
Less than 2 years	16	8
2-4 years	51	26
5-7 years	16	8
8-10 years	52	27
More than 10 years	60	31
Total	**195**	**100**
Position of Respondent in Institution	**Frequency**	**Percent**
Middle level manager	90	46
Senior level manger	99	51
CEO	6	3
Total	**195**	**100**
Education Level of Respondents	**Frequency**	**Percent**
Diploma	16	8
First degree	60	31
Masters degree	115	59
PhD	4	2
Total	**195**	**100**

4.2 Institutional Structure

4.2.1 Descriptive Statistics for Institutional Structure

The respondents were asked to indicate their level of agreement to the statements on institutional structure. Table 2 presents the descriptive statistics results for institutional structure.

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Table 2: Descriptive Analysis Results for Institutional Structure

Statements	strongly disagree	Disagree	uncertain	agree	Strongly agree	Mean	Std. Dev.
Directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus	2.9%	7.1%	9.3%	45.0%	35.7%	4.04	1.00
Large Boards improve performance by reducing CEO's domination of the institution	5.7%	10.7%	10.0%	39.3%	34.3%	3.86	1.17
The Board committees in my institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively	7.9%	8.6%	10.7%	42.1%	30.7%	3.79	1.20
The audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations	2.1%	7.9%	10.0%	49.3%	30.7%	3.99	0.96
My Board realistically assesses its performance against its objectives at regular intervals and at year-end	3.6%	10.0%	12.9%	42.1%	31.4%	3.88	1.08
My institution has adopted a transparent and publicly available remunerations policy for the Board of Directors.	7.9%	9.3%	12.9%	39.3%	30.7%	3.76	1.21
My institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution's goals.	8.6%	11.4%	16.4%	40.7%	22.9%	3.58	1.21
The remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution	8.6%	8.6%	11.4%	41.4%	30.0%	3.76	1.22
Average						**3.83**	**1.13**

The results in Table 2 revealed that majority of the respondents who were 80.7% (45.00%+35.70%) agreed that directors in a large Board size may need to deal with more conflicts among Board members and hence difficulty in reaching consensus. The statement

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response had a mean score of 4.04 and a standard deviation of 1.00. This implied that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (73.6%) agreed to the statement that large boards improve performance by reducing CEO's domination of the institution. The statement response had a mean score of 3.86 and a standard deviation of 1.17. This implied that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation.

Furthermore, the results revealed that majority of the respondents who were 72.8% agreed that the board committees in their institution have sufficient expertise, support, time, and access to key information to enable them to discharge their monitoring and oversight role effectively. The responses on this statement had a mean of 3.79 and a standard deviation of 1.20. This implied that the responses on the statement were varying but with a low variation. In addition, the results established that majority of the respondents (80%) agreed that the audit committee in my institution is independent of other committees, appropriately skilled, competent and constituted in compliance with government financial regulations. The responses on this statement attracted a mean score of 3.99 and a standard deviation of 0.96. This showed that though most of the respondents were agreeing to the statement, the responses were varying and that the variation was low.

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

Besides, the results revealed that majority of the respondents who were 63.6% agreed that institution has ensured that the remuneration amount is dependent on the contribution of Board of Directors in attaining institution's goals. This attracted a mean of 3.58 and a standard deviation of 1.21. This revealed that the majority of the respondents were agreeing to the statement but variation was observed which was low. Finally, the results established that majority of the respondents (71.4%) agreed that the remunerations which are paid to the Directors of the Board are included in the remunerations policy for the institution. This attracted a mean of 3.76 and a standard deviation of 1.22. This revealed that the majority of the respondents were agreeing to the statement but a low variation was observed. In addition, Overall, the responses on the statement on institutional structure had a mean score of 3.83 and a standard deviation of 1.13.

4.2.2 Content Analysis

On institutional structure, respondents were asked to give their suggestions on the current board and subcommittees in terms of composition, membership, size, remuneration and representation. The responses given are shown in Table 3.

Table 3: Board Composition

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

The responses given by the respondents as shown in Table 3 indicated that majority (62%) of the respondents suggested that their board need to be diversified in terms of gender and expertise. Other respondents said that the board should create sub committees while others said that the board should be moderated in terms of size. On the other hand, some respondents said that their board is well remunerated.

4.3 Performance of Affirmative Funds

4.2.2 Descriptive Statistics for Performance of Affirmative Funds

The respondents were asked to indicate their level of agreement to the statements on performance of affirmative funds. Table 4 presents the descriptive statistics results for performance of affirmative funds.

Table 4: Descriptive Analysis Results for Performance of Affirmative Funds

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

The results in Table 4 revealed that majority of the respondents who were 72.2% (44.30%+27.9%) agreed that their institution decreases service cost in service delivery by striving to do things differently. The statement response had a mean score of 3.83 and a standard deviation of 1.06. This implies that most of the respondents were agreeing to the statement and that the responses were varying but with a low variation. Further, the results indicated that majority of the respondents (77.8%) agreed to the statement that their institution develops newness for current services leading to improved ease of doing business and hence improved customer satisfaction. The statement response had a mean score of 3.87 and a standard deviation of 1.02. This implied that majority of the respondents were agreeing to the statement and that the responses were varying with a low variation.

