

**INFLUENCE OF CORPORATE GOVERNANCE ON SERVICE DELIVERY:
A CASE STUDY OF THE NATIONAL CEREALS AND PRODUCE BOARD, KENYA**

SHAMILLA LAWENDI

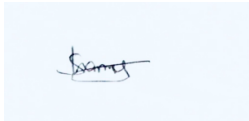
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DECLARATION

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



Signature Date: 02/11/2021

Shamilla Lawendi

C51/87501/2016

This research project has been submitted for examination with my approval as the University Supervisor

Signature:



Date: 10/11/2021

Dr. Justine Magutu

Department of Political Science & Public Administration

University of Nairobi

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DEDICATION

I dedicate this research project to my parents Mr. and Mrs. Lawendi, my husband Daniel Psirmoi, my sisters Sheila, Sharon, Shereen, and my brother Dan. Thank you for always trusting and having faith in me. I also dedicate it to my children Shirleen, Duane, and Deone

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ACRONYMS AND ABBREVIATIONS

CEO:	Chief Executive Officer
CMA:	Capital Market Authority
GDP:	Gross Domestic Product
GOK:	Government of Kenya
IFRS:	International Financial Reporting Standards
IMF:	International Monetary Fund
NACOSTI:	National Council for Science, Technology and Innovation.
NCPB:	National Cereals and Produce Board
OECD:	Organization for Economic Co-operation Development
PTPRs:	Presidential Taskforce Parastatal Reforms
SFR:	Strategic Food reserves

ABSTRACT

Service delivery in public institutions has been under focus in recent years. Most public institutions in the world have been under scrutiny for failing to deliver services to the satisfaction of the citizens. Consequently, there has been a growing demand for public institutions to comply with corporate governance practices. This study, therefore, was aimed at evaluating the effect of corporate governance on service delivery; case study of the National Cereals and Produce Board in Kenya. The specific objectives were; to determine the influence of internal controls on service delivery, to evaluate the effect of transparency on service delivery, and to establish the influence of risk assessment on service delivery. The study covered a period of five years which is the year 2015 to 2019 according to the National Cereals and Produce Board strategic plan period. There are various branches in Kenya but the study was limited to the Head office since they have consolidated information that covers all branches in the country. The study was premised on the stakeholder theory and the agency theory. A case study research design was used. The population of the study was 307 comprising the top managers, partners, and employees of the Board. The sample size was 154. The test for reliability and validity was done the results for reliability using Cronbach's coefficient was 0.870. data collection was done using the questionnaires mainly targeting the employees and partners while interview guides were administered to top managers to get in-depth information on the subject matter. Consequently, the rate of response was 60% for the questionnaires and 75% for the interviews. The outcome indicated that internal controls, transparency and risk assessment, had a significant and positive effects on service delivery since the p values were 0.005, 0.000, and 0.002 respectively. To foster transparency, the study recommends that a clear line of communication at the NCPB need to be established to ensure that information is disseminated to all the stakeholders in a timely way. The study also recommends that mechanism towards preventing the conflict of interest be put in place for instance proper disclosure of the owners of the companies and businesses that supplies grain to the Board. Whistle-blowing mechanisms also need to be enhanced to prevent fraud and corrupt practices. The study recommends that employees at all levels should be trained on risk management practices particularly on the market risks. The Board should also develop a comprehensive mechanism for the identification of traders who are likely to pose a potential risk to the organization in terms of illegal traders. Further, in liaison with the Ministry of Agriculture, the Board should come up with a limit as to how much a single trader can supply to prevent illegal traders and prevent the exploitation of small farmers. Lastly, the study recommends that the Board should consider automatic its internal control systems to enable accuracy in the transactions and efficiency in the processes like procurement.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Since the early 1990s, the concept of corporate governance has had considerable interest from researchers, policy makers and the general public. The Organization for Economic Cooperation and Development (OECD) (2004) defines corporate governance as the internal means by which corporations are operated and controlled which means that the interests of the public are considered, capital is effectively used, and the Board and the shareholders are accountable in their actions. Corporate governance is the structure of principles, values, frameworks and procedures where organizations are controlled and coordinated (Wellage, 2012). Ogochukwu (2016) observes that corporate governance can be explained in terms of policies and processes alongside human assets that are stipulated internally to serve the interest of the shareholders. Shareholder's interest is achieved by utilizing the managerial functions of planning, controlling alongside controlling the activities of the corporation (Monks & Minow, 2004). Corporate governance is achieved by maintaining high integrity in line with accountability in terms of providing clear and precise financial statements and reports at the end of the financial year. They are also required to ensure that the business savvy within and outside the company is good to meet corporate social responsibility and governance goals. On the same note, the management of the organization is expected to protect shareholders' desires and rights to achieve good and desired corporate governance. Good corporate governance is vital for long-term profitability and success which is always the goal of all organizations both public and private (Shleifer & Vishny, 1997). It is of great importance in determining the willingness of investors to commit their finances to an organization (Ishij & Metric, 2003). For public organizations, corporate governance determines the level of efficiency and effectiveness of their service delivery.

The increased attention in corporate governance as a management style from the early 1990s has been attributed to the collapse of many companies as a result of failure in good corporate governance practices (Wanjala, 2016). The challenges experienced by many organizations worldwide lead to the formation of the codes of conduct for corporate institutions which were

aimed at reducing corporate downfalls. As a result, numerous governments and global associations set administrative standards for private and public organizations to adopt. The administrative standards set were expected to enhance corporate governance structures, reestablish public trust in corporate governance and guarantee good initiative structures which were geared towards ensuring financial stability and efficient service delivery (Bekiris, 2013).

In the USA, for instance, corporate governance gained prominence after the downfall of the Enron and WorldCom companies. The collapse of the two big companies in 2000 was attributed to the failure by the Board, managers, accountants, auditors, and attorneys in their roles and responsibilities, the unscrupulous transactions, faulty accounting methods, and weak audit mechanism (Barth, Trimbath & Yago, 2003). These corporate failures led to the formation of the Sarbanes-Oxley Act of 2002 whose aim was to restore confidence among investors, encourage financial transparency and accountability, and enhance corporate responsibility (Whittington, Johnson & Scholes, 2007). Similarly, corporate governance principles were released by the OECD in 1999 (OECD, 1999). These codes of conduct were reviewed in 2004 and they were aimed at ensuring that ethics in the corporate field are enhanced especially in terms of accountability and transparency (OECD, 2004).

European countries such as UK, Italy, and Netherlands also experienced corporate breakdowns and collapse among key companies. The major ones are Parmalat and Marconi in the UK and Royal Ahold in the Netherlands (McConvill, 2012; Kakabadse, Mostovicz and Kakabadse, 2011). The collapse of these companies was due to cash flow misrepresentation and frauds, off-balance sheet assets and ineffective corporate practices. It's after these scandals that the countries adopted International Financial Reporting Standards (IFRS) that were set by International Accounting Standard Board (Nakita, Adnan & Warren, 2018). The sole purpose of IFRS was to ensure that transparency, accountability and an efficient financial market is achieved for proper financial stability and hence efficient service delivery (Walton, Haller & Raffournier, 1998).

Asian countries started creating awareness of corporate governance after the 1997 financial crisis that affected Thailand, Malaysia, Indonesia, South Korea, the Philippines, and Singapore which greatly affected the economy causing a drastic drop in capital inflows making it a global

concern (Ba, 2007). In Japan, corporate governance was first highlighted in the Corporate Forum Principles of Japan of 1998 (Monks, 2001). In India, the Golden Quadrilateral project experienced corporate failure due to poor governance and financial impropriety between 1999 to its completion in 2012 (Wanjala, 2016).

Similarly, interest in corporate governance has grown over time in many African countries (Ejikekeme, 2013). South Africa, Ghana, and Zimbabwe were among the first African countries to embrace corporate governance by establishing national institutional mechanisms that aimed at promoting good corporate governance in the 1990s (Okehalam & Akinboade, 2003). As Besley and Maitreesh (2005) pointed out, the African public sector has been affected by weak governance policies; public institutions face challenges that include nepotism, bureaucracy, corruption and favoritism which hinders service delivery. Political influence has also affected the existence of good governance (World Bank, 2007). To facilitate good corporate governance, Sub-Saharan African organizations came up with corporate governance codes that recommended non-executive directors, independent audit committees, and distinction of chairperson and CEOs (Abor, Fiador & Abor, 2012).

In Kenya, the concept of corporate governance was highlighted in 1999 at a seminar organized by Private Sector Initiative. Through the seminar, the National code was adopted and it was meant to guide the operations of organizations to achieve good Corporate Governance (Ruaprela, 2016). The good governance principles despite not being mandatory have been essential to organizations in Kenya and therefore they have embraced them to come up with detailed and customized ethical codes appropriate for each institution (Center for Corporate Governance, 2003). The Capital Market Authority (CMA) formulated and promulgated a set of principles and guidelines in 2002 tailored to strengthen corporate governance practices across all public listed corporations (Ruaprela, 2016).

The objective of good corporate governance in any organization is mainly to improve service delivery. Service delivery confers with the service of product delivery in the corporation to individuals who need to use them (McLennan, 2009). Service delivery can also be explained as the actual production of a service and product to the customer (Lovelock & Wright, 2002). Service delivery is therefore an organizational activity or process that forms a connection

between the service provider and customer within the public domain. Their relationship may be explained in terms of service, information or data delivery. In this study, it will be defined as the provision of services by NCPB to the public, the time it takes to make payments to farmers, and their pricing.

Service delivery has been a concern in the public sector in Kenya particularly among the state corporation leading to the intervention of the presidential task force on parastatal reforms (PTPRs) was established in 2013 and tasked with the responsibility of accessing the framework for governance and the management of the Kenyan parastatals. Among the key questions that the PTPRs were tasked to find out was how the citizens benefit from the services offered by these parastatals and whether they get value for their investments. Many challenges facing the parastatals were identified. First, the task force established that most parastatals are riddled with debts and losses. Eleven (11) parastatals made losses in the financial year 2011/2012 (Kenya National Bureau of Statistics, 2012). Secondly, most parastatals are characterized by poor governance that results in the loss of resources and this brings to the fore the question as to whether the executive officers and the Boards are effective. Thirdly, on the question of service delivery, it was found out that most parastatals did not have a clear and adequate performance management blueprint. The key recommendation of the task force was the improvement of public service delivery and the basic needs of the citizens through the strengthening of the institutional and technical capacity. In 2015, the code of governance dubbed MWONGOZO was implemented with the expected outcomes of the Board's effectiveness, disclosure, transparency, risk management, accountability, internal controls, good corporate citizenship, and ethical leadership. As part of the implementation, state-owned financial institutions that were not properly capitalized were consolidated to increase the scale, size, effectiveness, and efficiency. Consequently, the process of consolidating Industrial and Commercial Development Corporation, Capital and Tourism Finance Corporation to form the Kenya Development Bank started in 2018.

The NCPB in Kenya is among the state corporation that needs to ensure good corporate governance. NCPB was developed as Maize and Produce Board in 1985 by the Act of Parliament. The NCPB has played the role of ensuring national food security through procurement, transportation, and clearance of Strategic Food hold (Mutai, 2012). The NCPB

offers various services which include cleaning, drying, grading, weighing, aflatoxin testing, pest control, warehousing, and agency business. For effective and efficient service delivery good corporate governance is crucial. The background study provides a synopsis for this study to be carried to determine impacts of corporate governance at NCPB, head office in Nairobi.

1.2 Statement of the problem

There is a general acceptance that corporate governance practices contribute to economic stability and development policies which are crucial for the success of any organization (Halberstam & Stein, 2009). Good corporate governance is important in attracting investors, enhancing accountability, and promoting good use of available resources and encouraging positive competition. However, despite various initiatives encouraging good corporate governance, the public organizations in Kenya face a myriad of integrity challenges including wastage and misappropriation of public funds, nepotism, lack of controls and accountability, politicization and corruption (Njeri, 2017; Kamau, 2013; Mwaura, 2007; Wieland, 2005). As stated by Iraya (2015), there is an enormous absence of straightforwardness and responsibility in organizations. This has greatly affected service delivery in many public organizations in Kenya. For instance, several state corporations such as Kenya Airways, Kenya Meat Commission, Mount Kenya Textiles and Kenya National Assurance Company have experienced challenges and collapse due to bad corporate governance (Kamau, 2013). Similarly, there have been significant shortcomings at the NCPB, which clearly indicates absence of good corporate governance which consequently affects service delivery at the Board.

The NCPB has in many instances been accused of poor service delivery that has often resulted in public complaints from especially the maize farmers. The Board has been riddled by scandals notably the maize scandal in 2009 and in 2019. In 2009, the Board was accused of awarding import permits to millers who at the time were defunct. In 2019, another maize scandal was reported amounting to 11.3 billion shillings (Business Daily, February 13th 2019). In this scandal NCPB was accused of illegally making payments to cartels and private businessmen at the expense of genuine farmers. Consequently, the managing director and other staff of NCPB were subjected to investigations by EACC. The public outcry by the maize

farmers raised a lot of questions as to how effective the NCPB is in service delivery. Serious questions were also raised as to whether the Board was committed to good governance practices. A report by the Business Daily of January 6th 2021, revealed that maize farmers had opted to deliver their produce to private millers offering better services, better prices and prompt payments putting the Board in a precarious position as far as attaining its target of 1 million bags annually on commercial basis.

Although some studies have assessed the association between the role corporate governance in institutions, most of the studies have delved mostly into how corporate governance affect performance of an institution in terms of profitability or other measures of performance and not specifically on service delivery. A study by Wadesango, Mhaka and Shava (2018) while examining risk management practices which is one of the elements of good governance sought to examine how financial performance is influenced. While the study established that risk management practices and systems have an influence on the performance of institutions, its key focus was financial performance and less of service delivery. A similar study by Waweru and Simiyu (2019) assessed the risk management practices in relation to financial performance among the state owned commercial enterprises. On the issue of internal controls, a study by Onyango (2014) examines the effect of internal controls on the performance of Kenyan county governments. While county governments are viewed as public institutions, the manner in which they are administered is slightly different from the way government corporations like NCPB are administered. Laimaru (2018) sought to evaluate the nexus between corporate governance principles and performance of commercial state corporations. Whereas, the study focused on the influence of transparency on the performance, it does not establish clearly the relationship between the transparency and service delivery among these state corporations.

Most of these studies therefore have mainly sought to address the association between governance practices and performance as measured using the financial indicators like profitability. Secondly, these studies have addressed the issue of governance from the view of Board size, composition and diversity. There still exists a gap in examining the performance from the view of service delivery with specific indicators like efficiency in provision of these services, prompt payments, efficient delivery of information and better pricing which the current study focused on.

1.3 Research questions

The following research questions guided this study:

- i. To what extent do the internal controls influence service delivery at NCPB, Kenya?
- ii. How does transparency influence service delivery at NCPB, Kenya?
- iii. How does risk management influences service delivery in at NCPB, Kenya?

1.4 Objectives of the study

The main objective of the study was to determine the influence of corporate governance on service delivery at the NCPB, Kenya.

1.4.1 Specific of Objectives of the study

The study was guided by the following specific objectives:

- i. To evaluate the extent to which the internal controls influence service delivery at NCPB, Kenya.
- ii. To determine the level of transparency and how it influences service delivery at NCPB, Kenya.
- iii. To assess the influence of risk management on service delivery at NCPB, Kenya.

