CORPORATE GOVERNANCE PRACTICES INFLUENCING PERFORMANCE OF WATER PROJECTS IN KENYA: A CASE OF TANA WATER SERVICE BOARD

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DECLARATION

I, the undersigned, declare that this is my original work and it has not been submitted to any other institution, or university for academic credit.

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DEDICATION

I dedicate this to the many people of the world who for one reason or another live without proper access to water, which is a natural resource from our creator. To all my friends, close and distant, who lack proper resources to access water, you are in my heart and mind.

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LIST OF ABBREVIATIONS

TWSB – Tana Water Service Board

BoDs – Board of Directors

CBK – Central Bank of Kenya

CIPFA – CharteredInstitute of Public Finance and Accountancy

CMA – Capital Markets Authority

CPSC – Canadian Public Service Commission

GWU – George Washington University

IFAC – International Federation of Accountants

IoD – Institute of Directors

NWSC – Nairobi Water and Sewerage Company

OECD – Organization for Economic Co-operation and Development

PSC – Public Service Commission

SCAC – State Corporations Advisory Commission

SRS – Simple Random Sampling

TWSB – Tana Water Service Board

UN-HABITAT - United Nations Human Settlements Programme

WASREB – Water Service Regulatory Board

WSBs – Water Service Boards

WSPs – Water Service Providers

ABSTRACT

The purpose of the study was to assess the influence of corporate governance practices on the performance of water projects in Tana Water Service Board. The study was guided by the objectives to examine the influence of technology, training, monitoring and evaluation, risk audit, and leadership on performance of water projects under management of Tana Water Service Board. Descriptive research design was employed to analyze data obtained from 256 senior and mid-level management staff, with a sample size of 53 being selected using purposive and simple random sampling.The study used Statistical Package for Social Studies (SPSS) to carry out analysis on the data collected with the findings being presented in form of tables and charts. The study found that technology, training, risk audit and monitoring and evaluation had a positive correlation with the performance of water projects in Tana Water Service Board. Leadership on the other hand displayed negative correlation with the performance of water projects in Tana Water Service Board. The study concluded that corporate governance practice drivers were effective tools in enabling improve performance of water projects in TWSB. The study recommends that all WSPs in Tana Water Service Board employ the use of advanced technology in their water projects, allow for on-job training for their staff to improve their skills further, ensure monitoring and evaluation is carried out throughout the life of each of the water projects undertaken, carry out frequent risk assessments and financial audits, as well as encouraging good leadership from the management.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Companies that have fully embraced the corporate governance practices are normally characterized by minimal cases of corruption and bribery for services, making them stand out in terms of performance and service delivery (Muelbert, 2009). Corporate governance as defined by Knell (2006)is a set of systems, structured processes, institutions, and defined policies that influence the way an institution is administered and managed. It mainly involves a set of relationships between an organization's management, its board, shareholders, and other stakeholders.

Corporate governance provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined (OECD, 2004). The purpose of corporate governance is toinstill control mechanisms that enhance trust and inclusivity of stakeholders, accountability, efficiency and effectiveness in organization operations. As Gompers et al. (2003) aptly asserts, good corporate governance increases valuations and boosts the wellbeing of corporations. Traditionally, corporate governance addresses issues of decision making at the level of directors and the top management, to ensure that all decisions are in line with the objectives of the company (Muelbert, 2009).The underlying principle of good governance is the demarcation of roles between board of directors and administrative management. This strengthens adequate oversight and supervision, which are key elements of ensuring accountability in organizational leadership.It is on the foundation of good corporate governance that Claessens et al. (2002) observe that firms are able to gain greater access to financing, lower their capital costs, and improve their overall performance.