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

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

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

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

4.3.2 Content Analysis

On whether their institutions have innovation committees, the respondents gave the responses given in Figure 1.

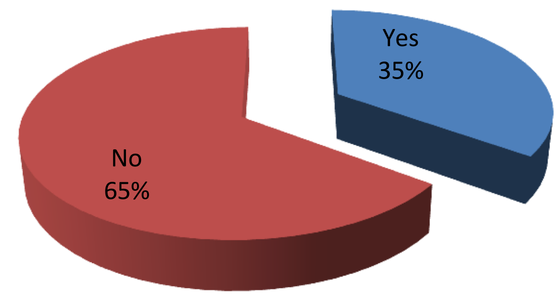

Figure 1: Innovation Committee

The responses given in Figure 2 indicated that 65% of the respondents who were the majority said that their institution has no innovation committee that has been established while 35% said that they have an innovation committee.

Further on innovation committee, the respondents were asked to state how their institution handles innovativeness. The responses given were shown in Table 5.

Table 5: Innovation Committee

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

The responses given as indicated in Table 5 revealed that majority said that innovativeness in not given room in their institutions and that suggestions on innovativeness are ignored. Some other respondents said that innovativeness in their institutions receives no training and no funding while others felt that innovativeness is considered eventual and still others said that it is discussed on need basis by management. Some other respondents said that innovation in their institution is outsourced, others that it is departmental based and others that it is handled by the ICT department. Other respondents said that innovativeness is handled through seminars, conferences and workshops.

Additionally, the researcher asked that respondents to give their opinion on the services rendered by their institution to the public. The responses were given in table 6.

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Table 6: Service Delivery

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

The results in Table 6 showed that majority of the respondents (89%) said that the services they render to the public are satisfactory while 11% said that their services are inaccessible to the public.

Finally, the researcher asked the respondents to explain how well they think technology would affect the quality of services being delivered by their institution. The responses are given in Table 7.

Table 7: Technology and Service Delivery

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

As per the results given in Table 7, the majority of the respondents who were 82% said that technology would help better the service delivery in their institution in terms of efficiency, quality and effectiveness. In addition, some respondents said that technology would address the challenges of service delivery in their institution.

4.4 Inferential Statistics

4.4.1 Correlation Analysis

Correlation analysis was conducted to quantify the relationship between the independent variable institutional structure and the dependent variable performance of affirmative funds. Pearson Product Moment correlation coefficient (r) was used. The results were presented in Table 8.

Table 8: Correlation Analysis

		Performance of Affirmative Funds	**Institutional structure**
Performance of Affirmative Funds	Pearson Correlation	1	
Institutional structure	Pearson Correlation	.633**	1

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

According to the results shown in Table 8, a positive relationship between institutional structure and performance of affirmative funds was established (r=0.633).

4.4.2 Regression Analysis

Table 9presents the model fitness results for institutional structure and performance of affirmative funds.

Table 9: Model Fitness

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

As per the results presented in Table 9, the institutional structure variable was found to be satisfactory in explaining performance of affirmative funds. This was supported by coefficient of determination (R square) of 40.1%. This means that institutional structure explain 40.1% of the dependent variable performance of affirmative funds.

ANOVA was also conducted to determine the relationship between institutional structure and performance of affirmative funds. The results are presented in Table 10.

Table 10: Analysis of Variance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	19.106	1	19.106	92.329	0.000
Residual	28.558	138	0.207		
Total	47.664	139			

The results in Table 10 revealed that institutional structure has a significant relationship with performance of affirmative funds (p=0.000). The results also showed that institutional structure is a good predictor of performance of affirmative funds as supported by an F statistic of 92.329.

Further, the regression of coefficients results for institutional structure and performance of affirmative funds were given in Table 11.

Table 11: Regression of Coefficients Results for Institutional Structure

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

The results in Table 11 established that institutional structure has a positive and significant relationship with performance of affirmative funds (p=0.000, β =0.544). This was further supported by a t statistic of 9.609 which was greater than the calculated t value of 1.96.

5.0 SUMMARY OF FINDINS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

ANOVA results indicated that institutional structure has a significant relationship with performance of affirmative funds. The results also showed that institutional structure is a good predictor of performance of affirmative funds. Regression of coefficients results further established that institutional structure has a positive and significant relationship with performance of affirmative funds.

5.2 Conclusion

On the effect of institutional structure on performance of National Government Affirmative Action Funds in Kenya, the study concluded that a positive and significant relationship exists. Board that adopts the recommended number and is diversified in terms of gender, expertise and nationalities would perform better. Board performance review and remuneration policy that is dependent on contribution of board in attaining goals are also an important aspect of high performance.

5.3 Recommendations

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

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