1.5 The Justification of the study

Through the recommendations from the study, the government through the ministry of Agriculture and in conjunction with the NCPB will be guided on the key areas they will need to focus on to enhance transparency for good service delivery. For instance, the study recommends that a mechanism need to be out in place to prevent the conflict of interest for instance proper disclosure of the owners of the companies and businesses that supplies grain to NCPB. On risk management the government and NCPB the study recommends a comprehensive policy on identification of traders who are likely to pose potential risk to the organization in terms of illegal traders. Further, in liaison with the ministry of Agriculture, the study recommends that NCPB should come up with a limit as to how much a single trader can supply so as to prevent illegal traders and prevent the exploitation of small farmers. Lastly, the study recommends the automation of the internal control systems specifically the procurement

processes. Using this recommendations, the government can come up with an efficient public policy on corporate governance.

This study was aimed at assessing the influence of corporate governance on the service delivery in the NCPB, Kenya. This was guided by the need to recommend solutions to the service delivery challenges that the NCPB has been facing and which mainly emanate from the way corporate governance practices are adhered to. The NCPB has been characterized by poor and ineffective internal control systems, lack of transparency and poor risk management practices which has often hampered the delivery of services at the NCPB. Based on the findings from this study, policies were recommended to address these challenges.

The management would benefit from the study because it will provide them with an insight on corporate governance issues. These issues are in line with transparency, internal controls and its effect and risk management strategies that they can adopt to solve corporate governance that may utilize under their management. By learning how to manage corporate governance issues, management would be able to enhance effectiveness and efficiency across their corporations and in the global world. It will help organization recognize the importance of ensuring accountability and transparency, appreciating the Boards and their roles, audit committees, laws and institutions in proper management of state corporations for better service delivery.

The study would also help in addressing the knowledge gaps in the area of corporate governance in relation to service delivery with an aim of improving the knowledge in the area of corporate governance. Although some studies have assessed the link between the role corporate governance in institutions, most of the studies have delved exclusively into how corporate governance affect performance of an institution in terms of profitability or other measures of performance. The role of corporate governance in enhancing service delivery has been largely explored within the context of the county and national governments as opposed to corporations. This study is thus significant in addressing these gaps while building on the body of knowledge.

1.6 Scope and limitations of the study

Although there are many principles of good governance, the study focused on only three i.e. internal controls, transparency and risk assessment. The study covered a period of 5 years which is the year 2015 to 2019 according to the NCPB strategic plan period. There are various branches in Kenya but the study was limited to the NCPB, Head office since they have consolidated information that covers all branches in the country. The researcher chose the head office in Industrial Area Nairobi because adequate data could be obtained therein as opposed to other branches. Additionally, the data drawn from the respondents formed a clear picture of the entire Board.

A number of limitations were encountered and these include conservative state and oaths of maintaining high level of privacy amongst employees on issues to do with disclosure of information and data. These challenges posed threats to data collection in this study. The COVID 19 pandemic which has discouraged close interactions and also some of the staff were working from home and partners were also not coming regularly. To delimit this limitation, the researcher sought for respondent's consent to participate on the study. However, communication was done through an introduction letter that was addressed to the NCPB Board of management. Prior arrangements were made with employees to fill the questionnaires by explaining to the respondents the importance of the study and an internal memorandum was written to them by human resource office. On COVID 19, measure for prevention were put in consideration where social distance was observed and wearing of masks.

1.7 Outline of the Study

This study consists of five chapters. Chapter one includes the introduction of corporate governance and give an outline of the background of the study, the statement of the research problem, the research questions and the objectives the research intended to achieve, the justification and scope and limitation of the study, chapter two is the literature review on service delivery and corporate governance, the theoretical framework and conceptual framework. Chapter three consist of research methodology which entails the research design, target population sampling size and technique, data collection methods, data analysis,

reliability and validity and ethical consideration in research. Chapter four consists of research findings and discussions while chapter five being the final chapter presents the summary, recommendations and conclusion on the findings based on the research objectives.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This section consists of literature reviewed to provide an insight on how corporate governance influence service delivery in the chosen corporation. It mainly covered the concept of corporate governance, the internal control, transparency, risk management and corporate governance and service delivery.

2.2. The Concept of Corporate Governance

The concept of corporate governance has been discussed widely by academicians, practitioners, legal personnel, private institutions and commissions among many. Corporate governance is viewed as both structural and relationships that shapes the performance and the direction of organizations (McRitchie, 2020). Corporate governance explain more on how corporations are controlled with the specific aim of meeting expectations and increasing shareholders value (Classens & Bruno2007; Iyang, 2009). It entails systems and policies that help to exercise managerial functions for the purposes of achieving efficiency and effectiveness within the organization. It explains how all the participants in an organization relates amongst themselves to enhance performances of the company (Monks & Minow, 2004). Under effective corporate governance, organizations are made responsive to the rights of the stakeholders (Demb & Neubauer, 1992). Goergen and Rennesboog (2006) view corporate governance as the mechanisms of ensuring that management run organizations for the benefit of all involved stakeholders. From a practitioners' perspective it is viewed as simply the act of being responsible for organizations property (Teslik, 1997)

Corporate governance is important and necessary in protecting citizens from unprofessional actions of managers by ensuring that managers are responsible and accountable for their actions (Kiel & Nicholson, 2003). It helps in ensuring that companies and public organizations do not collapse due to financial mismanagement by ensuring that financial principles are followed by accountants, managers and auditors (Wieland, 2005; Wanjala, 2016). According

to Mathenge (2013), corporate governance principles and practices are important in determining how state owned enterprises are directed and controlled. Good corporate governance helps provide necessary incentives for achievement of organizations objectives and it also facilitates monitoring for effective service delivery (Ogochukwu, 2016). Corporate structures that are effective are necessary for ensuring good governance (Malin,2008, Mathenge, 2013) and thus it helps in providing confidence indispensable for appropriate functioning of a market economy (Ogochukwu, 2016). This is because mechanisms of corporate governance are used as means to monitor agency conflicts and help managers to act respectfully and protect the interest of shareholders (Awuor, 2009).

2.3. The Concept of Service Delivery

Service delivery entails any form of contact with a public entity or a government where the citizens seek services (Martins & Ledimo, 2015). It mainly encompasses when, where and how a service is offered to the citizen. Service delivery is a concept that helps in mediating an organization's strategic intent and the needs of the customers (Chen, Tsou& Huang, 2009). According to Goldstein, Johnston, Duffy &Rao, (2002), service in the context of the public sector entails combining the people, skills, processes and materials that are brought together to bring about a planned service. The operations of services of the public entities have a direct impact on the lives of the citizens. Therefore, a good service delivery system should be able to identify the service requirements of the clients, identify major stakeholders and their priorities, provide an avenue for effective communication and should be focused on continuous improvements.

Most public entities often grapple with delivery the best services to the citizens, their clients and other stakeholders. This is mainly due to their failure to address a complex combination of policies, processes and procedures that influence service delivery. According to Omondi (2018) one of the issues hampering good service delivery is the lack of prudent use of funds. Other issues include lack of transparency and lack of proper internal control mechanism. The level and the extent by which those in charge of management and other decision making roles put in place these mechanisms determine whether a service delivery is poor or good.

2.4 Internal Controls Systems

Internal controls systems are defined as a process that entails rules, mechanisms and procedures for encouraging the practice of integrity and attainment of objectives in organizations with the aim of achieving efficiency of operations in accounting laws and reporting (Mugambi, 2014; Olumbe, 2012). Internal controls systems include sets of policies that give direction, ensure laws and regulations are respected, enhance accountability and reduce fraud related acts in the organization (Wieland, 2005). McLennan (2009) posits that an organization with proper internal control systems ensures that business assets are safeguarded from theft and misuse, there is law compliance, efficiency in operation and reliable operating data and financial statements are available. An effective internal system in the organization brings various advantages such as proper bookkeeping, effective administration, clear reporting processes and improved accountability which are crucial in corporate governance (The Committee of Sponsoring Organizations of Tread Way Commission, 1992).

Globally, financial failures have been witnessed as a result of lack of adequate controls systems in organization (Murage, 2010). It has led to stakeholders in the organization to push for sound internal control systems and accountable and stable financial institutions (The American Institute of Certified Public Accountants, 2003). Inadequate internal control plans and lack of effective internal control systems have been identified as some of the key factors that contribute to the failure of organizational performance (Hayali, 2012, Mwindi, 2005). This concept is supported by Moon and Rao (1994) who state that often a lack of agreement within the organization on systems of managerial functions, service delivery and sharing of roles and responsibilities in the organization contribute to failure of institutions.

Many studies have supported the relationship between the internal controls and organizational performance. For instance, a study by Onyango (2014) sought to determine the connection between the internal controls and the performance of the county governments in Kenya. The key internal controls examined were; internal audit, reporting and assessment of risks. The major finding from the study was that there are poor internal controls in the Kenyan county governments and therefore they are not in a position to perform as per expectations. More specifically the outcome from the study revealed an apparent failure by the county

governments to implement the internal audits as recommended by the office of the auditor general. It was also found that the reporting practices were very poor with no clear separation of duties among the employees. Consequently, the service delivery was found to be poor. The study established that internal controls significantly influence the service delivery in the county governments. The study was mainly focused on the county governments. The current study nonetheless will focus on the NCPB which in spite being a government institution is different from the way the county governments hence the study will address this gap. Additionally, whereas the internal controls examined in the study were internal audit, reporting and assessment of risks, this study will incorporate other aspects of internal control including; employee appraisals, feedback to employees, policies, procedures as well as reports to stakeholders.

Gikonyo (2020) examined the effectiveness of the internal audit as an internal control process. The study assessed the determinants of internal audit and their effects on the performance of the national treasury. The determinants assessed were; training, organization independence and management support and targeted 395 auditors drawn from the national treasury. It was established that to make the internal audit processes effective, the use of management information system as well as the support from the management should be enhanced. While the study assessed on the effectiveness of the internal audit as an internal control process, it did not examine how service delivery has been affected due to these processes in the national treasury. The present study will therefore examine how internal controls affect the service delivery within the context of NCPB.

A study by Njiru (2016) evaluated the nexus between the internal controls and financial performance of the Kenyan public water companies. The internal controls evaluated were the cash reconciliations, inventory audits and segregation of duties. A positive correlation between the internal controls and performance was established. Specifically, cash reconciliations, inventory audits and duty segregation were found to help in improving financial performance. While the role of internal controls was examined, the study does not establish the link between the internal controls and service delivery in these public water companies which the current study will examine but within the context of the NCPB.

Mwazo, Weda, Omondi and Njenga (2017) assessed the role of the internal control systems on the delivery of service in the treasury of TaitaTaveta County. The study targeted 225 employees within the finance department in the county. The outcome of the study showed that the internal control systems were positively correlated with the delivery of service. Further it was noted that whereas an institution should have proper internal control systems, how such systems are structured will affect the effectiveness and efficiency of service delivery by the organization.

According to Hayali (2012), many institutions and government organizations fail due to ineffective controls systems. The failures are due to poorly managed internal controls systems and financial reports, loss of company assets, mismanagement of resources, and loss of important documents due to the lack of integrity and misleading information leading to public mistrust (Mwindi, 2005). This view is supported by Ogochukwu (2016) who states that many cases of increased financial scandals are as a result of poor internal control systems in the organization. It is therefore vital to have proper internal controls systems in place. Effective internal controls systems are crucial in ensuring there is trust, confidentiality and integrity in public service delivery (The office of the Auditor General, 2010).

As pointed out in its strategic plan (2016), the NCPB has faced various challenges in terms of having rigid internal processes and procedures, bureaucratic and conflicting government policies, cumbersome regulations that are leading to high cost of business transactions and lack clear business policies that have affected its service delivery. The study will assist in comprehending the value of having and implementing internal controls systems in the NCPB and the way forward in ensuring effective application of internal control systems with the aim of addressing the challenges faced.

2.5 Transparency

Transparency is an important attribute in corporate governance and it is necessary that it is practiced among public sectors organizations. Transparency can be referred to as honesty, openness and willingness of an organization to provide clear, accurate and timely information

on issues relating to organizations' operations, performance and finances to its shareholders and stakeholders (Fung, 2014; Roman, 2014; Julien & Rieger, 2003).

Transparency helps in building and creating trust among employers, employees, suppliers and customers among organizations. According to Beeks and Brown (2006), whenever transparency is adopted in an organization's corporate culture employees tend to be more committed and engaged through sharing of ideas, innovations and creativity display towards achieving the organization's visions and goals and thus success. Anuradha (2013) posits that transparency is influenced by four major elements which are standard setting, information gathering regarding actions, judgment making on specific relationship and taking corrective measures about low performances in the organization. The author concludes that transparency is under threat as many organizations do not apply the four elements in their operations and thus affecting delivery of services in the organizations.

Kenosi (2011) evaluated the link between good governance practices and service delivery. Good governance was examined on the basis of transparency and accountability. The outcome established a positive association between good governance practices and delivery of services. Transparency and accountability were found to help in improving the service delivery. The study focused on governance from a broader perspective focusing mostly on governments in Africa. The current study however focused on NCPB which is one of the government entities in Kenya under the Agriculture Ministry. Additionally, transparency was examined alongside other variables, which are internal control systems and risk management.

Wetterberg, Brinkerhoff and Hertz (2016) observe that one of the key tools in effective governance is transparency. This should ultimately result in good service delivery. The World Bank report (2014) reinforces this argument by stating that governance and service delivery are linked together and there is a growing recognition that transparency is paramount in ensuring that good governance leads to satisfactory delivery of services. The current study will therefore examine how transparency as a governance tool has influenced service delivery within the context of NCPB which is a Kenyan government institution.

A study by Laimaru (2018) sought to establish the nexus between corporate governance principles and performance of the Kenyan commercial state corporations. The key governance

principles examined were; transparency, accountability and integrity. From the study findings, it was apparent that governance principles do influence the performance of Kenyan state corporations. On the aspect of transparency and accountability, it was found out that to a great extent, they influence the performance in that where there is transparency and accountability, the performance tends to improve significantly among the state corporations. Whereas, the study focused on the influence of transparency on the performance, it does not establish clearly the relationship between the transparency and service delivery among these state corporations. It is this gap that the current study sought to fill with a focus on NCPB.

Galgalo (2017) in the study on the correlation between the corporate governance and delivery of services by the Kenyan county governments sought to find out the role of organizational transparency in service delivery. The study established that transparency as a good governance practice, ensures credible and efficient and sustainable operations and this ultimately ensures good service delivery. The study however focused on the county governments whereas the current study examined the NCPB.

Roman (2014) emphasizes that all stakeholders including the employees and investors have a right to know the direction the organization is heading and this can be achieved through transparency by organization whereby their actions and activities can be easily checked and monitored. The NCPB has had challenges with transparency as seen through poor financial disclosure of information to farmers and unclear procedures of distribution of seeds and fertilizers. This study will help find out the level to which transparency is practiced by stakeholders in the NCPB.

