

**PERCEPTION OF CORPORATE
GOVERNANCE PRACTICES OF PUBLIC
UNIVERSITIES IN KENYA:
THE CASE OF UNIVERSITY OF NAIROBI**

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DECLARATION

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

Signed  Date 30-09-04

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This research has been submitted for examination with my approval as supervisor.

Signed  Date 15/11/2004

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DEDICATION

I wish to dedicate this work to my husband Kennedy Monyoncho and daughters Valerie and Stacey Monyoncho whose encouragement gave me the strength and the will to persist. They were a constant inspiration especially when the going got very rough. It is my prayer that this will inspire them in their pursuit for excellence especially spiritual and academic.

Special dedications to my mother Damaris Awuondo whose unwavering belief in me inspired me to be the best that I can ever be. I still remember what she one time told me. “Rachel you don’t have to go to school to learn how to cook, you need to study science and mathematics, things I can not teach you”.

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ABSTRACT

The study seeks to determine how corporate governance practices of public universities, as perceived by key stake holders impact on decision making and leadership process.

Public universities are complex institutions and their stakeholders expectations are continuously changing and increasing in terms of quality of service and academic performance. It is also known that management reforms and leadership capability are continuously becoming critical in institutional capacity building.

The paper is a case study based on the University of Nairobi. Qualitative data for the study targeted a sample size of 200 respondents, however only 50% of this number were actually interviewed. As we later learnt, the timing may not have been quite right. It was then analyzed using mean scores, percentages and content analysis and organized in five main sections namely: key problems affecting the University of Nairobi; governance structure; leadership processes; decision making and the role of government.

It was determined that poor governance structure has resulted in bad leadership and bureaucratic decision making processes, which in turn has impacted negatively on the poor state of the university. The study recommends a review of the current governance structure with a view of improving the management of university affairs through improved decision making. There is also the need for building the capability of administrators around good leadership and management. Communication processes through out the institution also needs to be enhanced.

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CHAPTER 1

INTRODUCTION

1.1 Background of the study

Corporate governance is a topic that has attracted a lot of attention both locally and internationally. The concept is not a new one and is as old as management itself. Corporate governance refers to the ethical framework within which management decisions are taken. It is a way of ensuring that shareholders and other stake-holder value is enhanced. It refers to the manner in which power is shared and exercised in the process of managing organizational resources.

Organizational structure plays a very important role in organizational effectiveness. This is because it determines how work is divided and coordinated in addition to reinforcing accountability. An organization structure also determines the effectiveness and efficiency of an organization. Institutions of higher learning are a very important component of a country's human development strategy.

Education is a basic human right and therefore a basic need. Socio-economic benefits accruing to formal education and higher education can not be over emphasized. It is therefore important for administrators of higher education to tailor its programs to meet national objectives. In order to do this, they must have an appropriate structure to support its strategic objectives. Regardless of the nature and type of organization, structure is central to achieving organizational objectives.

Corporate governance in higher institutions of learning involves authority to make decisions about fundamental policies and practices in critical areas. This

includes among others decisions on location, mission, size, access to programs and services offered by the institution, appointment of staff, organization structure and allocation of resources. Corporate governance in universities is linked to the institution's autonomy and academic freedom. Perkins, (1978) suggests that autonomy or self governance is the key ingredient in the ideology of institutions of higher learning. Corporate governance envisages the freedom to make decisions on broad and complex issues without reference to external non-university entities.

With the growing number of public universities in the country, the size, scope, importance and cost of higher education has brought increased pressures for accountability from funding organizations. The issue therefore is to balance between autonomy, too much of which may compromise the universities' responsiveness to the society and its stakeholders and accountability, too much of which may destroy the academic ethos. There is however a difference between academic freedom and university autonomy. According to Berdal, (1990,p171): "Academic freedom is that freedom of the individual scholar in his/her teaching and research to pursue truth whenever it seems to lead without fear of punishment or termination of employment for having offended some political, religious or social orthodoxy."

Academic freedom is therefore more directed at the individual, whereas campus autonomy operates at the institutional level. Institutional autonomy can be further differentiated into substantive autonomy and procedural autonomy. Substantive autonomy is the power of the institution in its corporate form to determine its own goals and programs. Procedural freedom refers to the freedom to appoint and promote academic staff, content and mode of instruction and research, setting of

academic standards and assessment of performance. It is important to note that the ideology of autonomy and academic freedom has been very contentious issue in Kenyan universities. A more recent trend that has affected universities and attitudes towards their autonomous aspirations has been pressure on educational budgets, occasioned by economic conditions in the country. As a result, government funding towards the universities has dwindled over the years. The growing student population in public universities without proportionate rise in resources has further compounded the problem.

The prevailing political system and the nature of national governance greatly impacts on governance at the universities. This is because democracy by its very nature guarantees autonomy while authoritarian form of government stifles the concepts of autonomy and academic freedom. Various African Universities stipulate that they will be autonomous from government control, new institutions of higher learning are supposed to follow laid down government procedures through specific legislation. Cockery and Osborne, (1997) state that increasing recognition of governance as a necessary condition for sustainable development reflects the lessons learnt from past development efforts. Such experiences brought to focus the critical importance of management capacity to realize the benefits of change.

They demonstrated that good policies are not enough, but also the capacity to formulate and implement them effectively. They further state that good governance is found where different interests are accommodated in a socially acceptable balance. Deciding the balance of priorities is a matter of values at a given time, which include ethical dilemmas associated with new technologies and government responsibilities to its citizens. Government is also involved in public

universities in the area of management. It has been appointing key university administrators and members of university council. It also directs the number of students to be admitted and determines the terms and conditions of staff.