On the contrary, poor governance renders an organization crippled, and therefore fails to meet its set objectives and goals, hence losing the goodwill and backing of company shareholders. This is evident in the recent occurrences that have seen the collapse of formerly huge organizations as a result of poor corporate governance (Kiarie, 2007). The collapse of commercial banks in Kenya among them Imperial Bank, Chase Bank and Dubai Bank, is a result of poor governance due to

poor oversight and accountability. Most government parastatals including Kenya Airways, Mumias Sugar, and Uchumi Supermarkets struggle with poor financial performance which could be attributed to poor governance. This has led to interest among scholars and practitioners to unravel why many parastatals are on the brink of collapse.

Most African countries have embarked on laying down initiatives to streamline corporate governance in both the public and private sector. In Kenya, the Private Sector Initiative for Corporate Governance was adopted by the corporate sector in 1999 to provide a national code of best practice for corporate governance (Koech et al., 2014). West African economic powerhouses Nigeria and Ghana have also laid down measures to improve corporate governance in both private and public sectors. As Mensah et al., (2003) observed, a survey by the Ghana Institute of Directors (IoD-Ghana) and Commonwealth Association of Corporate Governance between 1999 – 2000 revealed an increasing acceptance of good corporate governance practices. This led to official promulgation of Corporate Governance Manual in 2001, to provide a framework for good corporate governance practices in businesses across Ghana. The Nigerian government adopted the 2003 Code of Corporate Governance following a survey report by committee on Corporate Governance of public entities in Nigeria (NmehielleandNwauche, 2004).The IoD-Egypt was established in 2004 to create corporate governance awareness among Egyptian corporations and enlighten directors on their key role in overseeing corporate activities in a competent manner. In Kenya, the Capital Markets Authority (CMA), Nairobi Securities Exchange (NSE), Central Bank of Kenya (CBK), and Centre for Corporate Governance (CCG) are the leading voices in companies advocating for good corporate practices and governance in organization (Koech et al., 2014). The 2002 CMA guidelines of gazette notice No. 369 and No. 60 have had great impact on corporate governance in Kenya as they promote high standards of governance practices. From the last recession global economic meltdown between 2008 and 2009, there has been an increased effort to educate business owners and managers on the importance of good governance practices (NofiantiandSuseno, 2014).

Corporate governance practices call for openness and transparency, disclosing all transactions undertaken in the name of the organization (Wanna, 2007). It is also imperative that the management carries out comprehensive stakeholder engagements, to show that the organization acknowledges their role in service delivery and uptake of services rendered by the company. Good governance also calls for effective accountability through robust international controls and setting up of strong public financial management. The organization's BoDs should also allocate

available funds effectively so as to ensure they are used for the intended purpose. This is done by putting in place necessary follow-up measures to assess completed water projects and their audit reports.

1.1.2 Tana Water Service Board (TWSB)

Established in 2002 under Section 52 of the Water Act 2002, TWSB is one of the eight Water Boards in the country, under the Ministry of Environment, Water and Natural Resources, created to ensure efficiency and sustainability in provision of water and sewerage services in Kenya. The Water Board serves an estimated population of 5.5 million Kenyans, with a geographical cover of 3810km^2 (WASREB, 2015). With the core mandate of planning and developing water services infrastructure, supplying bulk water to Water Service Providers (WSP), and capacity building and monitoring of selected WSPs, TWSB serves 13 WSPs namely Nyeri Water and Sewerage Company, MTanara Water and Sanitation Company, Embu Water and Sewerage Company, Meru Water Services, Othaya Mukurweini Water and Sanitation Company, GatamTanaWater and Sanitation Company, Muranga Water and Sanitation Company, Muranga Water and Sewerage Company, Maragua South Water and Sanitation Company, Kirinyaga Water and Sanitation Company, Embe Water and Sanitation Company, Nithi Water and Sanitation Company, Imetha Water and Sanitation Company, and Kahuti Water and Sanitation Company.