2.6. Risk management

Risk management is an act through which an organization identifies and monitors potential loss to the organization and plan how to mitigate the risks through selection of appropriate means (Rejda, 2008). Banks (2004) defines risk management as the responsibility of the company to manage risks through implementing ways and methods of mitigating the risks. These risks may include liquidity, operational, credit and market risks faced by the organization; they can be both financial and non-financial risks (Nocco & Stulz, 2006). Other risks faced by the public organizations can be in terms of operational risks, information

technology and outsourcing risks, corruption or fraud, the environmental, safety and health risks among others (Menon& Williams, 2010)

A study by Oguchukwu (2016) indicates that corporate risk assessment and management together with service delivery in organizations influence each other directly and thus risk management is of importance. Boateng and Yaw (2014) also found similar results in their research on health care delivery on private hospitals. Keittany (2015) endeavored to ascertain the link between the operational risk management practices and delivery of service among the entities owned by the Kenyan government. The study particularly examined three key operational risk management practices including risk controls, compliance to regulations and identifying the key indicators of risk. It was established that most government owned entities were experiencing the challenges in service delivery owing to poor operational risk management practices. Specifically, it was established that the support in terms of resources aimed at enhancing the operational risk management practices was inadequate. It was further established that while there are periodic audit processes, oversight from the Boards and existence of the risk management strategies, the implementation of the practices is still a challenge and this affect service delivery negatively. In view of the current study, the main focus will be the NCPB which has been facing challenges in service delivery.

Wadesango, Mhaka and Shava (2018) examined the effectiveness of the risk management systems on the financial performance within the public institutions. The specific aspects examined were existence of audit committee and training of personnel. The findings from the study revealed that risk management influence the performance. It was further revealed that service delivery among the public institutions had been hampered by poor risk management practices. Additionally, it was revealed that the lack of an audit committee hampered the effectiveness of the risk management systems. The study was however conducted based on the institutional settings of the Zimbabwean institutions. The current study will be focused on the Kenyan context by specifically examining the NCPB.

Waweru and Simiyu (2019) while assessing the role of financial management in the performance of the state owned commercial enterprises in Kenya determined how risk management practices along with the internal controls influence performance. The findings

from the investigation revealed that risk management practices have a significant influence on the performance of the state owned commercial enterprises in Kenya. While the study focused on the state owned commercial enterprises, the dependent variable of the study was financial performance which is different from the current study which examined service delivery as influenced by risk management.

The NCPB faces myriad challenges in relation to risk encountered that are both financial and non- financial form of risks. This includes overreliance on the parent ministry for financial allocation, fraud, unclear structures and functions, competition old and dilapidated facilities and inadequate internal and external communication arrangements which hinders effective service delivery (Strategic plan, 2016). Risk management is thus of great importance in NCPB to help in risk identification, mitigation and overcoming of risks. This study will therefore fill the gap that exist in practice of corporate governance and service delivery in the NCPB.

2.7. Corporate Governance and Service Delivery

Many studies have indicated that corporate governance influences service delivery. For instance, the results of a study that was carried out in Murewa Rural District Council (MRDC) in Zimbabwe found out that there is a positive relationship between the two variables and that corporate governance in MRDC is hindered by policy and administrative factors which when improved will better delivery of services (Sitile, Tekwa, Desderio, Mabvure, Tendai & Faitira, 2020). Similarly, a study by McConnell and Servaes (1990) established that corporate governance and service delivery in both public and private entities of emerging economies in the world have significant relationship.

A research conducted by Gompers and Drobetz (2004) found that good corporate governance contributed to the high standard of services in German firms. In Japan, a/ study by Bauer (2008) using information from a database center established that companies that had the best corporate governance practices performed better compared to the rest of companies. Senge (1999) noted that there are several factors that determine the delivery of services of entities in the public sector key of which was the governance structure. The author further noted that employee job satisfaction, defined job responsibilities, emphasis on performance and results, formal relationships and interactions dictated the way service was to be delivered in many

public sector entities. Black, Jang, and Kan (2002) concluded that companies with the best corporate governance structures reported better performance and ultimate service delivery than those without.

In Kenya, a research done on health service delivery and corporate governance in six counties found that corporate governance and service delivery across these counties influence each other (Kinyeki, Amuhaya, Orwa & Mwimali, 2016). This study therefore sought to establish whether the practice of corporate governance has an influence on service delivery at the NCPB.

2.8 Theoretical framework

This study was anchored on the stakeholder theory and the agency theory.

2.8.1 Stakeholder theory

This theory was propounded by Freeman in 1984; who observed that an organization's success is determined by the stakeholders and their actions (Freeman, 1984). He argues that in order to achieve set goals and objectives all stakeholders should be incorporated in the whole decision-making process to ensure that satisfaction of all members is maintained in determining effective service delivery (Solomon & Solomon, 2004). The management of public sector entities can give due diligence to the interests of such groups by recognizing that the stakeholders are the real owner of the entities they serve (Friedman, 2006). In this case the stakeholders are the employees, customers, suppliers, farmers, community etc.

The stakeholder theory goes beyond the organization and includes other players outside of the organization who are also likely to be affected by the decisions and actions of the entity (Freeman, 2004). Therefore, the organization should ensure that the interests of such vested groups as the government, suppliers, prospective employees, legal institutions, tax authorities, trade unions, the immediate community, and competitors are also considered whenever it engages in any form of decision making (Freeman, 2004).

The Stakeholder theory is appropriate for the study of corporate governance because it places the stakeholders at the center of the success of any organization and the need for management to act in the best interest of all players other than self-interest. It attributes the misunderstanding

and conflicts between the management and stakeholders as the major cause of ailing organizations. It calls for commitment and sacrifice by all parties as the ultimate purpose may not be to make profits but to satisfy a critical and basic need and the participation of service recipients is of essence. The theory was applicable in enabling the NCPB to be transparent by sharing information of all kind with all stakeholders, how they should be accountable in how they use resource and how well prepared they are to manage risks that arises. The theory therefore supported the risk management practices as an element of corporate governance practice. Further it supported internal control systems as corporate governance practice.

2.8.2 Agency Theory

The agency theory is a fundamental concept in corporate governance that was developed in 1976 by Jensen and Meckling. The theory is concerned on how the principal (Shareholders) and the agents (Managers) relate each other. According to the theory, conflict of interest may arise which may result to agency costs (Aguilera, Rupp, William & Ganapathi, 2008; Jensen & Meckling, 2000).

In parastatals such as NCPB the state act as agents and the managers are assigned the day to day operations meaning that according to agency theory the public then bears the risks (Awuor, 2009). The public has the responsibility of voting leaders who are the principal of ministries and are responsible of appointing the Board of directors who head the parastatals and are responsible for management (Mwaura, 2007). The agency theory is built on the existing relationship between managers and shareholders. Managers act as agents of the company who are required to protect the interest of the shareholders by utilizing their capital and any other resource within the corporation (Mallin, 2004).

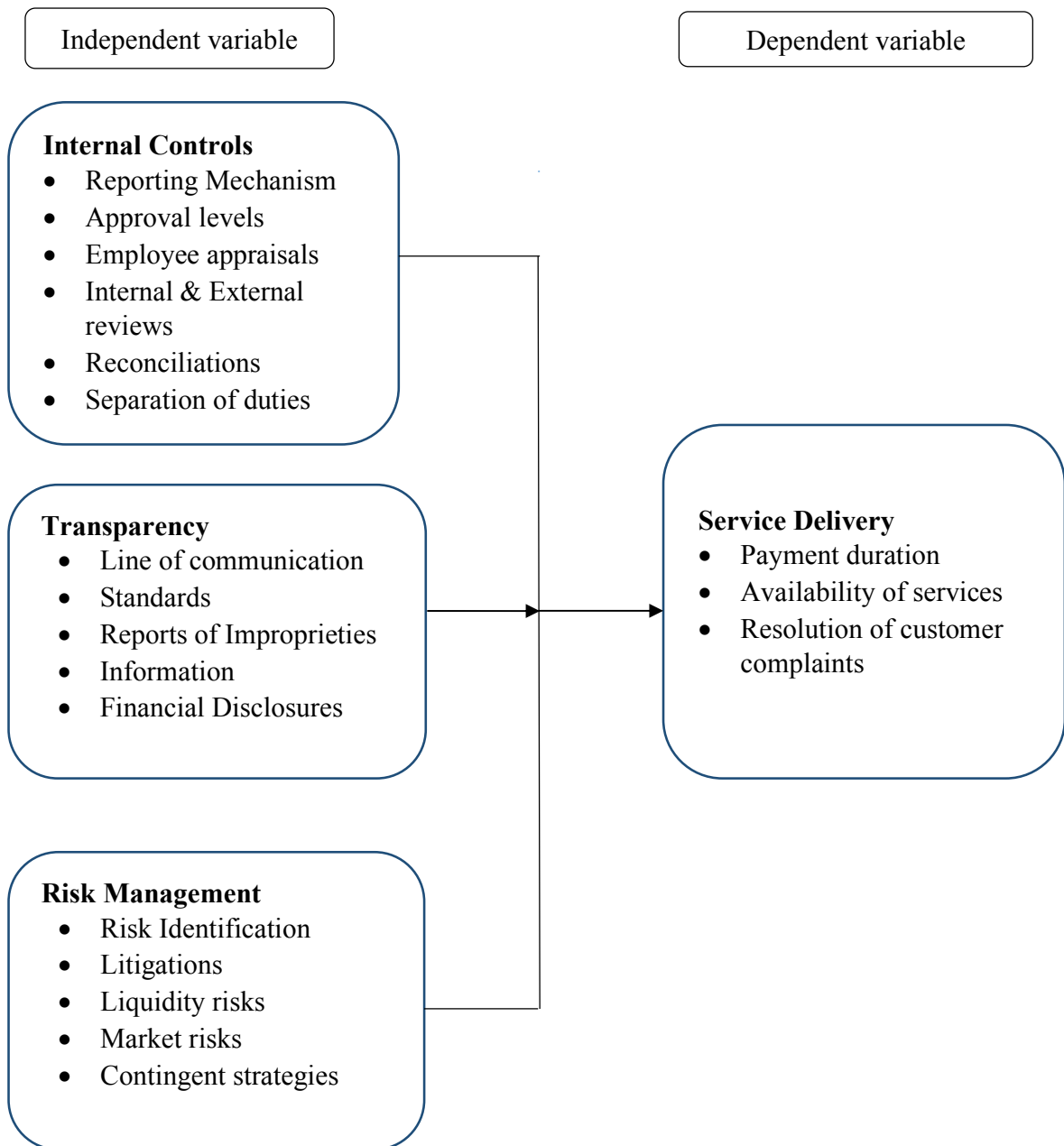
The weakness of this theory is that agents may not work according to the principals' interest as he/she may misuse monetary and non-monetary benefits and they do not take precautionary risk measures in the organization (Abid, Khan, Rafiq & Ahmad, 2014). The theory is important in predicting behaviors of the management, the Board structure, process and management relationship based of corporate governance organizations (Kaplan, 1995).

Agency theory is appropriate and applicable for the case of NCPB since NCPB is the agent that is representing the state and thus it is responsible of representing the interests of the principal who are the public, suppliers, creditors and the customers. NCPB must have incentives that encourage it to work towards ensuring the principals' interest is achieved and highly considered for better service delivery. In this study, agency theory supported transparency as an element of corporate governance for the reason that as an agent, those in charge of the management of the Board are required to act with a lot of transparency for the benefit of the principal.

2.9 Conceptual Framework

A conceptual framework shows the relationship between the independent and the dependent variable in form of a diagram. In this study, the independent variable was corporate governance which included; internal controls, transparency and risk assessment while the dependent variable is service delivery. Figure 2.1 presents the conceptual model.

Figure 2.1: Conceptual Model



Source: Author, 2021

2.10 Definitions and Operationalization of Key Concepts

Corporate Governance: It is the blend of corporate policies, rules and good practices executed by an organization to reach its main purpose in as far as its stakeholders and investors (Dierkes&Nonaka, 2012) It defines how organizations are directed and controlled (Mallin, 2007). In this study corporate governance referred to how NCPB is managed, directed and controlled in terms of its internal controls, transparency, accountability and risk management.

Internal control systems: These are processes and procedures instituted and executed by an organization with a purpose of mitigating uncertain events that can hamper the activities of an organization from running smoothly (Mwindi, 2005). They are mechanisms that are set by organizations with the aim of obtaining financial and accounting information integrity, promoting answerability and preventing corruption (Mansa, 2020). In this study it refers to a set of rules, policies, and procedures that NCPB implements to enhance service delivery.

Risk management: Risk management can be defined as the practice or process of identification of possible threats or dangers early enough and being able to analyze and take the necessary measures to curb, reduce or avoid (Terje, 2015). In this study risk management will be used to refer to the ability of NCPB to be able to identify risks in advance, how they analyze the risk and the steps they take towards ensuring that the risks are reduced or curbed.

Service Delivery: Service delivery confers with service of product delivery in the corporation to individuals who need to use them (McLennan, 2009). Service delivery can also be defined as the actual producing of a service and product to the customer (Lovelock & Wright, 2002). Service delivery is therefore an organizational activity or process that forms connection between the service provider and customer within the public domain. Their relationship may be explained in terms of service, information or data delivery. In this study it was defined as the provision of services by NCPB to the public.

Transparency: Transparency is defined by Albu and Flverbom (2016) as the sharing of quality information in an organization. It also refers to the reliability, accuracy and clarity of information shared to bring forth trust between the public and the organization for better

decision making (Meijer, 2013). In this study it means the nature in which the NCPB shares accurate, timely and reliable information to its stakeholders.

2.11 Research Hypotheses

H₁: There is a significant relationship between internal controls and service delivery at the NCPB.

H₂: There is a significant relationship between transparency and service delivery at the NCPB.

H₃: There is a significant relationship between risk management and service delivery at the NCPB.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This section consists of the research design, target population, sampling technique and size, data collection, data analysis, reliability and validity test and ethical considerations.

3.2. Research Design

The research design is generally a plan that seeks to incorporate different components in a study in a logical way with an aim of making sure that the research problem is conclusively and effectively addressed (Kothari, 2014). The study applied a descriptive research design in ascertaining the relationship between governance practices and service delivery. A case study of NCPB was done. NCPB is one of the parastatals in Kenya and it was carried out over a short period of time. Case study was chosen in this case because it is deemed to be cost effective for the researcher and it provides clear explanations of the subjects under investigation which are corporate governance and service delivery in broader and a larger spectrum. Both quantitative and qualitative data was collected.

3.3. Target population

The study targeted individuals from NCPB, Head office in Nairobi which is one of the state corporations in Kenya. The target population, therefore, was 307 respondents comprising of 16 top managers, 212 employees and 79 partners associated with NCPB head office in Nairobi. The targeted respondents have a close interaction with the organization in terms of corporate governance and service delivery. The top managers for instance are in charge of the formulation of the corporate governance practices, the partners in this case involved other stakeholders who are direct consumers of the services of the Board who include suppliers, customers, cooperatives society, agro dealers and farmers, while the employees are tasked with the implementation of the corporate governance practices.

Table 3.1: Target Population

Respondents	Population
Top Managers	16
Employees	212
Partners	79
Total	307

Source: NCPB (2021)

3.4 Sampling technique and sample size

The sample was determined using the stratified random sampling technique. Under this technique the respondents were divided into three groups called the strata. These strata constituted top management, the employees and the partners. From each stratum, a sample of 50% was selected. As stated by Mugenda and Mugenda (2013) a sample size of 50% is appropriate in a scenario where the population is relatively small. In this case, the sample size was 154 which is 50 percent of the target populace. This comprised; 8 top managers, 106 employees and 40 partners. The employees were drawn from every section which includes administration, finance, human resource, technical, information and communication technology, procurement, legal, internal audit, marketing and quality and pest control and also staff working with weighing, bagging, cleaning and drying, pest control, warehousing, grading and aflatoxin and leasing of properties.