The number of public universities has grown from one to the current six namely University of Nairobi, Kenyatta University, Jomo Kenyatta University of Science and Technology, Maseno University, Egerton University and Moi University. The establishment of these universities were through Presidential directives, who until recently was the Chancellor of all the public Universities in the country. For the purposes of this paper, we will focus our study on the University of Nairobi, which is the first and the oldest in the country. University of Nairobi can be assumed to be representative of other public universities.

1.2 The University of Nairobi

The development of university education in Kenya can be traced back to 1922 when Makerere College was established as technical college, which grew as an inter-territorial institution admitting students from Kenya, Uganda, Tanzania and Zanzibar. In 1947, the Kenya government drew up a plan for the establishment of a Technical and Commercial Institute in Nairobi, which later grew into an East African concept by the name of Royal Technical College. It provided higher technical education for the whole of East Africa, when it admitted the first students in 1956.

In 1961 the Royal Technical College was transformed into the second University College of East Africa, The Royal College of Nairobi. It entered into a special relationship with University of London and offered courses in Arts, Science and Engineering for the bachelor's degrees of the University of London. In 1963, The Royal College became the University College Nairobi following the

establishment of the University of East Africa with Makerere, Dar es Salaam and Nairobi as the constituent colleges. In 1970, the University Of East Africa was dissolved and the three East African countries established their own national universities under their respective acts of parliament. The University College of Nairobi was then renamed University of Nairobi.

1.2.1 Campuses

The University of Nairobi comprises the following campuses:

Main Campus which houses the central administration, Jomo Kenyatta library, common undergraduate courses and the Board of post Graduate Courses among others. Chiromo campus, which accommodates the college of Biological and Physical Sciences. It also houses the pre-Medical and veterinary departments;

Upper Kabete Campus, which houses the Agricultural and Veterinary Sciences; Lower Kabete Campus, which is the college of humanities, Social Sciences and Commerce, Kikuyu Campus, which is the college of Education and external studies, Kenyatta National Hospital Campus: Houses the college of Health sciences and Parklands campus, which houses the faculty of Law.

1.2.2 Organization and Management

The University is governed by the University of Nairobi Act of the Laws of Kenya 1985, which consolidates the control, government and administration of the University together with other related purposes. The governance structure of the University of Nairobi can be seen in figure 1. It comprises of the following:

The Chancellor: Until recently, the President of Kenya was automatically been the Chancellor of the University. The current president recently appointed Chancellors to head all the public universities in the country. The Chancellor is the head of the university and appoints the chairman of the council. Formally he used to appoint up to ten other members of the council to represent the Government.

The diagram below shows the Management structure of the university

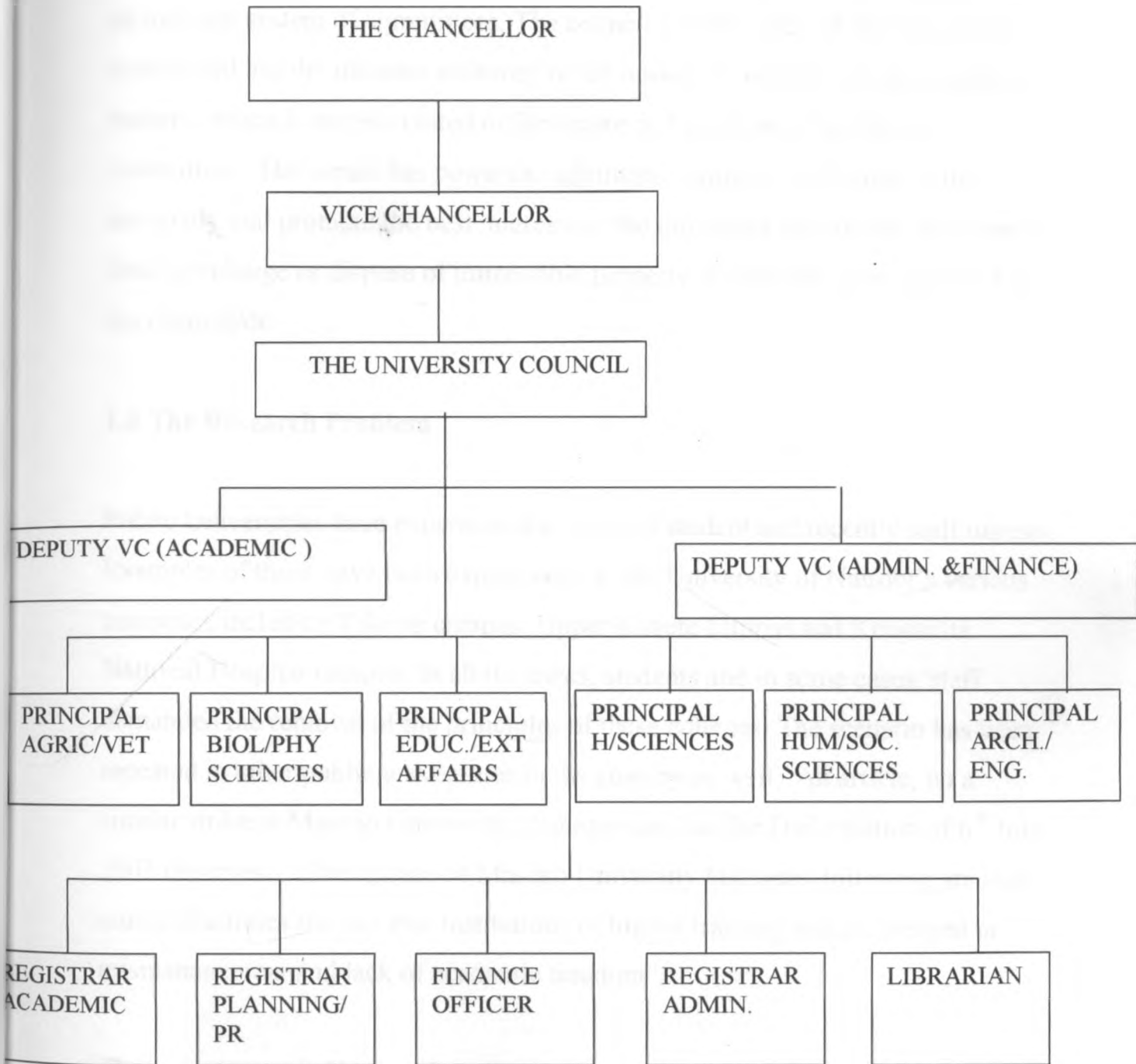


Fig 1: University of Nairobi Organization Chart

(Source: Adapted from the University of Nairobi website)