The TWSBleadership is partitioned into Board of Directors (BoDs) and the Management team. The key role of BoDs is to ensure good governance and leadership, while the Management team is tasked with ensuring the organization runs smoothly. However, appointments normally prioritize individuals with both leadership and management skills. The primary role of TWSB leadership is to set and articulate organizational goals, and ensuring good corporate governance is integrated at all levels of the organization. According to TWSB (2012), the BoDs is mandated to offer guidance to the management team on policy development issues i.e. approving policy and ensuring that the management implements the same in all departments of the organization. This is to help TWSB fulfill its sole mission of transforming citizens' lives through quality and sustainable water services. Both the BoDs and the management team work as a unit to ensure TWSB develops the most efficient bulk water infrastructure as envisaged in their company vision.

As the state corporation established to set and oversee implementation of policies and strategies relating to provision of water and sewerage, Water Service Regulatory Board (WASREB) ensures that all Water Service Boards govern with integrity and enterprise in a manner that entrenches and enhances WSB mandate under Water Act 2002. WASREB requires that all WSBs adhere to the principles of corporate governance practices, to ensure WSPs offer efficient, adequate and affordable water services to consumers. There is now a greater need for accountability in TWSB as different stakeholders exert a lot of pressure on the management to up the bar in their performance and service delivery. This requires that the water board leadership has good problem solving skills, as well as upholding the highest level of integrity.

1.1.3 Parastatal Reforms in Kenya and the Mwongozo Code of Governance

Since independence, management of state parastatals in Kenya has been riddled with scandals and embezzlement of public funds. Corruption cases involving huge sums of money and blame games are seen as a norm in Kenyan parastatals. The most notable cases include Anglo Leasing case, the Goldenberg scandal, the Chicken gate scandal, the NYS money saga, the Eurobond scandal, the Afya House scandal, etc. It is this sad state of affairs that has led to the collapse of many entities set up to benefit the common citizens. The few surviving ones are barely on their knees, with the government pumping in a lot of money to keep them afloat. An observation by Nyingi (2015) revealed the poor situation that most organizations find themselves in. it was found that in the financial year 2011/2012, only 11% of the parastatals made any profits compared to 31% in the previous period 2009/10. Public debts owed by state corporations have accumulated to the level of crippling government businesses. For instance, KBC alone had an accumulated loan of Kshs. 32.4 billion which the government was paying after defaulting on repayment (Nyingi, 2015).

Even though the corruption cases have been so much to the level of blinding every other good initiative undertaken by the government. Intense criticism has led to government efforts to set up rules and measures to curb corruption and instill the good governance culture in to the leadership of our parastatals. Kenya has passed a number of legislations including the constitution to provide the manner in which they wish to be governed. Key among reforms aimed at streamlining the corporate governance is the Kenya Constitution 2010. Promulgation of the new constitution in 2010 brought with it the hope of a new dispensation and measures to sanitize the

operations of state-owned parastatals. With the whole of Chapter Six dedicated to leadership and integrity measures for all civil servants (GoK, 2010). Article 10 of the constitution outlines the national values and principles of governance for all state officers and civil servants. The constitution insists on the need for state authority to be exercised in a manner that demonstrates respect to the people, honour and dignity to the people of Kenya. Among the guiding principles of leadership stated in the Article include, free and fair election, competence, selection on the basis of personal integrity, objectivity and impartiality in decision making, selfless service based on solely public interest, the principle of accountability for public decisions made, discipline and commitment to service rendered tot the people. Article 74 to 80 was therefore devoted to providing for the way power vested in various state officers should be exercised (GoK, 2010).