Table 3.2: Sample size

Respondents	Population	Sample Size (50%)
Top Managers	16	8
Employees	212	106
Partners	79	40
Total	307	154

Source: NCPB (2021).

3.5 Data Collection

The study employed both questionnaire and interview schedule to collect data. A questionnaire was constructed by the researcher as the main tool for collecting data from employees and partners of NCPB. The questionnaire was divided into four sections; Section A contains bio data, Section B deals with Internal Controls, Section B deals with Transparency and Section D is about Risk management. A questionnaire was chosen because it was deemed applicable based on the nature of data needed for this study to meet its objectives. The aim of the study was find out the influence of corporate governance on service delivery, the two variables cannot be directly observed as it is related to the opinions and views alongside participant's feelings, attitudes and perceptions of the partners of the NCPB which can be collected well by use of questionnaires (Bell, 1993). There was also an interview schedule for the Top managers to get a deeper comprehension of the policies that are in place for corporate governance practices.

3.6 Data Analysis

The data was analyzed through coding in SPSS version 24 data editor and the research adopted inferential and descriptive analysis techniques. The descriptive data analysis technique included measuring of the spread as well as the central tendencies of the data collected. Regression and correlation analysis was the main inferential data analysis that determined whether or not there exists any relationship between the said variables in the research. The two techniques were solely used to measure the extent to which corporate governance influences or rather determine the delivery of services in the National Cereals and Produce Board in Nairobi Head office. Qualitative data was analysed using content analysis where various responses were summarised based on objectives and incorporated with the responses from the key informants.

3.7. Reliability and validity Test

A pilot study was done to test the questionnaires' reliability. Questionnaires were administered to 15 employees of NCPB to help check the credibility and to enable the improvement of the questionnaire content before they are finally administered to the NCPB targeted respondents.

In testing for validity, Cronbach’s alpha was used. This was done using SPSS. The Cronbach alpha ranges from 0-1. The closer the alpha is to 1, the more reliable the questionnaire is. Under the Cronbach alpha the preferred alpha is .70. If an alpha coefficient of more than .70 is obtained it indicates the questionnaire is reliable. The study tested for validity by ensuring the use of universally accepted sampling methodology in order to ensure there is no biasness in representation and the use of proper research instruments by ensuring that improvements and adjustments are done after piloting for the sole purpose of ensuring what is measured is what the research wants to achieve and it is valid. The reliability test is shown in Table 3.3.

Table 3.3 Reliability Test Results

Variable	Cronbach's Alpha	Remarks
Internal Controls	.856	Reliable
Transparency	.821	Reliable
Risk Assessment	.934	Reliable
Overall Reliability coefficient	.870	Reliable

Source: Pilot Study (2021)

From the results presented in Table 3.3, it is apparent that the instrument used was reliable since the Cronbach’s alpha coefficients were more than 0.70

3.8 Ethical Considerations

The researcher sought authorization from (NACOSTI), the National Council for Science and Technology and Innovation license number NACOSTI/P/21/11350. The management and the staff of National Cereals and Produce Board were notified on the intention to conduct the study. During the study, assurance was given to the respondents that the data would be used for research purposes. The researcher maintained honesty and openness to gain full trust of respondents. Anonymity and the respondents' 'right to reply' were observed. The researcher acknowledges all cited work and also desist from acts of plagiarism and fraud.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1. Introduction

This chapter discusses the study findings which include the rate of response of the study, background information of the respondents, the descriptive statistics on internal controls, transparency and risk management in the NCPB. The regression analysis is also discussed.

4.2. Response Rate

The targeted number of respondents was 154 comprising 8 top managers, 40 partners and 106 employees. The top managers were the key informants hence they were interviewed while the employees and stakeholders were issued with questionnaires. The response rate is shown in Table 4.1.

Table 4.1: Response Rate.

Research Instrument	Total issued	Total returned	Response rate (%)
Employees	106	87	82.1%
Partners	40	25	62.5%
Key informants	8	6	75.0%
Total	154	118	76.6%

Source: Field Data (2021).

Table 4.1 shows that the rate of response was above 60% whereby 82.1% was from the questionnaires distributed to employees, 62.5% was from employees distributed to partners while 75% were from the key informants who were interviewed. The response rate is in line with the recommendation by Mugenda and Mugenda (2013) which stipulates that a response rate of above 60% is adequate for an analysis.

4.3. Background Information of Respondents

The background information encompassed the gender, age, education level and length of service of the respondents. The outcome is exhibited in Table 4.2.

Table 4.2: Background Information

Background information	Classification	Frequency	Percentage
Gender	Male	71	63.4%
	Female	41	36.6%
Age (Years)	20-30	16	14.0%
	31-40	28	25.8%
	41-50	45	39.8%
	51-60	13	11.8%
	Above 60	10	8.6%
Education Level	Ordinary	11	9.7%
	Diploma	26	23.7%
	Bachelor degree	37	33.3%
	Masters	35	31.2%
	PhD	3	2.2%
Length of service/ Period engaged in years	less than 1 year	6	5.4%
	1-5	28	24.7%
	6-10	32	29.0%
	11-20	24	21.5%
	More than 20	22	19.4%

Source: Field Data (2021)

From the findings in Table 4.2, the male respondents were 63.4% while the female respondents were 36.6%. This is a manifestation of the fact that both genders were represented. It also implies that there is participation of both genders in the running and operations of the NCPB and that it meets the two third gender requirement. This was important as it helped in getting the perspective of governance from both genders. Secondly, based on the results, a majority of the respondents were in the age category of 41-50 years (39.8%) while 25.8% were in the age category of 31-40 years, 14% were in the age category of 20-30 years and 11.8% were between the ages of 51-60 years and lastly those above 60 years were 8.6%. The differences in age help in succession planning so that there is no vacuum in the organization. For the partners it also helps in ensuring continuity in operations done with NCPB. It is also apparent that most of the

participants were educated since above 90% had diploma and above in terms of education. Therefore, most of them could be read and decode the questions being asked. In terms of the length of service, it became clear that most respondents had worked for more than 6 years. Those who had worked or partnered with NCPB for 6-10 years constituted the highest category at 29% followed by those between 1-5 years at 24.7%, 11-20 years at 21.5%, more than 20 years at 19.4% and less than 1 year at 5.4%. From this it can be inferred that most of the participants had worked at the Board for a long time hence had adequate knowledge on the corporate governance practices as well as service delivery. For the partners it also implied that they had been dealing with NCPB long to acquired adequate knowledge on the processes particularly on the payment and procurement processes at NCPB.

4.4. Descriptive Statistics

There were three variables that were analyzed in the study; internal controls, transparency and risk management. A five-point Likert scale was used where 1=strongly disagree, 2=disagree, 3=neutral, 4=Agree and 5=strongly agree. Various statements were presented to the employees and the stakeholders of NCPB. From the descriptive statistics percentages were generated and discussed in Table 4.3 to 4.5.

4.4.1. Internal Controls

The first research objective evaluated the relationship between the internal control and service delivery at the NCPB. The statements presented various aspects of internal controls including; reporting mechanisms to suppliers and customers, policies, appraisals of employees, approval of transactions, separation of duties, reconciliations, internal reviews, backup systems, audit procedures and system involved in funding. The outcomes are summarized in Table 4.3.

Table 4.3: Responses on Internal Controls by Employees

Statement	N	1	2	3	4	5
The NCPB has a reporting mechanism to its customers and suppliers	87	15.0%	10.1%	3.4%	40.0%	31.5%
There are clear laid down policies and procedures	87	13.8%	20.0%	4.6%	32.1%	29.5%
Employee appraisals are carried out periodically	87	9.2%	21.0%	8.0%	26.0%	35.8%
The Board has effective and adequate levels of approvals of transactions	87	30.9%	32.3%	6.9%	23.0%	6.9%
The ledgers are reviewed periodically with a strict emphasis on documentations	87	19.3%	12.6%	5.8%	44.0%	18.3%
There is a clear separation of duties between the staff who initiate a financial transaction and those finalizing it	87	18.3%	27.0%	3.5%	25.8%	25.4%
There are daily and monthly reconciliations of the Board's bank and cash transactions	87	21.0%	23.0%	5.0%	38.0%	13.0%
The reconciling items are investigated and corrected promptly	87	11.0%	17.0%	6.6%	37.3%	28.1%
The Board has used both internal and external reviews to improve their internal control systems	87	7.0%	9.0%	11.0%	42.1%	30.9%
There are back up systems that are stored at an off-site location	87	10.0%	9.0%	8.0%	49.0%	24.0%
The NCPB has audit procedures that encourage integrity	87	8.0%	4.0%	5.1%	39.0%	43.9%
In ensuring good service delivery to farmers, funds are usually set aside to make sure they are available when payment falls due	87	28.1%	33.0%	6.0%	12.8%	20.1%
Average Scores	87	16.0%	18.2%	6.2%	34.3%	25.5%

Source: Field Data (2021)

The first statement was based on the existence of reporting mechanism to customers and suppliers at NCPB. From the responses in Table 4.3, 71.5% of the respondents were of the opinion that NCPB had reporting mechanism for its customers. On the contrary, 25.1% of the respondents stated that there was no reporting mechanism while 3.4% were neutral. The

outcome is an indication of the enhanced reporting system at the NCPB. This could be as a result of the increased call for improved service delivery in the Kenyan parastatals through the Mwongozo reforms of 2015. One of the areas highlighted under the Mwongozo reforms was internal controls including reporting mechanisms. The key informants explained that there were reporting system in place to customers and suppliers whose main aim is to prevent fraud. The KIs stated that “To facilitate in the reporting of suspected fraud cases, the whistle blowers are encouraged to provide information through the organization’s toll number by calling and providing information that can help in preventing fraud.” According to the KIs, there are monthly reports that are provided for use by the interested parties. This is in line with the stakeholder theory which requires that in order for the organization to achieve its goals all stakeholders should be incorporated in decision making process to make sure all members are satisfied and involved. Some of the reports include reports on the supplies of the cereals through various depots and the names of the companies or suppliers of the produce. Other reports include the payments made and the outstanding payments. As observed by McLennan (2005), an effective internal control system brings out the advantage of clear reporting processes alongside other advantages hence the existence of a reporting system in NCPB helps in strengthening internal controls.

As to whether there were clear laid down policies and procedures at NCPB, 61.6% of the respondents were of the view that NCPB had clear laid down policies and procedures whereas 33.8% disagreed and 4.6% were neutral. The results are a pointer to the fact that the recommendation of the presidential task force of 2015 on the need for the parastatals to have proper policies to enhance service delivery had been taken into consideration. The Key informants stated “NCPB has a monitoring and evaluation department through which the policies are monitored, a role further reinforced by the Board of directors. These policies are reviewed every year and are done in accordance with the strategic plans and include policies on leasing, sales and credit.” As stated by Mugambi (2014), an internal control system must incorporate a set of policies whose aim is to enhance accountability and reduce fraud related acts in an organization for the best interests of the stakeholders. This is in line with the stakeholder theory which recognizes that there are players outside an organization likely to be affected by the decisions and actions of an entity therefore their interests must be safeguarded.

Wieland (2005) also observed that policies help in building compliance to laws and regulations within an institution.

Based on the outcome in Table 4.3, 61.8% of the respondents stated that the employee appraisals are done periodically with 30.2% having a contrary view while 8.0% were neutral. This is an indication that the NCPB appraises its employees periodically. The performance appraisal of an employee is important in monitoring their performance and level of integrity to ensure that there are no cases of fraud which undermines the internal control systems. A study by Hayali (2012) observes that internal controls should be able to foster integrity hence employee appraisals help in keeping the employees of any organization in check. This is also in line with the requirement on monitoring and evaluation blueprint provided under the strategic plan 2015 to 2019 of the NCPB which outlines that performance appraisals will be carried out and this is based on the targets and the agreed performance indicators. The key informants also stated that “one of the key policies embraced by the NCPB is employee appraisals which are aimed towards strengthening their capacity to deliver services to the customers and the public efficiently.” As stated by the agency theory, the employees are depended on by the shareholders (principals) in running the operations on their behalf therefore the employees must be able to provide services to the satisfaction of the shareholders.

One of the internal control mechanisms is how the transactions are approved and reconciled. The respondents were asked to indicate the extent to which they felt the Board has effective and adequate levels of approvals of transactions. As shown in the results in Table 4.3, 63.2% of the respondents were of the perception that the Board did not have effective and adequate levels of approvals of the transactions. However, 29.9% of the participants were of the contrary view. This means that above 50% of the participants felt that the approval process for transactions is ineffective. The respondents who were neutral were 6.9%. This could be attributed to the duration it takes for the maize farmers for instance to be paid for their produce once they deliver them through various depots in the country. This observation is supported by some key informants who confirmed that there are checks and balances in all the transactions and dealings of the Board and different levels of approvals are needed for any given transaction. Most of key informants stated that “The approval process at NCPB is sometimes too lengthy due to reliance of the parent ministry and this often occasion delays in service

delivery.” The role of effective approval mechanism is underscored by Mwazo, Weda, Omondi and Njenga (2017) who observed that the delivery of service is highly dependent on the internal control mechanism in place.

Part of effective internal controls is to have reliable records. As shown in Table 4.3 62.3% agreed while 31.9% disagreed that the Board maintained and periodically reviewed its ledgers. Further, 5.8% of the respondents were neutral. This is likely the result of the yearly audit process and reports by the office of the Auditor General. Being one of the parastatals, the audit is usually done by the Office of the Auditor General and makes recommendations on the areas that need improvement. The report by the Auditor General in 2010 for instance made recommendations on the need for the NCPB to strengthen its internal controls after various scandals were reported in the Board. The key informants stated that “At NCPB, reviews are done on daily, weekly and monthly basis with accompanying documentations to support the ledger transactions.” The need for reviews especially in the financial transactions was emphasized by Ogochukwu (2016) who pointed the problem of financial scandals to poor internal control mechanisms. The essence of reviews is to make sure that all the transactions are done as required accounting standards. The shareholders are also concerned on regular basis on the integrity of transactions carried out and as stated under the Agency theory, the all operations and functions within an organization should be geared towards protecting the interests of the agents (shareholders) hence from time to time the check the audited accounts to ascertain if their money is being used in accordance with their interest.

One of the key requirements of effective internal control system is that there should be a separation between the initiators and those approving the financial transactions. From the responses 51.2% of the respondents agreed, 45.3% disagreed while 3.5% were neutral. This means that there is clear separation of duties and this could be a pointer towards the reasons for the existence of various approval levels whereby the initiator of a financial transaction cannot be the approver of the same transaction. However, a significant number of respondents disagreed which indicates that while there is separation of duties, its implementation in some departments has not been fully realized. The key informants reinforced the responses by stating that “The existence of separation of duties at the Board is aimed at ensuring that service rendered to the public is done through an accountable and fair process for the best interest of

the stakeholders.” This is consistent with the stakeholder theory which recognizes the need towards the protection of the interests of every stakeholder. Njiru (2016) while assessing on the nexus between internal controls and financial performance observed that segregation of duties had a positive relationship with financial performance meaning that where an institution has strong structure of separation of duties, performance is likely to be enhanced.