The University Council: This is the decision making body and relies heavily on an intricate system of committees. The council is at the apex of the committee system and has the ultimate authority on all university matters except academic matters, which is largely vested in the senate and a system of academic committees. The senate has powers to administer property and funds of the university and promote the best interests of the university except that the council shall not charge or dispose of immovable property without the prior approval of the chancellor.

1.3 The Research Problem

Public Universities have experienced a series of student and recently staff unrests. Examples of these have been experienced at the University of Nairobi's various campuses including Kikuyu campus, Upper Kabete campus and Kenyatta National Hospital campus. In all the cases, students and in some cases, staff demanded the removal of the principles of these colleges. The scenario has been repeated in other public universities in the country as well. An article, on a similar strike at Maseno University, that appeared in The Daily Nation of 6th July 2003 observes: "The closure of Maseno University last week following student unrest illustrates the fact that institutions of higher learning remain steeped in mismanagement and lack of academic freedom".

There is a strong indication that all is not well in the institutions of higher learning, in terms of management and delivery of their promise. The recent strike of academic staff of all the public universities confirms this. The same article goes on to suggest that there is need to restore professionalism in the management of public institutions. Another article "Divide and rule in academia" on the Daily

Nation of 21st August 2003, argues that, the decision to divide the University into various faculty based campuses was a largely a political decision meant to contain student activism, thus perfecting the act of divide and rule. The result instead was violent confrontations between the students and the university authority. These student unrests continue to-date despite various attempts to contain them.

Several studies have been done both locally and internationally in the area of corporate governance in public universities. Examples of this include Governance of public universities Sifuna, (1998). In his study he investigated the issues in public universities and their impact on the quality of education. Another study by Swayerr, (1999) looked at the challenges facing African Universities. None of these studies, so far, investigated the governance structures of public universities and specifically in relation to decision making and leadership process, thus presenting a knowledge gap. A closely related study in the U.S by Knott and Payne, (2001) looked at the impact of state governance on higher education resources and research activity. The main focus of this study was on governance practices of the state rather than those of the universities.

1.4 Objectives of the study

The study seeks to achieve the following major objective:

To determine how the corporate governance practices of public universities, as perceived by the key stakeholders, impact on the decision making and leadership process.

1.5 Importance of the study

This paper is going to be of significance in various respects. By examining the structure, decision making and leadership process, we will attempt to identify

existing gaps that need to be addressed in order to improve the corporate governance at the university. The key findings will be of use to public universities in other parts of the world, other public institutions of learning, the Government of Kenya through the Ministry of Education, donor community and Commission of Higher Education (CHE). Other National and International Agencies will also find this study useful in making informed decisions that affect the institutions of higher learning not only in Kenya but also in other parts of Africa. The paper will be useful in providing important information that would form the basis for change in public institutions of higher learning.

1.6 Structure of the final paper

The final paper is composed of five main sections as follows:

The first section covers the introduction, which include: background of the study, the research problem, and the importance of the study.

Section two covers literature review, which include: an overview of corporate governance, the need for good corporate governance, developments in corporate governance, corporate governance in state owned corporations and corporate governance in public universities . Section three covers the research methodology and will include: the research design, data collection and data analysis. Section four includes summary discussions and conclusions, based on the findings of the study. In this section, limitations of the study is also highlighted and discussions on recommendations for areas of future research and policy practice are given. Section four includes references and the final section the appendices.

CHAPTER 2

LITERATURE REVIEW

2.1 Overview of corporate governance

Governance is concerned with the processes, systems, practices and procedures (formal and informal) that govern institutions. It is the manner in which these rules and regulations are applied and the subsequent relationships that these rules create. In an institutional framework it addresses the leadership role. Corporate governance refers to the manner in which power is exercised in the management of economic and social resources. It is a vital ingredient in the maintenance of a dynamic balance between the need for order and equality in the society, the efficient production and delivery of goods and services, accountability in the use of power, protection of human rights and freedom and the maintenance of an organized corporate framework within which individuals can contribute fully towards finding innovative solutions to common problems.

Corporate governance is therefore the manner in which power is exercised in the stewardship of the corporation's total portfolio of assets and resources with the objective of achieving stakeholder satisfaction in the context of its corporate mission. It is concerned with creating a balance between economic and social goals between individual and communal goals, while encouraging efficient use of resources, accountability in the use of power and stewardship and to align the interests of individuals, corporations and society.

Corporate governance seeks to promote:

Efficient and sustainable corporations that contribute to the welfare of the society by creating wealth, employment and solutions to emerging challenges;

responsive and accountable corporations; legitimate corporations that are managed with integrity, probity and transparency; recognition and protection of stakeholder rights; and an exclusive approach based on democratic ideals, legitimate representation and participation;

It encourages systems and structures of operating and controlling corporations with a view to achieving long term strategic goals that satisfy stakeholders, while complying with legal and regulatory requirements and meeting environmental and societal needs.