Even though the 2010 constitution boasts about being the foundation upon which all other reform efforts are anchored, the greatest blueprint for transparent leadership in Kenyan parastatals is the Mwongozo code of governance. Established to ensure the counties attains the Kenya Vision 2030 aspirations, Mwongozo borrows much from the OECD guidelines for state-owned parastatals to ensure competencies and skills required for leadership of the state-owned organization (PSC, 2015). Acknowledging the fact that the success of parastatals is founded on the independence of the board members appointed and their competence and ability to serve, Mwongozocodeinsists on transparency and disclosure, accountability, risk management, internal controls and ethical consideration in the board discharging its mandate as enshrined in Article 232 of the Constitution of Kenya 2010 (Nyingi, 2015). Whereaschapter oneemphasizeson the competence of the board members, independence and their diversity in order to be able to discharge their duties effectively, chapter two emphasizes on the transparency and disclosure of all transactions parastatal leaders. This establishes a provision that all state corporation leadership prepares quarterly and annual reports to be filed with the State Corporation Advisory Committee (PSC,2015).

Even though the Mwongozo code of governance promises much to be desired in our corporate sector, it faces various challenges that threaten its existence leave alone the full implementation. One key challenge is the enforceability of the governance code, given the document does not grant the board any mandate to discipline rogue members. Instead, the code insists that it was established in line with section 30 of the State Corporation Act cap 466. This therefore calls on the goodwill of all board members of an organization to stand any chance of making the regulations count (Nyingi, 2015).

1.2 Statement of the Problem

Clearly, corporate governance is an important contributor to organizational success. There is a debate on the distinction between management and leadership, with one faction arguing that the two terms are synonymous, while the other party disagrees, saying that all leaders are good managers, while not all managers make good leaders. As Lunenburg (2011) clearly puts it, leadership in any organization is concerned with the people's beliefs, commitment, and progression in order to forge a new approach to maximizing their capabilities. Management on the other hand is more concerned with the organization's stability and maintaining status quo, with the primary role being execution of authority for responsibilities to be done, so that that the company remains competitive. Stagnation and demise of some the once great parastatals in Kenya including Mumias Sugar, Kikomi Kenya, Webuye Paper factory, Kenya Railways, Kenya Bus Service andKenya Airways, is a clear indication that there are some deficiencies in the leadership of state owned parastatals in Kenya. OECD (2005) posits that effective leadership must ensure that good governance practices are the cornerstones of its foundation. This shows the great significance of governance practices in the leadership of any organization, and therefore recent efforts to create awareness on corporate governance practices in public offices is to gradually cultivate the culture of good governance and ethical practices for a vibrant economy. Accordingly, the present studies on governance practices are motivated by the need to identify practical ways in which good corporate governance and leadership can be enhanced in Kenya (OECD, 2004). In this regard it is not possible to make much progress in cases where governance practices are not adopted in various departments of an organization.

Africa is characterized by weak regulatory and supervisory systems. History and politicshave combined to create a privileged few that resist efforts to promote good corporategovernance (Gatamah, 2008).These peculiarities call for the introduction of the principles of corporate governancein such a manner that they do not disadvantage or be seen to create trade barriers for any classof corporations. They also underscore the importance of ownership of the standards ofgovernance which must be seen as African standards, developed, formulated and ratified byAfricans for the well being of Africa and not imposed upon Africa from elsewhere.Hence, there is a need to develop systems for monitoring and evaluating compliancewith good corporate governance practices and strengthening the incentives for good corporategovernance (OECD, 1999). This demands that at least in the short term, society be prepared to recognize,acknowledge and reward good corporate governance. There is also a need to develop

andimprove institutions that have the capacity to implement and enforce best practices includingregulators particularly in the financial sector and self-regulatory organizations.

To identify the extent to which corporate governance practices are currently being utilized and their influence on the service delivery in Kenya, governance practices of our managers ought to be examined. While previous studies had indicated lack of proper academic qualifications for top leadership personnel as a key contributor to the demise of big parastatals, a number of recent findings state otherwise (Tukuta et al., 2012). As Ncube and Maunganidze (2014) observed, majority of parastatals heads in Zimbabwe had sound academic qualifications for the office, but very few in leadership positions showed corporate governance skills required to uphold ethics and integrity in public offices. This was found to be the key reason for the collapse of various organizations despite having the best brains at the helm of leadership (Zhou, 2000). Most BoDs lacked the basic corporate governance practices such as transparency, integrity, openness, honesty, and accountability. The picture of parastatal leadership in Kenya is not any different from that painted by Tukuta et al., (2012). Studies show that this is the case for state organizations in most if not all countries in Kenya.