The respondents were asked if they agreed that there were daily and monthly reconciliations of the bank and cash transactions in the NCPB. This is because, reconciliations help in detecting a wrong ledger entry or a wrong transaction done for prompt actions and to eliminate such errors in future. From the responses presented in Table 4.3, 51% of participants agreed, 44% disagreed while 5.0% were neutral. Every department is notified whenever there are reconciling items that touches on the transactions done by their departments. This indicates that daily and monthly reconciliations were being done to ensure that the correct transactions have been made. Daily and monthly transactions could entail the payments made with respect to the maize delivered and whether the right approval mechanism was considered. The key informants stated “Both daily and monthly reconciliations constitute part of the checks and balances that have been put in place by the Board. Its mode of operation is that the person involved in the initiation and approval of a transaction cannot be the one reconciling, the reconciliation is done by a different team of staff.” As a tool for effective internal controls, reconciliations ensures that the shareholders money is well protected by way of eliminating unnecessary and fraudulent transaction hence complying with the agency theory that requires an organization to protect the stake of the shareholders so as to achieve the ultimate goal of maximizing the wealth of the shareholders. As Njiru (2016) pointed out, reconciliation forms part of the internal control system and it helps in enhancing financial performance by way of preventing fraud and illegal transactions.

On the issue of reconciliations, 65.4% of the participants pointed out that the reconciling items are usually subjected to investigation and corrected promptly. However, 28% were of the contrary view while 6.6% were neutral. This means that at the NCPB, reconciling items which include erroneously posted cash receipts and supplies are investigated and corrected. The investigation is likely centered on what kind of transaction was done wrongly, who handled the transaction, was the wrong transaction done deliberately or by mistake and how the

erroneous transactions can be corrected. This is important in the sense that it helps in ensuring that the financial transactions are credible and can be relied on by the stakeholders in decision making. Additionally, it boosts the confidence of the stakeholders who include farmers and suppliers by assuring them that their supplies are adequately accounted for. The key informants stated that “Earlier investigation and correction of the reconciling items help in reducing fraud and audit queries while ensuring that the right transactions are done to enhance delivery of service to the public.” As stated under the stakeholder theory, an organization should place the stakeholder’s interest at the forefront to ensure the success of an organization. Similar observation was made by Njiru (2016) which emphasized the need towards reconciliation to foster internal control.

Most of the respondents (73.0%) indicated that the Board used both internal and external reviews to improve their internal control systems while 16% were of the contrary view. Eleven percent (11%) of the participants were neutral. The internal reviews are mostly based on the internal audits while the external reviews are often done through external audits mainly by the office of the auditor general as mandated by the Kenyan constitution 2010. The existence of the internal audit department in public institutions is aimed at reviewing the internal control system while continuously recommending the areas that need improvements, something that is further reinforced through external reviews (Onyango, 2014). The key informants stated that “An internal audit department is in place to ensure prompt correction of the weaknesses in the internal control systems. To enhance internal reviews, the board has an audit committee whose main role is to ensure proper maintenance of internal controls, risk management and compliance to the law.” However, the key informants pointed out that the key hindrance towards effective internal and external reviews is political interference which often hinders the independence of NCPB. This is in line with Onyango (2014) observation that the effectiveness of an audit system is contingent on the implementation of the recommendations therein.

One of the key requirements of an effective internal control is the effective audit procedures. Majority of the respondents (82.9%) further stated that the NCPB has audit procedures that encourage integrity while 12% stated the contrary with 5.1% being neutral. The NCPB has an internal audit department and being a public institution it is often subjected to audits by the office of the auditor general. This position was supported by that of some of the key informants

who opined that most of the audit procedures at the Board are executed through an audit committee and through the audit department. The key informants further stated “There are laid procedures on how purchase requisitions are made, how purchase orders are made, how suppliers are selected and payment procedures. “They further stated that the audit department checks the processes from the standpoint of how these procedures are adhered to. Some cases arise from whistle blowers or as a result of an audit conducted and thus an investigation has to be done, the involved staff can be called over to explain his side of the story, then if found guilty suspension or expulsion can be issued. There is also a staff advisory committee that is involved after an audit committee has written about a case. Gikonyo (2020) established that internal audit is a key component of building a strong internal control system and therefore its effectiveness is paramount. The audit process is one way of protecting the shareholders’ value as stated under the agency theory. The effectiveness is dependent on organizational independence and management support.

Lastly the respondents were asked whether in ensuring good service delivery to farmers, funds are usually set aside to make sure that they are available when payment falls due to which majority (61.1%) disagreed while 32.9% agreed and 6% were neutral. This could be a pointer towards the fact that there is a problem of funding in the Board perhaps occasioned by the fact that it has to wait for funds from the treasury which often goes through a long and bureaucratic process. The persistent complaints among the maize farmers delivering their produce to NCPB depots could also be a pointer towards the delay of the funds when payment falls due. The key informants also confirmed this by stating that “The availability of funds is largely hindered by an over-reliance to the parent ministry in the payments of farmers which in most cases lead to delays in the payments leading to the outcry from the farmers and suppliers.” The findings reveal that whereas the internal control mechanisms have been put in place by the NCPB, a lot remains to be done to make sure that it is effective in ensuring service delivery. As noted by Mugambi (2014) internal control helps in encouraging integrity in the delivery of services.

The partners who also include the suppliers and customers were also asked questions on the various aspects of internal controls and their responses are as shown in Table 4.4.

Table 4.4: Responses on Internal Controls by Partners

Statement	N	1	2	3	4	5
NCPB has systems in place to check and prevent fraud	25	18.4%	20.1%	4.0%	31.2%	26.3%
Accounts are available to the public	25	17.0%	15.2%	6.7%	38.5%	22.6%
We are always issued with a good receipt note upon the delivery of our produce to NCPB	25	9.3%	7.0%	6.6%	40.1%	37.0%
Upon payment the NCPB issues a receipt detailing the amount and transaction done	25	11.2%	10.0%	4.6%	38.9%	35.3%
There is prompt payment for the goods and services supplied to the NCPB	25	29.4%	27.2%	3.3%	21.6%	18.5%
There is a thorough verification of the produce by the NCPB at the point of supply.	25	21.1%	20.1%	7.3%	28.0%	23.5%
There is accurate and factual information on performance to all stakeholders.	25	24.4%	35.6%	5.4%	20.1%	14.5%
Average Scores	25	18.69%	19.31%	5.41%	31.20%	25.39%

Source: Research Data (2021)

The partners who include the suppliers and customers were asked in the first statement to what extent they agreed that NCPB had systems in place to check and prevent fraud to which the majority (57.5%) of the respondents agreed while 38.5% disagreed and 4.0% were neutral. The responses by the partners are consistent with that of the employees and the key informants who stated that there is an internal control system through internal reviews and reconciliations. Being the stakeholders, the partners are always very keen on the systems put in place to prevent

fraud because they help in ensuring that their interests are safeguarded. This is in line with the stakeholder's theory which states that the interests of the shareholders are affected by the actions of the organization and thus it's important that systems are in place to check and prevent occurrence of fraud. As noted by Mugambi (2014) internal control systems helps in ensuring that things are done with the right procedures.

On the issue of the availability of the accounts to the public, a majority of the participants (61.1%) stated that the accounts are made public whereas 32.2% stated otherwise with 6.7% being neutral. This is in line with the perception of the employee in Table 4.3 where a majority acknowledged that the NCPB had a reporting mechanism to its customers and suppliers which implies that the accounts and all the necessary communication is availed to them as they need. The key informants also stated that the key aim of having a reporting mechanism in place is to prevent fraud hence by ensuring that the accounts are available to the public, the NCPB becomes accountable to its clients and partners.

A majority (77.1%) of the partners who participated in the study also agreed that they were always issued with a goods receipt note upon the delivery of produce to NCPB while 16.3% were of the contrary opinion and 6.6% were neutral. A good receipt notes acts as an evidence that goods have been delivered in the case of the customers or a service has been rendered in the case of the partners and is a measure that helps in showing that indeed a transaction took place. At the same time 74.2% of the respondents agreed that they are issued with a receipt by the NCPB detailing the amounts of the transactions done while 21.2% were of the contrary opinion and 4.6% neutral. This seems to affirm the response by the employees and the key informants that the ledgers were periodically reviewed with strict emphasis on documentations. Documentation is a key aspect of internal control and as noted by Njiru (2016) it acts as evidence of a transaction.

The partners were also asked if they agreed that there was prompt payment for the goods and services supplied to the NCPB. From the findings in Table 4.4, it is apparent that 56.6% of the respondents disagreed that there was prompt payment while 39.1% agreed and 3.3% were neutral. Most of the times there is an outcry due to delays in payments to clients by the NCPB and therefore the responses seem to be a confirmation of the delays. Additionally, from the

responses by the employees in Table 4.3, it was apparent that funds are not usually set aside to make sure that they are available when the payment falls due. This is a testament that whereas the internal control systems do exist there are still some weaknesses particularly on the payment policy.

The partners and clients who participated were also asked to state whether they agreed that there was thorough verification of the produce by the NCPB at the point of supply. Based on the replies in Table 4.4, it is clear that 51.5% agreed with 41.1% disagreeing and 7.3% were neutral. Indeed, the NCPB usually have records on the suppliers, quantity of goods they supply and the value of the goods which is a clear evidence that they are usually verified. The provision of a good receipt notes as stated by the respondents is also an indication that at the point of supply the goods are verified. This constitutes part of the internal reviews which as note by Onyango (2014), helps in strengthening the internal controls in an organization.

Lastly the clients and partners who participated were asked whether they agreed that there was accurate and factual information on the performance of all the stakeholders in which 60% agreed, 34.6% disagreed and 5.4% were neutral. This is an indication that the partners and clients seems to doubt the accuracy of the information given. Whereas they agree on the existence of the reporting mechanism at NCPB, they seem to cast doubt on the information that they are given. This could be due to the public outcry on the operations of the NCPB specifically with reference to out it is delivering its services.

Based on the various responses it is apparent that there are internal control systems though they may be underutilized. On internal controls, the key informants explained that in the year 2015-2017 the company purchased a lot of grains and not all internal controls were followed and therefore so many grains spoiled leading to losses caused by quality deterioration and contamination. Maize was seized and destroyed in 2016-2018. KBS were allowed and also auditors were allowed to do an audit on the matter.

4.4.2. Transparency

The second research objective determined the relationship between transparency and service delivery at the NCPB. The statements presented various aspects of transparency including; communication channels, standards, role of Board, ethics, accountability, financial transparency, employment, direction and management reports. The outcomes are summarized in Table 4.5.

Table 4.5. Responses on Transparency by Employees

Statement	N	1	2	3	4	5
Services are transparent in our organization	87	14.0%	24.0%	3.0%	35.0%	24.0%
There is clear line of communication	87	25.4%	32.3%	4.1%	23.0%	15.2%
There are clear standards on how services are to be delivered by the NCPB	87	9.2%	18.0%	5.4%	44.0%	23.4%
The roles and responsibilities of the Board and individual members are clearly outlined	87	11.9%	23.0%	2.9%	31.3%	30.9%
The NCPB fully embraces a culture of ethical and responsible decision making	87	18.8%	25.5%	3.7%	41.0%	11.0%
The NCPB ensures that there are no conflicts of interest as it discharges its mandate	87	22.0%	24.0%	2.0%	27.0%	25.0%
Accounts in the organization are available to the public	87	9.0%	31.0%	6.0%	28.0%	26.0%
Accurate and factual information on performance is accessible to all stakeholders	87	13.0%	33.0%	6.6%	28.3%	19.1%
Due to transparency the financial prosperity in the NCPB translates to its service delivery	87	11.8%	20.0%	11.0%	34.0%	23.2%
The NCPB is an equal opportunity employer and avoids discrimination	87	18.0%	17.0%	13.0%	28.0%	24.0%
There NCPB has a clear direction on how to enhance service delivery	87	9.7%	15.5%	11.1%	43.7%	20.0%
The management reports any impropriety to relevant bodies	87	7.0%	27.2%	8.0%	35.8%	22.0%
Average Scores	87	13.4%	23.4%	6.4%	34.0%	22.8%

Source: Field Data (2021)

The participants were asked to evaluate the extent to which they agreed that services were transparent in the organization. As per the outcome in Table 4.4, 59% of the respondents stated that the services were transparent, 38% disagreed while 3.0% were neutral. This means that the NCPB shares accurate, timely and reliable information to its stakeholders. This could have been enhanced by the growing emphasis from the farmers and the partners on the importance of disclosing information by the NCPB to stakeholders. The key informants explained that to ensure that the services are transparent, the NCPB had clear disclosure policy that ensures that all information both financial and non-financial related are available to all the stakeholders. Being the real the parties of interest in the dealings of NCPB, the shareholders and other stakeholders have a right to accurate information which as stated under the stakeholder theory, stakeholders require accurate information in order to be assured that their interests are well considered in an organization. As observed under the Fung (2014), notes that transparency is an essential tool in corporate governance and it serves as a tool for effective service delivery.

Transparency implies that information is communicated in a timely and accurate manner and this requires a clear line of communication. Therefore, the respondents were asked whether there was a clear line communication 38.2% of the participants stated that NCPB had clear line of communication. On the contrary, 57.7% of the respondents stated otherwise while 4.1% were neutral. Most of the communication of the policies is sometimes done by Board and sometimes by the parent ministry raising a lot of questions as to who has the responsibility of communicating particularly to the general public. As stated in the strategic plan of the NCPB 2015-2020, one of the weaknesses of the Board is that there were inadequate arrangements of internal and external communication. When asked on the issue of communication, the key informants stated that “There are structures of communication in the Board albeit with challenges.” This means that whereas the line of communication exists, it remains unclear. The role of communication and information in improving transparency was noted by Anuradha (2013) with an observation that one of the most imperative information is information regarding the actions and policies which informs most of decisions especially in public institutions. As noted under the stakeholder theory, information is one of the key elements in making sure that the interests of the stakeholders are well catered for hence by providing

accurate and timely information, stakeholders stand a better chance of making informed and sound decisions on its dealings with an institution.

The third statement was aimed at ascertaining whether there were clear standards on how services are to be delivered at NCPB. Based on the results shown in Table 4.4, 67.4% of the respondents stated that there were clear standards on how services are delivered while 27.2% were of the opposite view and 5.4% were neutral. This means that standards have been put in place to ensure service delivery. Some of the standards put in place by the Board include quality standards mainly based on the ISO certifications. The key informants while noting the challenges in the implementation of certain standards also confirmed that indeed there were standards governing various operations within the Board including the quality. Anuradha (2013) notes that transparency is influenced by standards setting among other elements and that the standards need to be applied in its operations to improve service delivery. The agency theory puts forth the expectations of the shareholders (principals) hence the employees (agents) are expected to meet their expectations and this is done using specific guidelines and standards, for instance it is the responsibility of those managing an institution (agents) to ensure quality services are delivered so that the shareholders can get value for their money.

The fourth statement sought to determine if the Board's roles and responsibilities and individual members were visibly outlined. From the responses given 62.2% of the respondents agreed, 34.9% disagreed while 2.9% were neutral. This means that the Board has clearly outlined roles and responsibilities of the individual members and the Board. The role of the Board is to make policies and strategic plans that guide the operations and decisions within NCPB. These policies are as outlined by the NCPB policy document which complements the policies and directions given by the Ministry of Agriculture. The key informants who happened to be the top managers explained that "The roles of the Board are limited to policy making for instance policies on budgetary allocations, payment duration and the supplier selection policies." The policies are then implemented by the managers through the employees under them. The policies help in promoting transparency by way of guiding the way and nature of information to be availed to public. Policies help in providing direction which has to be communicated to all stakeholders. Galgalo (2018) while examining on the link between corporate governance and delivery of services by the Kenyan county governments observed

that transparency helps in ensuring credible and sustainable operations which ensures service delivery.