Corporate governance thus creates a process of value-creating and value adding. In so doing, it ensures firstly, that, the board has set strategic objectives and implemented proper management structures to achieve these goals. Secondly that the structures work to maintain corporate integrity, reputation and responsibility towards all stakeholders. Simply put, corporate governance refers to the establishment of an appropriate legal, economic and institutional environment and allows corporations to thrive to enhance stakeholder value, human development, while remaining conscious of their primary responsibilities to the environment and society.

2.2 The need for good corporate governance

Institutions have a vital role to play in promoting economic development and social progress. They are responsible for providing employment, goods, services and infrastructure. The efficiency and accountability of institutions has become a matter of both public and private interest. The Commonwealth Association for Corporate governance states “The globalization of the market place has ushered

an era where traditional dimensions of corporate governance defined within the local laws, regulations and national priorities are becoming increasingly challenged by global circumstances and events.

Corporate governance is therefore important to create competitive and efficient organizations, enhance accountability and performance of those entrusted with managing these organizations and promote efficient and effective use of organizational resources. Without efficient organizations, the country can not create wealth, without which economies will stagnate and collapse. There is need for well governed enterprises and institutions that remain viable, sustainable and competitive in the global market place.

2.3 Developments in corporate governance

Globally, the World Bank group and the Organization for Economic Corporation and Development established the global corporate governance forum. Its objectives were to: Build a consensus in favor of appropriate policy, regulatory and corporate reforms; coordinate and disseminate corporate governance activities; provide corporate development and human capacity building in associated fields of corporate governance; and train various professionals and other agents who are essential to bring about a culture of compliance.

The international corporate governance network was established to promote and coordinate research and development in corporate governance. The Commonwealth Association for Corporate Governance (CACG) was established and it developed the CACG guidelines for corporate governance in the commonwealth. These guidelines were adopted at the 1999 Commonwealth

Heads of government meeting in Durban South Africa. In East African, the member countries held a regional conference in Kampala Uganda in 1998 to create awareness and promote Regional Corporation in matters of corporate governance. Each member state was encouraged to develop a framework and code of best practice to promote national corporate governance and harmonize the efforts in the region under the auspices of the East African co-operation.

In Kenya, consultative corporate sector held a seminar in 1998 and resolved to establish a private sector initiative for corporate governance. Its objectives included: to develop a code of best practice for corporate governance in Kenya and explore ways and means of facilitating the establishment of a national apex body to promote corporate governance in Kenya. In October 1999 the private sector initiative adopted a national code of best practice for corporate governance to guide corporate governance in Kenya and was mandated to establish the corporate sector foundation to collaborate with other bodies including the Global Corporate Governance Forum, Commonwealth Association for Corporate Governance and the Capital Markets Forum.

2.4 Corporate governance in state owned corporations

State owned corporations refer to corporations in which the government is a main shareholder. The main features of such corporations are complexities arising ownership, political and structural issues. Such complexities include: elaborate set of relationships ranging from the CEO, to the board, parliament and government ministries; the need to satisfy a complex and conflicting range of political, economic and social objectives; diverse nature of stakeholders; absence of annual general meetings; and enabling legislation.

The national capacity to compete in the global market depends on the competitiveness of individual corporations and their ability to produce goods and services that meet international standards. This in turn depends on the board's ability to apply focused intelligence and knowledge to push and integrate their corporation into the competitive global market. Efficient Corporation can only be established and developed by responsible, creative and innovative boards.

A report of a seminar on implications for public sector reforms was held in 1997 at the European Center for Development Policy Management, observed that the political and administrative changes taking place in Africa have profound implications for African institutions and policies. It further noted that, the civil systems have to respond to these changes, especially in terms of the roles expected from politicians, governments and civil society.

2.5 Corporate governance in public universities

According to Kent, (1998), four main issues arise as public universities strive to carry out their missions: push for participatory governance, mandate for efficient management, the urgency to adopt to a changing environment and salience of effective leadership. Like any other organization, public universities are complex, messy and strewn with ambiguities. Skepticism about the ability of public institutions to change is not uncommon and the society continues to demand better quality and ample coverage.

In a study of three Mexican public universities, Kent emphasizes that the basic fundamental purpose of modernization of public universities is recovering the basic function required of a university. In Mexico, reform came as a result of

conflict resulting from institutional collapse, resulting from collapse of internal control systems and the crumble of their external legitimacy relationships. He concludes that management reform and renewal of leadership are crucial preconditions for rebuilding institutional capacity. These are periods when structures lose footing and cultures evolve, old leaders and values are questioned and new ones revealed.

It takes successful leaders to push the process in a new direction and grasp the opportunity to institutionalize new values. The leaders will have to , avoid the temptation to subordinate the need for experimentation to the pressures for increased political control. They will also need to distribute emergent capacity for innovation more uniformly throughout the organization. Capitalize the experiences of academics who have participated in recent reforms for promotion into leadership positions and recruit new talent to begin supplanting members of the old guard. Other related research work has been done locally and in other parts of Africa on Corporate Governance in public universities. Such work include among others:

Sifuna, (1998) investigated issues in public university governance and its impact on the quality of education and the effect of government involvement in the management of universities

Among other things established by the study included: The socio-economic and political pressures coupled with external policy formulations led to rapid growth of the educational system following the achievement of independence; the double in-take in the public universities in 1987/88 was more a political than educational decision; mushrooming of public universities was partly due to problems in internal governance of universities; the sharp decline in the quality of university

education was a result of unplanned growth of university education without commensurate rise in level of funding and other resources; the need to depoliticize governance and decision making in public universities and that quality of higher education can be maintained through credible systems based on improved management and planning.

In another study, Inter-university Council of East Africa, (2002/3), found that African Universities and their leadership need to be re-engineered to make them more focused, efficient and effective. That there is an urgent need and demand for leadership and management training for leaders and senior administrators of various universities in the region.