The current stagnation and demise of some public enterprise in Kenya's economy suggest among other things that the organizations' leadership has failed to correctly implement the governance practices that ensure equity and fairness in both employment and service delivery. This observation engenders the need for further investigations into governance practices. Corruption is a major organizational problem that has not been adequately addressed neither by organizations nor researchers despite concerted attempts. Despite the widespread public outcry on rampant corruption cases in Kenya, not much has been done to get to the root cause and uproot the vice from organizations' leaders. Government enterprise managers and BoDs in Kenya are under increasing pressure to reform and eliminate corruption cases to live up to the new and higher standards of public service delivery as per the Vision 2030

TWSB as theWater Board that servesthe six counties, Nyeri, Meru, Embu, Muranga, Tharaka, and Kirinyaga covers an estimated combined population of 14million people. This is not a mean fete as the body has to monitor and gauge performance of all the 13 WSPs, as well as taking intervention measures whenever there is need to do so. The mammoth Central Kenya population has not helped in easing the water shortage problems especially in slum areas, which has only been made worse by global warming phenomenon that has led to prolonged droughts hence

declining water levels in reservoirs. Given that the core mandate of TWSB is to ensure protection of consumer interests with regards to water use, the board owes it to the general public to ensure transparency, accountability and responsiveness to facilitate efficient and steady water supply by WSPs. It is on this premise that the study finds it imperative to advocate for implementation of corporate governance practices in all departments of TWSB. As a regulatory body mandated to ensure WSPs have the required facilities to ensure steady water supply to households in the six counties. This involves construction of large dams and reservoirs, as well as laying down pipe networks to ensure steady water flow. Previous studies have indicated that poor governance practices have a huge effect on service delivery and project implementation among large public organizations in Kenya. Given that TWSB deals with big projects that involve huge sums of money, there is need to investigate how well the funds are utilized towards the intended course. It is imperative that the leadership comes up with measures to enhance integrity standards, confidence and credibility in the work of the water board. This can only be made possible by implementing good governance practices in all departments of the organization, and ensuring integrity is upheld by all employees and stakeholders. It is on this premise that the study intends to examine the influence of corporate governance practices on performance of water projects within Tana Water Service Board.

1.3 Purpose of the Study

The purpose of this study was to investigate on the drivers of corporate governance practices at the Tana Water Service Board and its influence on performance of water projects at TWSB.

1.4 Objectives of the Study

To be able to critically investigate the drivers of corporate governance practices at TWSB and be able to analyse the influence it has on performance of water projects, the study was be guided by the following objectives.

i) To examine the influence of technology on performance of TWSB water projects.
ii) To assess the influence of training on performance of water projects at TWSB.
iii) To establish the influence of Monitoring and Evaluation on sustainability and performance of water projects in Tana Water Service Board.

iv) To determine the influence of risk audit and assessment on performance of water projects at TWSB.

v) To examine the influence of leadership on performance of water projects in Tana Water Service Board.

1.5 Research Questions

The study sought to answer the following research questions:

i) To what extent does technology influence performance of water projects in TWSB?

ii) To what extent does training influence performance of water projects in TWSB?

iii) To what extent does MandE influence performance of water projects in TWSB?

iv) To what extent does risk audit and profiling influence performance of water projects in TWSB?

v) To what extent does leadership influence performance of water projects in TWSB?