As to whether NCPB fully embraces a culture of ethical and responsible decision making, 52% of the participants stated that the culture of responsible and ethical decision making is embraced. On the other hand, 44.3% of the respondents had a contrary view while 3.7% were neutral. From the results it is apparent that NCPB has responsible and ethical decision making. The key informants indicated that ethical practices were observed in all processes of the Board. Ethical practices that promote transparency are supposed to be incorporated in an organization's values. According to Beeks and Brown (2006), whenever transparency is incorporated in an organization's corporate culture, employees tend to be more committed and engaged by way of sharing ideas and innovations and this helps in promoting good service delivery in an organization. At the center of the relationship between the shareholders (principals) and employees (agents) is ethical practice which as stated under the agency theory helps in ensuring that the interests of the shareholders are protected. Therefore, by promoting a culture of good ethics, things like corruption that can undermine the interests of the shareholders and stakeholders can be averted.

The participants were also asked to what extent they agreed that NCPB ensured that there were no conflicts of interest as it discharges its mandate. From the outcome in Table 4.4, most respondents agreed that there was no conflict of interest at 52% while 46% disagreed and 2.0% were neutral. Conflicts of interest may arise at the Board where a Board member whose responsibility is policy making happens to be one of the clients or supplier. From the outcomes the Board ensures that such conflicts of interest do not occur. The Board is also under the supervision of the ministry of Agriculture which also ensures that there are no conflicts of interests. The key informants stated that "Conflict of interest is prevented by way of internal and external audits and where such an issue is suspected, the concerned member is summoned." The key informants also stated that the Board had avenues through which the whistleblowers can report suspicious transactions. Conflict of interest kills the trust between the employees, employers and suppliers and as stated by Roman (2014), transparency helps in ensuring openness which is a precursor to effective service delivery. One of the key aims of the agency theory is to eliminate conflicts of interests and according to the theory, there has to

be a clear separation between the roles of the executives and the shareholders. The management of an institution is vested on the executives who are separate from the owners (shareholders) who have invested in the institution.

According to 54% of the participants, the accounts of the NCPB are made available to the public whereas 40% were of the contrary view. However, 6% of the participants were neutral. Most public institutions and parastatals are required to disclose information to the public. One of the key information is information on the financial performance. As stated by the key informants, the NCPB submits periodic reports to the ministry of Agriculture with financial disclosures, payments and list of suppliers. This information therefore is available to the public. With the information available to the public the investors and suppliers are able to know the direction of the Board. Accountability is one of the key tenets of the stakeholder theory that gives the stakeholders and other interested parties to have information on the performance of an organization as this will guide them in decision making. According to Roman (2014), stakeholders including investors and employees have a right to know the direction an organization is heading to and this is made possible through ensuring transparency in all dealings.

The study further sought to find out whether accurate and factual information on performance is accessible to all stakeholders. From the outcome in Table 4.4, 47.4% of the respondents stated that the information is accessible. However, 46% were of the contrary opinion while 6.6% were neutral. From the outcome it is clear that less than half of the respondents agreed on the availability of factual and accurate information. Whereas in the previous response 54% of the respondents agreed that accounts of NCPB are made available to the public, it seems that less than half do not trust the accuracy of the information given. This could have been occasioned by various controversies that have characterized the Board for instance maize scandal of 2008 and 2018. The key informants however stated that there was accurate and factual information given to the public. As stated by Roman (2014), stakeholders have a right to know all aspects of an organization including direction it is heading to and financial performance. This ensures transparency, builds the trust between an organization and stakeholders and ultimately improves delivery of service. This is in line with the stakeholder theory which emphasizes on the right to accurate information to the stakeholders.

Further, majority of the respondents (57.2%) stated that due to transparency the financial prosperity in the NCPB translates to its service delivery. However, 31.8% of the respondents were of the contrary view while 11.0% were neutral. Based on the findings it is clear that there is a positive correlation between financial prosperity and service delivery at NCPB. The key informants stated “By emphasizing, on transparency through openness and accurate information to the public, the board is able to align the efforts of the employees towards doing the right thing which ultimately promotes good service delivery.” This implies that with financial prosperity, the Board is able to build its technical capacity hence fostering its ability to effectively deliver its services. A study by Laimaru (2018) established a positive relationship between transparency and financial performance and ultimately service delivery.

Most of the respondents (52%) stated that NCPB is an equal opportunity employer and avoids discrimination while 35% stated otherwise while 13% were neutral. Based on the results, it is apparent that NCPB is an equal employer meaning that it provides employment opportunities to any capable person irrespective of the race, religion, gender etc. The key informants explained that the employees of the NCPB have diversity in terms of the region, tribe and skills making it one of the equal opportunity employers. This is due to transparency in its employment policy. By having the right employees, i.e. employees recruited on merit an organization is able to get the right people whose efforts will promote efficient service delivery. This value is also stated under its core values.

The respondents were also asked whether they agreed that NCPB has a clear direction on how to enhance service delivery. From the results in Table 4.4, majority (63.7%) agreed that NCPB has clear direction on how to enhance service delivery while 25.2% disagreed and 11.1% were neutral. The findings were collaborated by responses from the key informants who stated that “The direction of the institution and issues to do with delivery of services are communicated periodically through the departmental heads to ensure that the employees’ efforts are consistent with the objectives of the Board.” As stated by Roman (2014) it is imperative for an institution to provide direction to all the stakeholders and this can be achieved in a transparent process. Under the agency theory, there is a separation between the policy makers (principals) and the policy implementers (agents). In this case, the board on behalf of the shareholders gives direction which is then implemented by the employees in the various departments. It is

therefore apparent that the board by giving direction offers a blueprint through which employees execute their duties.

Lastly, the participants were asked if they agreed that the management reports any impropriety to relevant bodies. From the outcome, 57.8% agreed, 34.2% disagreed while 8.0% were neutral. The reports can be made to bodies like Ethics and Anticorruption Commission (EACC) among other investigative bodies. The key informants explained that through the whistleblowers they are able to receive crucial information on improprieties and where an issue cannot be solved internally, it is escalated to the EACC. As observed by Wetterberg, Brinkerhoff and Hertz (2016), reporting and disclosing information are necessary tools of ensuring transparency and good corporate governance which is a tool of ensuring satisfactory service delivery.

The partners and clients were also asked to indicate what they felt in terms of the state of transparency at NCPB and the findings are in Table 4.6.

Table 4.6. Responses on Transparency by Partners

Statement	N	1	2	3	4	5
Accounts are available for the public	25	17.0%	15.2%	6.7%	38.5%	22.6%
There is effective communication from NCPB staff	25	20.2%	30.0%	3.4%	23.0%	23.4%
There is accurate and factual information on performance to all stakeholders.	25	21.9%	33.2%	4.8%	26.1%	14.0%
The services are offered in a timely and responsive manner	25	19.4%	22.6%	5.0%	32.0%	21.0%
The NCPB makes public the list of all tenders that are awarded to contractors	25	18.7%	38.3%	7.8%	20.6%	14.6%
The suggestions and complaints from customers are taken into consideration in an attempt to improve on service delivery.	25	19.2%	26.7%	5.9%	28.0%	20.2%
NCPB is transparent in its services	25	18.0%	34.0%	6.3%	21.5%	20.2%
There is good service delivery in the NCPB due to transparency	25	22.0%	27.0%	8.0%	19.5%	23.5%
Average Scores	25	19.55%	28.38%	5.99%	26.14%	19.94%

Source: Research Data (2021)

In the first statement on transparency, the partners and the clients who participated in the study were asked whether they agree that the accounts of the NCPB are available for the public. Based on the responses in Table 4.6, 61.6% agreed while 32.2% disagreed and 6.7% were neutral. This is an indication that the accounts are available for the stakeholders to access. This could be as a result of greater public scrutiny of the public institutions by both the members of the public as well as the increasing demand by the stakeholders towards transparency at NCPB.

As stated by Julieni and Rieger (2003), transparency helps in ensuring that an entity is open and provides timely and accurate information.

The partners and clients who participated in the study were also asked to indicate the extent to which they agreed there is effective communication from the NCPB staff. Based on the responses in Table 4.6, it is apparent that 50.2% of the clients and partners disagreed, 46.4% gave the contrary view while 3.4% were neutral. This is an indication that the communication between the NCPB and the other stakeholder is not very effective. This could be as a result of lack of uniformity in communication given that in most cases, communication on the operations of NCPB is given by the parent ministry (Ministry of Agriculture). Indeed, as confirmed by the responses from the employees in Table 4.5, there is no clear line of communication at NCPB and while structures exist there are challenges as also confirmed by the key informants. Anuradha (2013) stated that communication is central to every transparent process.

On the question of the accuracy of information on performance of stakeholders, 55.1% of the respondents disagreed that there was accurate and factual information on the performance to all the stakeholders, 40.1% agreed while 4.8% were neutral. This implies that the stakeholders feel that the information given to them is inaccurate. The responses contradict that of the employees where 47.4% agreed while 46% disagreed but still based on the findings a significant number of employees seem to confirm that the information is not entirely accurate. Roman (2014) stated that communication should be accurate and factual since stakeholders have a right to information.

The partners and clients who participated were also asked to state the extent to which they agree that the services offered by NCPB are offered in a timely and responsive manner to which 53% agreed while 42% disagreed and 5% were neutral. This suggests that most of the partners and clients are contended with the way services are offered by the NCPB. The key informants also confirmed that the Board is always endeavoring to offer the best services in spite of constant interference from the parent ministry. Kenosi (2011) while assessing on the nexus between good governance practices and service delivery stated that transparency ensures that services are delivered in an open, accurate and timely manner.

The respondents were also asked whether they agreed that NCPB makes public the list of all tenders awarded to contractors where 57% agreed while 35.2% disagreed and 7.8% were neutral. From the responses it is apparent that all tenders are made public. This could be as a result of the public requirement that all public institutions should make public a list of tenders awarded in a bid to ensure transparency and as stated by Fung (2014), one of the key elements of a transparent system is openness hence it is against this premise that tenders are made public including the criteria for awarding those tenders.

Further, most respondents agreed at 48.2% that the suggestions and complaints from customers are taken into consideration in an attempt to improve on service delivery while 45.9% disagreed and 5.9% were neutral. This means that in spite of the challenges the NCPB takes into consideration the suggestions and complaints. This could also be as a result of the supervision from the ministry of Agriculture that ensures that the clients especially the farmers have their issues addressed. Indeed, the key informants also confirmed that the Board had structures of handling the customer complaints and recommendations and which are reviewed in every Board meeting.

As to whether the NCPB was transparent in its services, 41.7% of the partners who participated agreed, 52% disagreed while 6.3% were neutral. This means that from the standpoint of the partners a lot still needs to be done by the Board to improve in terms of transparency and based on the previous responses some of the key issues of particular concern to the partners and clients is the issue of information. Most of them stated that communication was not effective and not accurate. The employees on the other hand based on the responses in Table 4.5, agreed by majority that the services at NCPB were transparent. As noted by Fungi (2014) transparency is essential if corporate governance is to be upheld in institutions.

Lastly, the partners who participated in the study by majority of 50.5% agreed that there is good service delivery in the NCPB due to transparency while 41.5% disagreed and 8% neutral. From the outcome it is apparent that transparency has an influence on service delivery. As observed by Kenosi (2011), transparency and accountability has an influence on service delivery by public institutions hence they constitute key corporate governance practices. Wetterberg,

Brinkerhoff and Hertz (2016) observe that one of the key tools in effective governance is transparency and has a significant influence on the way services are offered.

4.4.3. Risk Management

The third research objective examined the relationship between risk management and service delivery at the NCPB. The statements presented various aspects of risk management including; risk identification, working environment, risk management experts, liquidity risks, market risks, illegal transactions and people's protection. The outcomes are summarized in Table 4.7.

Table 4.7. Responses on Risk Management by Employees

Statement	N	1	2	3	4	5
Measures have been put in place for risk identification	87	7.0%	25.5%	8.3%	36.1%	23.1%
The working environment is safe and secure	87	11.1%	25.7%	1.1%	36.6%	25.5%
NCPB is well equipped to deal with potential risk and losses due to litigations	87	13.4%	28.0%	5.4%	44.0%	9.2%
Management has defined appropriate objectives for the mitigation of critical risks that may result from fraud	87	9.9%	22.0%	3.0%	33.3%	31.8%
The employees and staff are continuously trained on the risk management practices	87	10.8%	23.0%	4.5%	39.0%	22.7%
The NCPB has a risk management expert	87	18.4%	23.7%	4.0%	28.9%	25.0%
The NCPB has adequate funds to mitigate liquidity risks	87	9.8%	20.0%	5.0%	38.0%	27.2%
The NCPB has mechanism in place to deal with market risk beyond its current investment portfolio	87	5.0%	31.0%	4.2%	37.7%	22.1%
There are mechanism in place for identification of traders likely to present a huge risk for illegal transactions	87	23.1%	34.0%	7.0%	20.0%	15.9%
There is a limit as to how much quantity and value a single trader can transact with NCPB.	87	24.0%	28.0%	13.0%	18.0%	17.0%
The NCPB is conversant with the global environment	87	8.7%	14.4%	10.1%	43.7%	23.1%
The NCPB carry out internal audits and external audits before new financial year begins.	87	4.0%	6.0%	2.0%	45.0%	43.0%
The NCPB has contingent strategies to overcome risks	87	7.1%	12.3%	4.0%	36.9%	39.7%
NCPB protects people and assets from harm	87	8.0%	11.0%	6.0%	43.0%	32.0%
Average Scores	87	11.5%	21.8%	5.7%	35.5%	25.5%

Source: Field Data (2021)

The respondents were asked if there were measures put in place by the Board for risk identification. From the findings in Table 4.5, 59.2% of participants stated that there were risk identification measures put in place whereas 32.5% were of the opposite opinion and 8.3% were neutral. This is an indication that the Board had risk identification measures in place. The key informants stated that “Risk identification is the responsibility vested in the risk and compliance department within the Board and it identifies risk by continuously reviewing the processes and procedures relating to various transactions within the Board.” Upon their reviews the department suggests the solutions to the possible risks and the existing risks. The key informants further stated that staff are regularly trained on risk management to ensure that they are able to identify the risks and deal with them. In addition, there is a risk register through which risks are reported, and implementation plans outlined. Other risk identification measures stated by the key informants include tests analysis that is done on grains to curb the risk of procuring substandard grains. Redja (2008) suggests that risk identification is an element of risk assessment and it helps in prevention of the potential loss within an organization.

Secondly, the participants were asked whether the working environment was safe and secure to which majority (62.1%) stated that there was safe and secure working environment. However, 36.8% disagreed while 1.1% was neutral. This means that there are enough security personnel in the Board as well as safety of the equipment’s used in its operations and the existence of the health and safety measures. The key informants stated that the working environment was safe and secure as various security measures had been put in place. One of the key informants for instance stated that “Enhancing security of the employees is done by controlling the visitors moving into the premises as well as ensuring that first aid equipment’s is available.” According to Menon and Williams (2010), the environmental, safety and health measures are some of the tools that are employed in risk management.