Sawyer, (1999), studied the various challenges facing African Universities. He established that challenges facing the universities are complex and are not separate from the complexity of the environment within which higher education is undertaken. This include low participation rates, inequitable access, reduced resources, limited capacity of the state to make its own policies as a result of pressure from powerful transnational commercial interests. He established that there are no easy choices and cautions governments and donor community against insisting upon one-sided, simplistic, usually economic prescriptions for dealing with complex problems facing African Universities. He calls for humility on the part of experts and openness to all ideas by policy makers, institutional and political leaders to mobilize and act decisively once social consensus has been established.

He puts forward three recommendations:

The need to reassert the primary role of the state for establishing and maintaining adequate higher education system. There are values in university education and practice beyond the market and immediate quantifiable products and that this primary responsibility rests with the university community to persuade and justify to the public this important easily ignored truth. The need to negotiate and establish systems-level policy framework for guidance of strategic choices that have to be made by all players in the entire education sector.

He concludes that autocratic decrees by governments, self-serving technical and policy advice by experts and agencies cannot be part of a long-term solution to the problems of higher education in Africa. Knott and Payne, (2001), explored whether the state governance structure affects the resources allocated and activities undertaken by the universities. The key finding of this study was that productivity and resources were higher at universities with a statewide board which is decentralized and where members were not primarily appointed by the state governor.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research design

The research design is an empirical study, a case study based on the University of Nairobi. A case study was considered appropriate in this study because the University of Nairobi is the first public university to be established in the country. Compared to the other public universities, it is the largest and data collected here would be assumed to be representative of other public universities. The acts governing other public universities were adapted from the University of Nairobi Act. Some of the public universities were previously colleges of university of Nairobi before they became independent universities with an autonomous management, for example Kenyatta University.

University of Nairobi is also centrally located in the city of Nairobi and is well known by many Kenyans. Its location also makes it interact closely with its public, mainly the Nairobi Central Business district (NCBD). University of Nairobi can therefore be assumed to be representative of public universities in Kenya

3.2 Data collection

Primary qualitative data was collected about the University of Nairobi through structured interviews, using interview guide. Questions were mainly based on the perception of individuals interviewed. Data was collected by the researcher with the help of one research assistant and was conducted using an interview guide attached in appendix 1. The interview guide consisted of seven sections as follows:

Section A- personal information

Section B-General issues

Section C- Organization structure

Section D- Leadership process

Section E-Decision making

Section F-Role of government

3.3 Sampling

A sample size of 200 respondents was selected and was equally distributed between the various campuses targeting equal number of respondents of the key stakeholders as follows: fifty academic members of staff, thirty non-academic members of staff and One hundred and twenty students. Respondents were selected using convenience sampling method, and were from among people who have interacted with the university for not less than two years.

3.3 Data analysis

Data collected in the study was analyzed using the following methods:

Content analysis: This was used to analyze the qualitative content of the data collected. An example of this is analyzing the various recommendations given by respondents as in question 4 of section B.

Percentages: This was used to determine the magnitude of the issues dealt with in the research. Example of this was the analysis of responses on the key problems affecting the university on question 1 of section B

Mean scores: This was used to rate the score. Example of this was rating the responses which sought to determine an extent of a problem like in question 5 of section B

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter deals with data analysis, findings and discussion of the research findings. Data was analyzed using descriptive statistics such as mean scores, which were used to analyze data involving rating scales. A rating scale of 1 to 4 was used, where 1 represented the lowest rating and 4 the highest rating. Content analysis and percentages have been used to analyze open ended questions where the respondents were free to express their opinion. The data was organized in five main sections, Key problems affecting the university, Governance structure, leadership process, decision making and role of government.

As discussed in the introductory section of the study, Corporate governance in an institution like university of Nairobi involves the authority to make decisions on fundamental policies and practices in critical areas. This include location decisions, student admissions, courses, offered quality and standards of education among others. The decision areas also covered freedom of faculty members in their instructional activities, appointment of key staff, allocation of resources and determination of organizational structure.

Governance in the university essentially is linked to the extent to which the university can exercise its autonomy, which has been identified as the key ingredient in the ideology of institutions of higher learning (Perkins, 1978). This ideology encompasses the freedom of the university to make its own decisions without external interference. The university of Nairobi act stipulates that the institution is supposed to be autonomous of government control. In this study the role of government and its impact on the effective running of the university is one

of those areas investigated and results mirror similar issues as previous studies. The government involvement in university affairs is carried out in that the Commission of higher education (CHE) was established to handle matters relating to university development, through the university act and statutes, which direct the governance of the university. This section is going to reveal whether this has been so or not.

4.2 Key problems facing the university

Table 1: Key problems facing the university

PROBLEM	% of Reponses
Resource allocation	39.2
Policy issues	21.6
Leadership	13.9
Politics	7.9
Corruption	7.3
Others	10.1
TOTAL	100

Table 1 above shows that resource allocation emerged as the major problem with a percentage score of 39.2% followed by policy issues at 21.6%. Only 7.3% of the respondents saw corruption as a problem. Although leadership also came quite frequently, resource allocation and policies are a reflection of the nature of leadership.

Table 2: Reasons for the problems at the university

REASON	% Response
Poor administration	41.2
Resource allocation	11.1
Politics	10.8
Policy issues	10.5
Poor leadership	7.6
Bureaucracy	4.5
Corruption	3.0
Others	10.7
TOTAL	100

In table 2 , 41.1% of the respondents perceive poor administration as the reason why the above mentioned problem is a problem. Resource allocation with a score of 11.2 , bad policies and politics scoring 10.5% and 10.8% respectively. Only 3% of the respondents thought corruption was responsible for the problems.

4.3. Governance structure at the university

Table 3: Governance structure and problems at the university?

