A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS OF UNIVERSITY OF NAIROBI

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ABSTRACT

with the running of an organization in a way that guarantees that its owners or stockholders receive a fair return on their investments while the expectations of other stakeholders are also met. The study sought to examine the relationship between corporate governance structures and performance of sugar producing companies in Kenya. The objectives of the study were to establish the corporate governance practices in the sugar producing companies in Kenya and to determine the influence of the corporate governance practices on the organizational performance of the sugar companies. The study was a survey covering all the eleven sugar producing companies in Kenya. Using a structured questionnaire, data on the corporate governance practices and organizational performance were obtained. The data was analyzed using descriptive and inferential statistics with an index being built on the responses from each firm to increase the power and confidence level of the statistic. The results indicate that all the eleven sugar producing companies in Kenya practice some form of corporate governance although the degree of practice differ with some exhibiting high levels and others weak practices. The findings of the study further revealed that board decisions were not influenced by founder members and that it was not common for board members to engage in financial transactions with the company. In addition, the legal and regulatory framework was fully complied with. When the data was subjected to hierarchical regression analysis, the results indicate that overall, there is a positive and statistically significant relationship between corporate governance and the performance of the studied sugar companies. The study concluded that combination of good corporate governance practices is responsible for a large percentage of good performance achieved by the sugar companies. Individual corporate governance structures acting on their own do not always lead to improvement in performance. The study recommends that corporate governance best code of practice provides a structured approach and should be fully embraced by all the sugar companies. It is suggested that further research be done on corporate governance structures targeting individual sugar companies.