Thirdly, 53.2% of the respondents agreed that the NCPB is well equipped to deal with potential risk and losses due to litigations while 41.4% had the contrary view with 5.4% being neutral. From the results, it is apparent that the NCPB is well equipped to deal with risks arising from litigations. The NCPB has adequate finances and contingent finances to mitigate the risk. The key informants stated that every department is usually compelled to exercise due diligence and assess the potential areas in their departments that may contribute to litigations and in liaison

with the risk and compliance department develops a mitigation plan. Nocco and Stulz (2006) observed that identification of all potential risks within an organization can help in preventing losses that may arise from the risks. These losses may include; financial losses and litigation losses.

A majority of the participants (65.1%) also stated that the management has defined appropriate objectives for the mitigation of critical risks that may result from fraud. On the other hand, 31.9% had the contrary view while 3.0% were neutral. This is likely enhanced by the involvement of anticorruption bodies where there are serious cases of fraud that are beyond internal intervention. Additionally, the NCPB involves the whistleblowers who help in unmasking those engaged in fraud and other corrupt practices. Based on the responses from the key informants, the objectives and risk mitigation plan is usually developed by the risk and compliance department who review these objectives periodically to ensure that all the loopholes that may allow fraud are sealed. Rejda (2008) observed that a risk management plan should provide a clear roadmap through which risk can be mitigation and this include identifying potential risks in time including loopholes for corruptions and come up with appropriate mitigation measures.

On the issue of continuous training of the employees on risk management practices, 61.7% of the participants stated that the trainings are continuously done whereas 33.8% disagreed and 4.5% were neutral. From the findings it is apparent that trainings on risk management are done periodically. The existence of a risk department which continuously identifies risks and come up with risk mitigating policies could be the reason why there are continuous training of staff. Given the role that the employees play in the implementation of risk mitigation measures within their departments trainings on risk management are imperative hence the responses could be a pointer to the fact that the NCPB understands the role of the employees in risk mitigation. The key informants confirmed that indeed there are periodic trainings to the staff on risk management practices and covers trainings on market risks and ways of identifying illegal transactions that may cause huge losses.

Majority of the respondents (53.9%) stated that the NCPB had a risk management expert while 42.1% were of the contrary view. Four percent of the respondents also indicated that they were

neutral. As confirmed from the previous findings the NCPB has a risk and compliance department which has well trained officers on risk management practices. Secondly with the existence of continuous trainings on risk management practices, the expertise has been highly developed in the Board. As stated by the key informants, the Board has risk experts as employees within the risk department. A study by Oguchukwu (2016) on corporate risk assessment and service delivery established that risk controls can be executed through risk experts and with a good risk control mechanism, service delivery can be improved within a corporation. Wadesango, Mhaka and Shava (2018) observed that personnel training influenced the effectiveness of a risk management system.

As to whether the Board has adequate funds to mitigate liquidity risks 65.2% of the respondents stated that there were adequate funds while 29.8% disagreed with five percent stating that they were neutral. Liquidity risks are risks mainly associated with the inability of the institution to settle its obligations when they fall due. Based on the responses it is apparent that the Board has adequate funds. The delays in purchase of grains from the farmers could be as a result of the bureaucratic processes it has to go through in the ministry. This challenge was highlighted in its strategic plan of 2015-2020. The key informants also stated that the Board albeit the challenges have adequate funds. Being a parastatal under the ministry of Agriculture, there is adequate funding courtesy of the ministry. As observed by Menon and Williams (2010), liquidity risk is one of the risks that need to be identified in an organization and mitigated. A decline in the liquidity status of an entity hinders its ability to deliver services to its clients.

Further most of the participants (59.8%) opined that NCPB has mechanism to deal with the market risk beyond its current investment. On the contrary, 36.0% stated that there was no mechanism while 4.2% were neutral. Based on these findings, it is apparent that the Board has mechanism of dealing with market risks. The key informants explained that there are challenges with the market risk however; the parent ministry has been putting in place measures to mitigate these risks for instance risk arising from private businessmen who import and sell grains at favorable prices. This is in line with the stakeholder theory which states that the actions and operations of an institution must be geared towards protecting the interests of the stakeholders along with other interested parties in an institution hence by addressing the market risks occasioned by competition from private businessmen who import and sell grains

at favorable prices, the parent ministry helps in promoting and safeguarding the interest of the stakeholders.

The respondents were asked if they agreed that there was mechanism in place for the identification of traders likely to present a huge risk for illegal transactions to which the majority (57.1%) disagreed while 35.9% agreed and 7% were neutral. As stated in its strategic plan (2015-2020), one of the biggest challenges that the Board faces are identification of illegal traders for instance traders who sell their grain to the Board while denying small farmers an opportunity. The key informants also confirmed this for instance one of the key informants stated that “It is difficult to identify a genuine farmer unless field visits are done.” Some illegal traders may import cheap maize and sell it to the Board leading to excess maize in the depots denying farmers a chance.

On whether there was a limit on how much quantity and value a single trader can transact with the NCPB, most respondents (52%) disagreed, 35% agreed while 13% were neutral. This could be a pointer that NCPB is mainly driven by its storage capacity rather than how much a single trader supplies to its depots. This is something that illegal traders exploit at the expense of the small and genuine farmers. This challenge was further highlighted under the strategic plan of 2015-2020 of the NCPB. According to the key informants, there is no law and policy by the government that bars a single trader from supplying as much quantities of maize as follows save for the directive that was issued by the ministry in 2019 following a public outcry by maize farmers of the delayed payments. According to the key informants, with no clear legal framework, the supplies to NCPB are mainly driven by the demand and its storage capacity.

Further, the study sought to determine if the NCPB was conversant with the global business environment to which 66.8% agreed, 23.1% disagreed while 10.1% were neutral. This could be a pointer that its understanding of the global business environment is fostered by its nature as a government parastatal. The key informants explained that through its SWOT analysis as outlined in the strategic plan it has been able to identify the dynamics in the global business environment including the market and systematic risks that can affect a body like NCPB. The key knowledge on the global environment is on liberalization trends in trade activities. Using its understanding of the global environment, it was able to develop its strategic plan.

The respondents were asked if they agreed that NCPB carry out internal and external audits before the new financial year begins. Majority (88%) agreed, while 10% disagreed. With the existence of internal audit department internal audits is possible. The external audits are usually done on all government parastatals including the audits by the office of the auditor general. The role of these audits is to enable the Board to manage its risks. The key informants explained that audits are done periodically and that there is an audit committee that analyses various financial transactions by the Board. A study by Waweru and Simiyu (2019) observed that internal controls and audits are tools used in risk management and there is a positive correlation between internal audits and performance of an entity by way of minimizing fraud.

Last but not least the participants were asked whether they agreed that NCPB has contingent strategies to overcome risks whereby 76.6% agreed while 19.4% disagreed and 4% were neutral. From the findings most respondents agreed that there were contingent strategies at NCPB. The key informants also stated that there were contingent strategies put in place to overcome risks. Some of the contingent strategies include strategies on handling liquidity risks and market risks by ensuring that there is a contingency fund to deal with such risks.

Lastly the respondents were asked whether the NCPB protects people and assets from harm whereby majority (75%) agreed, 19% disagreed while 6.0% were neutral. The protection of people from harm includes the safety measures put in place at the work place. According to the key informants, with the current surge in Covid-19, there is adequate water for washing hands as well as hand sanitizers. The firefighting appliances and fire assembling area are also available to protect the employees in case of fire outbreak. In addition, cleaners are provided with cleaning uniforms and they use signs to help in the prevention of accidents due to slippery floors. Other protection measures include medical insurance for workers, insurance of products and other assets as well as the availability of CCTV cameras. The entry into and exit out of the premises is also monitored by the security personnel.

The partners and clients were also asked to respond to various statements on risk management and service delivery at NCPB. The outcome is in Table 4.8.

Table 4.8. Responses on Risk Management by Partners

Statement	N	1	2	3	4	5
NCPB creates a safe and secure work environment for the customers	25	10.0%	14.3%	8.0%	38.7%	29.0%
NCPB protects its customers and assets from harm	25	5.1%	12.4%	7.8%	39.3%	35.4%
NCPB has risk management procedures and guidelines	25	13.1%	17.8%	6.3%	36.3%	26.5%
NCPB offers quality and accessible services to its customers	25	20.1%	23.1%	5.0%	34.6%	17.2%
The NCPB has adequate funds to mitigate liquidity risks	25	10.0%	21.9%	4.0%	32.3%	31.8%
There are mechanism in place for identification of traders likely to present a huge risk for illegal transactions	25	20.1%	30.0%	4.3%	22.0%	23.6%
There is a limit as to how much quantity and value a single trader can transact with NCPB.	25	26.2%	32.4%	2.4%	20.0%	19.0%
The NCPB has contingent strategies to overcome risks	25	12.2%	14.5%	4.3%	36.5%	32.5%
Average Scores		14.60%	20.80%	5.26%	32.46%	26.88%

Source: Filed Data (2021)

The partners who were involved in the study were asked if they agreed that NCPB creates a safe and secure work environment. From the responses in Table 4.8, it is clear that 67.7% agreed, 24.3% disagreed and 8% neutral. This implies that there is a safe and secure work environment at NCPB. The findings are consistent with the responses by the employees in Table 4.7 where they agreed that there was a safe and secure work environment. This was also affirmed by the key informants who stated that there were security measures for instance

thorough checks on those entering the premises. As observed by Menon and Williams (2010) risk management requires that an organization develop proper safety measures.

In the second statement the partners and clients who participated in the study, were asked to state the extent to which they agree that NCPB protects its customers and assets from harm. From the findings in Table 4.8, 74.7% agreed, 17.6% disagreed and 7.8% neutral. This means that there is adequate protection to customers and assets at NCPB. The findings are consistent with that of the employees who stated that NCPB protects people and assets from harm and as confirmed by the key informants, these protections come in form of availing enough hand sanitizers and washing points especially during the Covid-19 season, fire assembly points and use of CCTVs to monitor movement of people and assets in and out of the premises.

As to whether NCPB has risk management procedures and guidelines most of the respondents (62.8%) agreed, 30.9% disagreed and 6.3% neutral. This is an indication that there are adequate risk management procedures and guidelines by the NCPB. Indeed, as stated by the respondents in Table 4.7, there are measures put in place for risk identification as well as having appropriate objectives for the mitigation of critical risks something also affirmed by the respondents who stated that there are adequate procedures and guidelines including training of staff on risk management. Redja (2008) notes that risk management is instrumental in the prevention of the potential losses in NCPB.

Majority (51.8%) of the respondents agreed that NCPB offers quality and accessible services to customers while 43.2% disagreed and 5% neutral. This implies that the services offered meet the quality standards. As stated in the responses in Table 4.5, the respondents were contented with the services offered by NCPB. The key informants also stated that there is strict adherence to the quality standards while endeavoring that the services are accessible to the clients.

On the issue of the availability of adequate funds to mitigate liquidity risks, most of the respondents (64.1%) agreed while 31.9% disagreed and 4.0% were neutral. This means that there are adequate funds to mitigate liquidity risks. However as noted by the key informants while funds may be available, there are a lot of bureaucracies mostly emanating from the parent ministry. The findings in Table 4.7 by the employees also affirm the fact that there are adequate

funds to mitigate liquidity risk. As noted by Rejda (2008), a risk management should give a blueprint through which risk can be mitigated.

Further the partners and clients who participated were asked if they agreed that there was mechanism in place for the identification of traders likely to present a huge risk for illegal transactions where the majority (50.1%) disagreed, 45.6% agreed and 4.3% neutral. This indicates that there are loopholes in as far as identifying illegal traders at NCPB. This could be the reason why there had been a lot of public outcry from the farmers to the effect that most traders paid for their produce are unscrupulous. The findings were reinforced by the responses in Table 4.7 where the employees stated that there were inadequate mechanisms for identifying illegal traders a position that was also affirmed by the key informants who stated that unless field visits are done, it is sometimes difficult to identify illegal traders.

On whether there was a limit on how much quantity and value a single trader can transact with the NCPB, most respondents (58.6%) disagreed, 39% agreed while 2.4% were neutral. This could be a pointer that NCPB is mainly driven by its storage capacity rather than how much a single trader supplies to its depots. This challenge was further highlighted under the strategic plan of 2015-2020 of the NCPB. According to the key informants, there is no law and policy by the government that bars a single trader from supplying as much quantities of maize as follows save for the directive that was issued by the ministry in 2019 following a public outcry by maize farmers of the delayed payments. According to the key informants, with no clear legal framework, the NCPB is mainly driven by the demand and its storage capacity.

Lastly, the partners and clients who participated were asked to indicate whether they agreed that NCPB had contingent strategies to overcome risks to which 69% agreed, 26.7% disagreed and 4.3% were neutral. From the responses it is apparent that contingent strategies have been put in place by NCPB to deal with risks. Based on the findings in Table 4.7, the employees also agreed to this effect with key informants indicating that there are specific strategies to deal with risks for instance the amount of cash that should be available every financial year to deal with liquidity risks.

4.5. Regression Analysis and Hypothesis Testing

A regression analysis was done to ascertain the relationship between corporate governance and service delivery at the NCPB, Kenya. From the regression analysis a model summary, analysis of variance and the regression coefficients were generated and illustrated from section 4.5.1 to 4.5.3.

4.5.1. Model Summary

The model summary helps in depicting the percentage of the changes in service delivery (dependent variable) due to the change in corporate governance (independent). Table 4.9. presents the findings.

Table 4.9. Model Summary

Model	R	R Square	Adjusted R Square	Sig. F Change
1	.751 ^a	.563	.548	.000

a. Predictors: (Constant), Risk Management, Transparency, Internal Controls

Source: Field Data (2021)

From the findings in Table 4.9, R (Correlation coefficient) was 0.751 which is equivalent to 75.1 percent. This infers that corporate governance practices (internal controls, transparency and risk management) influence the service delivery at NCPB. The coefficient of determination (R^2) adjusted was found to be 0.548 which is an equivalent of 54.8 percent. This infers that 54.8 percent of the improvement or changes in service delivery at the NCPB are explained by the corporate governance tools; transparency, internal control system and risk management. Similar findings were established by Gompers and Drobetz (2004) who established that good corporate governance contributes to good service delivery.

4.5.2. Analysis of Variance (ANOVA).

The ANOVA is a regression output that helps in analyzing the variance levels within groups using the samples taken from each group. It analyses whether the differences in means are statistically significant. If they are significant it is interpreted to mean that the model was fit for analysis. The outcomes are as shown in Table 4.10.

Table 4.10. ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.815	3	.938	35.699	.000 ^b
Residual	2.182	83	.026		
Total	4.997	86			

a. Dependent Variable: Service Delivery
b. Predictors: (Constant), Risk Management, Transparency, Internal Controls

Source: Field Data (2021)

From the findings in Table 4.10, it is apparent that the differences in means are statistically significant as shown by the p-value of .000 and therefore the model was fit for analysis.

4.5.3. Regression Coefficients.

The regression coefficients show the nature of relationship between the independent variables and dependent variable. Table 4.11, exhibit the regression coefficients.

Table 4.11. Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.203	.106		-1.927	.057	-.413	.007
	Internal Controls	.204	.071	.287	2.879	.005	.063	.345
	Transparency	.411	.051	.605	8.081	.000	.310	.512
	Risk Management	.290	.093	.315	3.135	.002	.106	.474
a. Dependent Variable: Service Delivery								

Source: Field Data (2021)

The results in Table 4.11 leads to the below empirical model;

$$Y = -.203 + .204X_1 + .411X_2 + .290X_3 + \varepsilon$$

Where: Y= Service Delivery (dependent variable)

X₁ is the Internal Controls

X₂ is the Transparency

X₃ is the Risk Management

The hypotheses were tested to ascertain whether the various corporate governance practices significantly affect the service delivery at the NCPB. These hypotheses were guided by the objectives of the study.