RESPONSE	%RESPONSE
YES	91.49
NO	8.51
TOTAL	100

When asked if the governance structure was responsible for the problems of the university, an overwhelming 91.49% of the respondents agreed that the governance structure was to blame for the problems at the university as shown on Table 3. This is because the respondents did not seem to have a lot of confidence

in the appointment and selection of members of the main governance body which is the council. The members of the council were also perceived to be politically correct individuals who tended to represent the interest of the government.

4.4.1 Extent to which the current governance structure is appropriate to the achievement of the objectives of the university

This question had a mean score of 1.89 and standard deviation of 1.5311. This indicates showed that the current governance structure was not appropriate for the university to achieve its objectives. Some of the reasons for this could be the composition of the university council, the main decision making body of the university was largely seen to be political appointees to fulfill the desires of those they represent. There was a general consensus by the respondents that governance structure was responsible for the problems of the university. There were a few people who thought otherwise. Of those who thought otherwise gave the following reasons as the cause:

Tribalism, political interference in leadership selection and appointments, outdated rules and regulations, mismanagement, bad student attitude and lack of commitment

Table 4: Recommendations to solve the problem of governance structure

Recommendation	% response
Improve communication	19.6
Make university autonomous	6.2
Review polices on academic programs	7.7
Appoint leadership on merit	5.7
Automate university processes	4.6
Enhance accountability	6.8
Others	49.6
TOTAL	100

When asked to recommend ways of resolving the problems of governance structure, 19.6% of the respondents felt that improving communication would greatly resolve the problems at the university as indicated on Table 4. Only 6.8% suggested enhancement of accountability as a solution.

4.4 Leadership process

Table 5: Criteria for selection of leaders

REASON	% Response
Political considerations	28.1
Academic qualification	22.8
Tribalism	14.0
Favoritism	14.0
Nepotism	10.5
Corruption and inefficiency	10.5
TOTAL	100

Table 5 shows respondents perception on criteria for selection of leaders, 28.1% of respondents felt that political considerations formed the main criteria for

selection of leaders. 22.8% perceived academic qualification to form the criteria. Only 10.5% perceived nepotism , corruption and inefficiency as a criteria for selection.

On how much weight was given to merit when selecting leaders, the respondents felt that very little weight was given to merit. A means score of 1.61 and standard deviation of 1.57 indicated that not much weight was given to merit in selection and appointment of leaders. They felt that political correctness got top consideration followed by academic qualification. Nepotism and Tribalism was also mentioned on several occasions.

Table 6: Process of selecting leaders

Response	Mean score	Standard deviation
How effective is the process of appointing leaders	1.58	1.448
Extent to which the process is in line with the university of Nairobi act	1.8	1.319

Table 6 shows respondents response on effectiveness and the extent to which the process of selecting leaders was in line with the university of Nairobi act. A mean score of 1.58 and 1.8 and standard deviation of 1.448 and 1.319 respectively indicated that the current process was not effective and that is not in line with laid down procedures and the university of Nairobi Act. Senior administrators were normally appointed by the university council, which was largely perceived to be under a lot influence of the government.

Table 7: Recommendations for change in the practice of selecting leaders

Recommendation	% Response
Order of merit through independent bodies	47.4
Advertise posts	14.9
Transparency	17.5
Involve stake holders	9.1
Root out Nepotism	3.9
Others	7.2
Total	100

Table 7 shows that 47.4% respondents recommended that appointment on merit by an independent recruitment bodies should be introduced. 14.9% suggest that positions should be advertised 17.5% would like to see more transparency in the process. 3.9% however felt that nepotism should be eliminated from the process.

4.5 Decision making

Table 8: Decision making

Response	Mean score	Standard deviation
Extent to which decisions are made according to procedure	1.83	1.303
Extent to which the University of Nairobi act effective for decision making	1.67	0.763

Table 8 shows responses on questions of compliance with the laid down procedures and the university of Nairobi Act. A mean score of 1.83 and 1.67 and standard deviation of 1.303 and 0.763 respectively indicate decisions are not made according to procedures and the university of Nairobi Act . Despite the high level of dissatisfaction, there is still a small remnant of people who feel otherwise.

Table 9: Impact of current decision making process on the level of accountability

IMPACT	%RESPONSE
No accountability	51.4
Haphazard decision making	20.3
Lack of good communication	14.2
Bureaucracy	12.2
Non performance	1.4
Total	100

When asked about the impact of current decision making process on accountability, 51.4% of the respondents felt the current decision making process has resulted to no accountability, while 20.3% feel it has resulted to haphazard decision making. 1.4% perceive it to contribute to poor performance.

Table 10: Recommended changes on the decision making process

RECOMMENDATION	%RESPONSE
Involve key stake holders	27.6
Decentralize minor decisions	18.3
Review current procedures	11.9
Follow laid down procedures	6.6
Introduce controls	5.3
Quicken implementation process	3.9
Use recruitment advisory services	3.9
Others	22.5
TOTAL	100

Table 10 shows 27.6% of the respondents feel that key stakeholders should be involved in key decisions, while 18.3% feel that minor decisions should be decentralized. 11.9% number feel that the current procedures should be reviewed. For recruitment decisions 3.9% feel that independent recruitment services should be used.

4.6 Role of government

Table 11: Impact of the role of government on the effectiveness of the university

IMPACT	% RESPONSES
Resulted to poor state of the university	46.1
Resulted low morale of lecturers and students	18.6
Lack of accountability	16.2
Resulted to tribalism	5.8
Corruption	1.2
Improved financial management	1.2
Others	10.5
Total	100

Table 11 shows that 46.1% of the respondents perceive the government to have contributed to the current poor state of the university. 18.6% see it to be have resulted to low morale of lecturers and students. 1.2% however feel that the government has contributed to improved financial management.