1.6 Significance of the Study

The importance of this study cannot be over-emphasized, given the current government's efforts to provide clean and safe water to all households in the country. This is mainly because of acute water shortages and rampant cases of corruption in water companies that has left many people questioning the governance practices of water service providers. In its quest to restore public confidence in water service providers, the Water Service and Regulation Board (WASREB)has heaped all the pressure on water serviceproviders to ensure good governance practices within the top management, and at the same cultivate the conducive environment for efficient service delivery among water companies. As OECD (2015) acknowledges, effective governance practices require more than just good management team. The senior management team at the TWSBtherefore need to domesticate and exercise good corporate governance practices, to ensure water companies have a steady water supply and regulation system.

Given the need to ensure exemplary leadership, TWSB directors are therefore under intense pressure to do everything in the perfect way. This coupled with a myriad of external challenges that TWSB is facing, i.e. persistent droughts leading to water shortages, rising rate of inflation and cost of living, rampant corruption cases in public offices, political witch-hunt and tribalism

in governmental parastatals, and other social challenges. The relevance of the study is therefore immense, considering the fact that the current integrity and ethical demands on parastatal leadership are too high, that a single error or negligence in their duty would lead to a senior official losing their job or even land them in jail (Koech et al., 2014).

First of all, the study stands to benefit corporate managers and directors of TWSB, who will be able to know how the best corporate governance practices to cultivate in departments within the organization. Borrowing a leaf from NofiantiandSuseno (2014), parastatal managers in Kenya should shift their focus to practicing good governance themselves and avoid corruption and selective treatment of their subordinates. Establishing good corporate governance requires long periods and constant efforts, as well as striving to overcome the challenges of corruption, collusion, and nepotism in the board's conduct reflected in business ethics and public service during over a long period of time. Rasilience (2014) clearly indicates that the modern day manager in any organization must possess good governance and leadership competencies, since he/she is expected to lead the subordinate team in driving the organization toward achieve its goals and objectives. As a rule of thumb, the board of management must therefore create conducive environment within TWSB thatencourage other employees to be open and transparent in their operations. This cultivates trust within an organization and enables employees to apply concerted efforts in providing efficient services to WSPs.

The study also stands to benefit the government of Kenya, which as the owner has a greater responsibility to see to it that the Water Board realizes its objective of being the centre for best practices in development of bulk water infrastructure. As the main funder and overseer of all Water Boards in Kenya, the government has borne the full brunt poor governance that has seen various parastatals on the brink of collapse needing constant financial bailouts. Having initiated the culture of corporate governance practices by laying down statutes to govern the TWSB operations, theGoK stands to reap big in the study findings on the best corporate governance practices to encourage in Water Boards that ensure effective and efficient water service delivery to WSPs and the public at large. Tasked with developing and managing bulk water infrastructure in a very wide geographical area, TWSB leadership has the utmost duty of ensuring accountability and transparency in all its transactions to avoid public backlash. The tendering processes in construction of large infrastructure should always adhere to the laid down procurement procedures, because the money involved comes from the public coffers. As has become a norm in Kenya, government parastatals are collapsing every passing day due to poor

governance practices, with the government having to be called in to bail them out with the taxpayer's money. Various BoDs have also been replacing management teams on a regular basis, which makes it expensive and unsustainable due to compensations to outgoing managers and salaries for the incoming team. Therefore having laid downguidelines in place for corporate practices is set to ensure smooth running of TWSB and other Water Boards in Kenya.