The first objective was to determine the effect of internal controls on service delivery at NCPB. Based on the outcome in Table 4.11, it can be inferred that a unit increase in the level of internal controls at NCPB would result in a unit improvement in service delivery by 0.204. The first hypothesis aimed at ascertaining if internal controls significantly influence service delivery at

NCPB. As shown by the p value of 0.005 in Table 4.11, internal controls have significant effect on service delivery at NCPB hence hypothesis 1 (H_1) was accepted.

The second objective was to determine the effect of transparency on service delivery at NCPB. Based on the outcome in Table 4.11, it can be inferred that a unit increase in the level of transparency measures at NCPB would result in a unit improvement in service delivery by 0.411 times. The second hypothesis aimed at establishing if transparency significantly influences service delivery at NCPB. As shown by the p value of 0.000 in Table 4.11, transparency has significant effect on service delivery at NCPB hence hypothesis 2 (H_2) was accepted.

The third objective was aimed at evaluating the effect of risk management on service delivery at NCPB. Based on the outcome in Table 4.11, it can be inferred that a unit increase in the level of risk management at NCPB would result in a unit improvement in service delivery by 0.290 times. The third hypothesis aimed at establishing if risk management significantly influence service delivery at NCPB. As shown by the p value of 0.002 in Table 4.11, risk management has significant effect on service delivery at NCPB hence hypothesis 3 (H_3) was accepted.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The chapter discusses the summary, conclusions and recommendations of the study on the basis of the objectives of the research.

5.2. Summary of the Study

The main purpose of the study was to determine the influence of corporate governance on service delivery at the NCPB, Kenya. The first objective was to determine the effect of internal controls on service delivery at NCPB. From the results it is apparent that internal controls have an influence on service delivery at NCPB. From the findings it became apparent that NCPB has a reporting mechanism to customers and suppliers at NCPB and this has been enhanced by Mwongozo reforms. As part of the internal controls, it was also established that there were clearly laid down procedures and policies and this has been enhanced through the establishment of a monitoring and evaluation department. It was also apparent that employee appraisals are done and are aimed at enhancing service delivery by strengthening their capacity to deliver services to customers efficiently. However, it was also apparent that whereas there exists processes of approval and reconciliations the processes are usually lengthy due to overreliance on the parent ministry. It was also apparent based on the responses from the partners that there was no prompt payment for the goods and services supplied to NCPB. Further, the existence of scandals in the past like the maize scandals had compelled the NCPB to come up with strong internal and external reviews to avert any financial misappropriation and ensure that services are effectively delivered to the customers. Other internal control systems put in place include the daily and monthly reconciliations and a clear separation of the duties of an initiator of a transaction and those approving it. From the regression output internal controls have a significant effect on service delivery at NCPB.

The second objective was to determine the effect of transparency on service delivery at NCPB. Based on the outcome from study, it is apparent that transparency measures which include communication had been put in place by NCPB to enhance service delivery. In addition, it was

evident that there were clear standards on how services are to be rendered for instance quality standards based on ISO certifications. To enhance transparency and service delivery it became apparent from the findings that the roles and responsibilities of the board and individual members were clearly outlined for instance the board's responsibility is limited to policy making. The conflict of interests was also minimal based on the findings and this had been prevented by way of conducting continuous internal audits and external audits and this has been made possible by the availability of both internal and external auditors. From the findings NCPB had clear standards, accurate and factual information. They also agreed that the roles and responsibilities were clearly outlined, and that there was clear direction in the Board. In terms of being an equal opportunity employer, the respondents agreed that employment is based on merit. It was also established that improprieties are usually reported to the relevant bodies like EACC. It was however apparent that whereas transparency measures do exist at NCPB there was still a challenge of clear line of communication occasioned by the interference from the parent ministry. It was also evident that a significant number of respondents disagreed on the availability of factual and accurate information. From the regression analysis, it can be inferred that transparency measures at NCPB would result in improvement in service delivery.

The third objective was aimed at evaluating the effect of risk management on service delivery at NCPB. Based on the outcome NCPB had various risk management aspects including the existence of risk identification measures a role that is vested in the risk and compliance department. It was also established that there was safe working environment as evident from the existence of adequate security personnel and health and safety measures. From the results, it is apparent that the NCPB is well equipped to deal with risks arising from litigations. The NCPB has adequate finances and contingent finances to mitigate the risk notwithstanding the bureaucracy from the parent ministry. To mitigate against the risk of fraud and corruption it was evident that whistleblowers are involved. Continuous employee training is also a measure used to prevent risks by ensuring that employees are able to manage risks. The existence of the risk experts was also apparent based on the results mostly based in the risk and compliance department. The board also had mechanism of dealing with market and liquidity risks. However, it was established that there was a challenge in terms of identification of illegal traders as well as a limit as to what quantity of cereals a single trader can supply. From the

regression output, it can be inferred that with risk management practices in place, there will be effective service delivery at NCPB.

5.3. Conclusion of the Study

From the findings it can be concluded that internal controls affect service delivery at NCPB. As the first objective, internal controls affects service delivery, because it enhances the quality of services by keeping those responsible for various functions in check. For instance, internal controls enhance reporting mechanism to customers, clearly laid down procedures ensures that all functions are done effectively without overlap of duties while employee appraisals help in enhancing the productivity of employees which helps them to deliver their services effectively. Daily and monthly reconciliations and separation of duties of an initiator of a transaction and an approver ensures that all transactions are done using the right processes. Having systems in place to check and prevent fraud also helps ensure that cases of corruption are not rampant and also issuing of good receipt notes, thorough verification of produce and ensuring that there is accurate and factual information on performance given to all stakeholders helps ensure there is effective service delivery and this are indicators that respondents have agreed that there are prevalent in the NCPB. However, the study concludes that there are challenges with the transaction approval processes due to bureaucracies from the ministry of Agriculture and also delayed payment of good and service supplied to NCPB which greatly affects service delivery. The study concludes that internal controls significantly influence service delivery at NCPB.

From the findings it can be concluded that transparency enhances service delivery at NCPB. This is because transparency ensures that services are rendered in accordance with ISO certifications. Secondly, with clearly outlined form of communication to the partners and clients, the NCPB is able to act on feedback by identifying the areas that require improvement hence enhancing service delivery. Transparency also enhances services delivery by way of minimizing the cases of conflicts of interests which usually deny the clients the full benefits of services being rendered. There was however the challenge of having a clear line of communication and availability of factual and accurate information which are crucial elements in ensuring effective service delivery. It is also concluded that transparency significantly influences service delivery at NCPB.

Finally, from the study it can be concluded that risk management has an influence on service delivery at NCPB. This is because with the available security personnel and proper health and safety measures, the employees are able to work effectively devoid of interferences that can emanate from security threats and health risks. Further with continuous employee trainings on risk management, employees are able to identify the potential risks that can hinder delivery of services to the clients. Finally, risk management enhances service delivery by eliminating liquidity risks, i.e. risks that can occur due to inadequate funds and by doing so ensures that the board is able to pay the suppliers and other customers in time hence promoting good delivery of services.

5.4. Recommendations of the Study

From the findings on regression analysis, transparency had the highest regression coefficient and the least p value meaning that it had the most impact on service delivery than the other corporate governance variables. To foster transparency, the study recommends that a clear line of communication at the NCPB need to be established to ensure that information is disseminated to all the stakeholders in a timely manner and also among the employees. The study also recommends that mechanism towards preventing the conflict of interest be put in place for instance proper disclosure of the owners of the companies and businesses that supplies grain to NCPB. Whistle-blowing mechanisms also need to be enhanced to prevent fraud and corrupt practices.

Risk management had the second highest regression coefficient and had significant effect on service delivery at NCPB. The study recommends that employees at all levels should be trained on risk management practices particularly on the market risks. The Board should also develop a comprehensive mechanism for identification of traders who are likely to pose potential risk to the organization in terms of illegal traders. Further, in liaison with the Ministry of Agriculture, the Board should come up with a limit as to how much a single trader can supply so as to prevent illegal traders and prevent the exploitation of small farmers.

Lastly the study recommends that internal control systems need to be enhanced. While there exist internal control mechanisms, the NCPB should consider automatic its internal control systems to enable accuracy in the transactions and efficiency in the processes like procurement.

5.5. Recommendations for further studies

Further studies may be conducted on other parastatals in future to bring a comprehensive analysis and understanding of the corporate governance practices among government institutions and how they influence public service delivery.

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APPENDICES

APPENDIX I: LETTER OF TRANSMITTAL

Shamilla Lawendi
University of Nairobi,
P.O Box 35384-00100,
Nairobi.

I am a student at the University of Nairobi pursuing a Master degree in Public Administration. As part of the requirements for the award, I am undertaking a study on “**INFLUENCE OF CORPORATE GOVERNANCE ON SERVICE DELIVERY: A CASE STUDY OF THE NATIONAL CEREALS AND PRODUCE BOARDS, KENYA**”

You are being requested to be one of the participants in this study. The information that you provide will be treated as confidential therefore will only be used for this research.

I therefore request for your honest response to the items on the questionnaire.

Your assistance is highly appreciated.

Thank you.

Yours sincerely,

Shamilla Lawendi

Section B: Internal control and service delivery

1. Using a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree 5= strongly agree. Please show to what extent you agree or disagree with the following statements

Statement	1	2	3	4	5
The NCPB has a reporting mechanism to its customers and suppliers					
There are clear laid down policies and procedures					
Employee appraisals are carried out periodically					
The Board has effective and adequate levels of approvals of transactions					
The ledgers are reviewed periodically with a strict emphasis on documentations					
There is a clear separation of duties between the staff who initiate a financial transaction and those finalizing it					
There are daily and monthly reconciliations of the Board's bank and cash transactions					
The reconciling items are investigated and corrected promptly					
The receipts are issued for all the transactions					
The Board has used both internal and external reviews to improve their internal control systems					
There are back up systems that are stored at an off-site location					
The NCPB has audit procedures that encourage integrity					
In ensuring good service delivery to farmers, funds are usually set aside to make sure they are available when payment falls due					

Section C: Transparency and service delivery

2. Using a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree 5= strongly agree. Please show to what extent you agree or disagree with the following statements.

Statement	1	2	3	4	5
Services are transparent in our organization					
There is clear line of communication					
There are clear standards on how services are to be delivered by the NCPB					
The roles and responsibilities of the Board and individual members are clearly outlined					
The NCPB fully embraces a culture of ethical and responsible decision making					
The NCPB ensures that there are no conflicts of interest as it discharges its mandate					
Accounts in the organization are available to the public					
Accurate and factual information on performance is accessible to all stakeholders					
Due to transparency the financial prosperity in the NCPB translates to its service delivery					
The NCPB is an equal opportunity employer and avoids discrimination					
There NCPB has a clear direction on how to enhance service delivery					
The management reports any impropriety to relevant bodies					

Section D: Risk management and service delivery

Using a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree 5= strongly agree. Please show to what extent you agree or disagree with the following statements

Statement	1	2	3	4	5
Measures have been put in place for risk identification					
The working environment is safe and secure					
NCPB is well equipped to deal with potential risk and losses due to litigations					
Management has defined appropriate objectives for the mitigation of critical risks that may result from fraud					
The employees and staff are continuously trained on the risk management practices					
The NCPB has a risk management expert					
The NCPB has adequate funds to mitigate liquidity risks					
The NCPB has mechanism in place to deal with market risk beyond its current investment portfolio					
There are mechanism in place for identification of traders likely to present a huge risk for illegal transactions					
There is a limit as to how much quantity and value a single trader can transact with NCPB.					
The NCPB is conversant with the global environment					
The NCPB carry out internal audits and external audits before new financial year begins.					
The NCPB has contingent strategies to overcome risks					
NCPB protects people and assets from harm					

APPENDIX III: QUESTIONNAIRE-PARTNERS

Section A: Background Information

1. Gender Male [] Female []

2. Age Bracket 20-30 years [] 31-40 years [] 51-50 years []
 51-60 years [] above 60 years []

3. How long have you engaged with NCPB?
 - a. Less than 1 year []
 - b. 1 to 5 years []
 - c. 6 to 10 years []
 - d. 11 to 20 years []
 - e. More than 20 years []

SECTION B: Internal Controls and Service delivery

Using a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree 5= strongly agree. Please show to what extent you agree or disagree with the following statements

Statement	1	2	3	4	5
NCPB has systems in place to check and prevent fraud					
Accounts are available for the public					
We are always issued with a good receipt note upon the delivery of our produce to NCPB					
Upon payment the NCPB issues a receipt detailing the amount and transaction done					
There is prompt payment for the goods and services supplied to the NCPB					
There is a through verification of the produce by the NCPB at the point of supply.					
There is accurate and factual information on performance to all stakeholders.					

SECTION C: Transparency and Service delivery

Using a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree 5= strongly agree. Please show to what extent you agree or disagree with the following statements

Statement	1	2	3	4	5
Accounts are available for the public					
There is effective communication from NCPB staff					
There is accurate and factual information on performance to all stakeholders.					
The services are offered in a timely and responsive manner					
The NCPB makes public the list of all tenders that are awarded to contractors					
The suggestions and complaints from customers are taken into consideration in an attempt to improve on service delivery.					
NCPB is transparent in its services					
There is good service delivery in the NCPB due to transparency					

SECTION D: Risk Management and service delivery

Using a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree 5= strongly agree. Please show to what extent you agree or disagree with the following statements

Statement	1	2	3	4	5
NCPB creates a safe and secure work environment for the customers					
NCPB protects its customers and assets from harm					
NCPB has risk management procedures and guidelines					
NCPB offers quality and accessible services to its customers					
The NCPB has adequate funds to mitigate liquidity risks					
There are mechanism in place for identification of traders likely to present a huge risk for illegal transactions					
There is a limit as to how much quantity and value a single trader can transact with NCPB.					
The NCPB has contingent strategies to overcome risks					
NCPB protects people and assets from harm					

APPENDIX IV: INTERVIEW SCHEDULE: TOP MANAGEMENT

Corporate governance on service delivery

- 1) Does NCPB have corporate governance codes or policies? What are the procedures for monitoring compliance with the policies/ adherence to? Who does monitoring (office and officer)?
- 2) Does NCPB have adequate internal controls in place? Are they documented and reviewed? How are they reviewed? How do you ensure proper maintenance of internal controls?
- 3) Does the Board have audit committee? What is their role in ensuring proper maintenance of internal controls, risk management and law compliance?
- 4) Does the company have a system in place to help report, check and prevent fraud? How are cases of fraud dealt with?
- 5) Does the company have a written information disclosure policy that makes all (financial and non-financial) information clear, timely and available to all stakeholders?
- 6) Does the company have internal and external audit? What are their roles, do they have full access to records, property and personnel relevant to their audit?
- 7) Do you have a risk management system? Are they reviewed? How are the risks identified and managed?
- 8) What efforts have been put in place to protect people and assets from harm? How is safety of the working environment enhanced?
- 9) Was there any significant problem reported on internal controls, transparency, accountability and risk management in the past 5 years?
- 10) According to you, does corporate governance influence service delivery in your company? How?