Table 12: Explanation of the role the impact of the role of government on effectiveness of the university

REASON	%RESPONSE
Interference	46.1
Assist with loans	21.1
Unrest	17.1
Corruption	6.6
Slow down of policy implementation	2.6
Tribalism	2.6
Change of syllabus	1.3
Freedom of expression	1.3
Effectiveness of management	1.3
Total	100

When asked to explain their responses on Table 11, as shown on Table 12, 46.1% of respondents see the government as interfering on the affairs of the university.

1.3% feel it has contributed to effective management of university

4.6.1 Extent to which the current role of government of in line with the University of Nairobi Act

When asked to what extent the current role of government is in line with the university of Nairobi Act, a mean score of 1.82 and a standard deviation of 1.367, indicated that the current role of government is not in line with the university of Nairobi act. Most respondents blamed the government for the poor state of the university. A good number felt the government has contributed to lack of accountability and low morale. A few, however, thought that the government has contributed to improved financial status. The government is seen to interfere with the affairs of the university.

Table 13: How the government should be involved with the university

HOW	% RESPONSES
Provision of funds	55.4
Supervise performance of university	7.6
Provide policy guidelines	5.9
Intervene in times of problems	3.4
Supervise the appropriation of funds	3.3
Others	24.4
Total	100

Table 13 shows 55.4% of the respondents feel the government should concentrate in the provision of funds and 7.6% feel it should oversee the performance of the university. Only 3.3% feel that the government should oversee the appropriation of funds.

Table 14: Recommendations on the role of government

RECOMMENDATION	%RESPONSES
Make university autonomous	32.2
Provide funding	28.3
President should not appoint Chancellor and VCs	5.1
Be more transparent	5.0
Involve students	1.0
Others	7.1
Total	100

Table 14 indicates that 32.2% of the respondents felt that the government should be made autonomous. Another key element coming out here is that Chancellors

and Vice Chancellors should not be presidential appointees. 1% of respondents feel that the government should involve students in key decisions.

CHAPTER 5

SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 Summary discussions

This chapter discusses the research findings in line with the research objectives. It also attempts to compare the results of the findings with those of previous studies and draw conclusions arising from the research findings. The aim of the study was to determine how corporate governance practices of public universities impact on decision making and leadership process. The University of Nairobi was used as a case study.

From the findings it is evident that corporate governance practices are characterized by the following main features: Inappropriate policies and procedures, poor resource planning and allocation, poor management practices, poor communication and corrupt practices. Poor governance practices have resulted to various problems at the university, which include poor administration, inappropriate governance structure and politics.

Decision making has been affected such that decisions take too long to be made and even when they are made, implementation is normally delayed, resulting to general inefficiency. Some of the decisions involved decisions on courses offered and student intake among others. Module II program has been singled out as one of those decisions which had not been given adequate thought. This has resulted to straining the already over stretched resources.

It also emerged that policies and procedures were not always followed especially in selecting and appointment of leaders. This process was largely seen to be based on political considerations other than merit. This has resulted to bad leadership

practices and subsequently low morale of staff and students. The government is seen more as playing an interfering role rather than facilitating.

The leadership process as represented by the process of selection of leaders has also been singled as not being very transparent.

These findings agree very closely with Sifuna D. (1998). He observed that not all academicians who were outstanding scholars could make effective administrators. Selection by voting was feared to create an electioneering situation that seriously harmed the academic and research mission of the university. The views of the government seemed to dominate in council deliberations and hence easily steer the universities affairs in government's favor.

The system of university council governance has seriously undermined universities autonomy and academic freedom. The government has in many occasions used the council to order the closure of the university and direct the number of students to be admitted without giving due consideration to the resources available to support these huge numbers. There are reported incidences where the university council had been used to hunt down and victimize academic members of staff and student who presented an opposing view or for exercising freedom of speech and association. Examples of such lecturers were Ngugi wa Thiongo and the current Chancellor of Jomo Kenyatta University of Science and Technology Prof. Ali Mazrui.

The method of appointing leaders also frustrates the process of decision making. As Sifuna (1998) denoted, soon after appointment most administrators quickly surround themselves with intellectual supporters "who help them to identify their enemies, real or imagined". Lack of appropriate administrative culture in public

universities has led to concentration of real decisions in the office of the vice chancellors to the extent that in their absence the vice-chancellors can not take decisions. The vice chancellors have therefore been relegated to subordinate or sycophantic advisors to the chancellors and vice-chancellors.

In Sifuna's study, he found that senates did not function as stipulated in the University Acts. The erosion of their powers had largely to do with the composition of the senate. The university of Nairobi act provides for autonomy. To some extent, the university has enjoyed some degree of autonomy in student admission and staff recruitment. This lack of autonomy has resulted to the apparent deterioration of the quality of education and the overall function of the university. A few respondents however felt that the government involvement with the university affairs was justified since they provided funding for university programs.

Knott and Payne (2001), found that the strengths and weaknesses of different higher education governance structures were mediated by historical and geographical cultures and economic conditions. These features play a very important role in the university performance. As a result public universities faced stiff competition from well developed systems of private institutions. In the west however public universities dominate the higher education landscape. They also found out that universities with decentralized systems seem to have more resources and were better managed than those with centralized systems. This seems to reflect the feeling of most respondents that minor decisions should be decentralized to quicken decision making.

5.2 Limitations of the study

The study faced several limitations, the major one being the timing. Data was collected at a time when both lecturers and students were busy with exams. As a result, any of them were reluctant to participate as it may not have been a priority, hence the response rate was only 50%.

The nature of the study was also seen to be very sensitive; in some instances the sources of the research was suspect to most respondents. In some instances some respondents sought to conceal their identity by not giving the correct occupation, for example, some lecturers indicated that they were students.

The study was based on individual perception at a time when unrests at the university was heightened. This could give room for individual biases and some level of subjectivity.

5.3 Recommendations for further studies.

For future study, I would recommend the study of trends of unrest in other public universities. The study could even be extended to private universities and a comparative study done to determine if differences exist in governance practices in public and private university. The study of corporate governance practices in other institutions of learning both private and public is also another interesting area of study.

There were aspects that were not under investigation but consistently came up in the study. These included the issue of HIV/AIDS and other malpractices by students like prostitution and crime. These could also form interesting study areas

where one would attempt to determine the existence, causes and extent of these social issues in our institutions of higher learning.

5.4 Recommendations for policy and practice

The findings from the study show that there are concerns about corporate governance practices in our institutions of higher learning. There is need to review the current governance structure with a view to improve operations and decision making and hence efficiencies at the university. The possibility of making public universities autonomous and independent of government interference, especially in appointment and selection of leaders.

Building leadership and management capability is going to be a critical thing in future. There is need to develop leadership curriculum for the training and development of those already in leadership and those aspiring to leadership positions at the universities. In the appointment and selection of leaders, more focus should be given to leadership and managerial capability and past experience in similar posts instead of academic qualification alone.

The university administration may consider reviewing the current policies, processes and procedures to ensure they are current and in line with the needs of the university. Decision making, especially for minor decisions need to be decentralized in order to improve the process and efficiency.

The area of communication needs to be addressed. There is need to enhance communication at all levels to reduce the level of uncertainty at the campus. In so doing key stakeholders in the various processes need to be consulted and involved when making decisions that impact on them. Developing and implementing a

communication strategy would greatly enhance communication at all levels. This includes communication on the mission, vision, strategy and corporate objectives.

5.5 Conclusion

The study has been an eye opener to the governance problems in our public universities. There is need for the relevant authorities to review the current governance structures with the view of implementing positive changes. With current globalization, our public universities are not only competing with their counterparts in the private sector, but also with other institutions in the global market. In order to remain competitive and relevant to the needs of its stake holders, change is inevitable. In order for this to happen a strong political will is required on the part of the government to let go of the affairs of the public universities to enable them operate more professionally.

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APPENDICES

APPENDIX 1: INTERVIEW GUIDE

SECTION A-PERSONAL INFORMATION

1. Occupation.....
2. Organization.....
3. Number of years at the university (For university of Nairobi respondents only)
.....

SECTION B –GENERAL ISSUES

1. What in your opinion would you say are the 5 key problems facing the University of Nairobi today?
.....
.....
.....
.....
.....
2. Why do you think issues you have mentioned above are a problem?
3. What in your opinion are the causes of these problems?

4. To what extent do you think the problems you have mentioned above are related to the governance structure?

Very small extent

Some extent

A great extent

Very great extent

5. What proposals would you recommend to solve the problems

6. On the overall, what other comments or recommendations would you make on the general governance of the University of Nairobi?

SECTION C: ORGANIZATION STRUCTURE

1. What in your opinion are the mission and objectives of the university?

Mission.....
.....

Objectives:

.....
.....

2. In your opinion to what extent do you think the current governance structure is appropriate to the achievement of the objectives of the university?

Very small

to a great extent

To some extent

to a very great extent

3. Explain your answer to question 5

4. Do you think the current structure is responsible for the problems at the university?

Yes

No

5. If, yes, to what extent do think the governance structure is responsible for the problems at the university?(if no ignore)

Very small

Significant

Great

Very great

6. If not what do you think is the major cause of the problems at the university? (If yes ignore)

7. If you were to recommend some changes what changes would you recommend?

SECTION D: LEADERSHIP PROCESS

1. To what extent do you think the current practice of appointing individuals for top in university of Nairobi positions is effective in getting the right people? (Explain your answer).

Not effective

Some what effective

Effective

Very effective

.....

.....

.....
.....
2. To what extent do think the current procedure, (in line with the university of Nairobi act) for appointing leaders at the University of Nairobi is followed.

Very small Significant Great Very great

3. In your opinion, how much weight is given to merit in appointment of leaders?
(explain)

Very little Significant Great Very great

.....
.....
.....
.....
.....

4. What changes would you like to see in the practice and procedure of appointing leaders

SECTION E: DECISION MAKING

1. In your opinion, to what extent do think key decisions at the University of Nairobi are made according to the laid down procedures (in the university of Nairobi act) examples opening and closure of the university, disciplinary actions for both staff and students)?

Very small significant great Very great

2. To what extent, in your opinion do you think the university of Nairobi act is current and relevant in effective decision making?

Very small Significant Great Very great

3. How has the current process of decision making impacted on the level of accountability

4. What changes would you recommend on the decision making process or in the University of Nairobi act?

SECTION F: ROLE OF GOVERNMENT

1. To what extent do you think the current role of government is in line with the university of Nairobi act?

Very small Significant Great Very great

2. Explain your response to question 1

APPENDIX ii: LETTER OF INTRODUCTION

15th June 2004.

University of Nairobi,
Faculty of Commerce,
Department of Business Administration,
P. O. Box 30197.
Nairobi

Dear Sir/Madam,

I am an MBA Part-Time student at the university of Nairobi. In fulfillment of the degree requirements, I am conducting a research project on “Perception of Corporate Governance Practices in public universities in Kenya: The case of University of Nairobi.

As part of the data collection process, I have attached a questionnaire, which I kindly request you to complete as honestly as possible. I confirm that the information received will be treated with strict confidence and will only be used for the purpose of the study.

Your co-operation will be highly appreciated,
Thanking you in advance,

Yours faithfully,

R.M. Monyoncho
MBA Student

Dr. Martin Ogutu
Project Supervisor
Department of Business Administration