The significance of this study to the literature world and research at large cannot be overestimated. Findings of the study go a long way to fill the knowledge gap in the field of corporate governance in government parastatals. The word 'governance' in itself elicits a very fierce debate among scholars, though they all tend to agree with one fact that it is an evolutionary process rather than an occurrence. Researchers have relied heavily on the initial definition of corporate governance in terms of influencing the behaviour of an organization towards its stakeholders (Dignamand Lowry, 2008). According to Claessens et al. (2002), since its inception as a key factor in performance of organizations, researchers have embarked on coming up with corporate governance practices that increase access to financing, lower costs of capital, improve organizational performance, and encourage favourable treatment of all stakeholders in an organization. The more than 100 years of research work in this field has had different researchers agreeing on possible good governance practices in government parastatals. However, different opinions arise on if all the practices have a blanket effect on any organization or some practices suit one organization more than the other. However, there still remains a lot to be done with regards to governance practices in less developed countries, for instance Kenya. This is because Kenya as a country is grappling with a huge foreign debt with very little to show of the money borrowed. This is squarely attributed to corruption, a product of poor governance practices in public offices, a disease that threatens to deprive Kenya of any economic development, more than 50 years since independence. This study therefore aims to fill this knowledge vacuum in Kenyan literature by examining corporate governance practices that will improve service delivery at TWSB. The knowledge obtained will not only benefit the TWSB BoDs and their top management, but the larger business community in Kenya and the literacy world to know the best corporate practices in government offices.

In view of the above implications of carrying out the study, its importance can therefore not be overstated, given the many facets of life in Kenya and the rest of the world that it will impact.

1.7 Limitation of the Study

The study was well prepared to encounter challenges in the course of the research. Key among the challenges is the time constraint, with very few months allocated for the study yet governance as a topic has so much to be exhaustively covered within the stipulated time period. Data collection proved to be an uphill task, given the critical nature of questions on integrity and individual character of personnel at the TWSB. Some respondents, in fear of being incriminated for corruption and abuse of office, feared responding to some of the questions. However, the study mitigated this by encouraging research assistant to assure respondents of utmost confidentiality, and that the information obtained was solely meant for academic purpose, and would not be disseminated in any other forum that would infringe on their privacy.

Focusing on corporate governance in one of the most critical departments in the country, the study faced multiple hurdles in trying to unravel the relationship between good corporate governance and project implementation and water service delivery. As it was discovered later, the topic of the study proved to be a limiting factor since it touches on the sensitive integrity issues among top managers and BoDs of TWSB. This made some senior officials of TWSB to refuse being respondents to the study for the fear of the information leaking into the wrong hands. Since TWSB handles large sums of money for big projects, sensitive financial information was a problem to obtain, making it difficult to meet some of the study objectives. The short time period also proved to be an impediment to an in-depth research proposal, making it difficult to observe all the parameters of corporate governance in such a complex organization.

1.8 Delimitations of the Study

The study covers a very wide scope of analysis and literacy, which encompasses corporate governance, leadership, TWSB management structure, relationship between WSPs and TWSB, and TWSB employees' relationship with their superiors. Though the study focuses mainly on the TWSB departmental heads and other managers, the findings go a long way in helping managers in other public and private offices and policy makers choose the right corporate governance practices to aid project implementation and efficient service delivery in their organizations. The study targets the senior departmental management structure of TWSB in Kenya as the primary unit of analysis, because it is their actions and mandate that instil or erode good governance

practices within the Water Board, and in turn affect the performance of WSPs within central Kenya region and the eastern part of the country. Findings of the study on corporate governance practices in TWSB stand to benefit not only the TWSB board management but also the whole private and public sectors, as the managers will insist on corporate governance practices that bring the best out of their employees, at the same time improve their welfare and the general productivity of the organization.

1.9 Basic Assumptions of the Study

This study will be founded on the following assumptions: The study assumes that the selected sample is representative of the population in all the variables of interest; The study also assumes that respondents will be available and willing to participate and in the study, and provide honest and accurate responses to the administered questions; The study also assumes that all questionnaires will be returned on time and that the researcher will have adequate time to complete the study.

1.10 Definition of Significant Terms as Used in the Study

Policy – Generally refers to a purposive course of action that an individual or group consistently follow in dealing with a problem

Technology – Is the application of scientific knowledge for practical purposes, especially in industry.

Training – is the process of equipping the workforce with the necessary knowledge, skills and attitude to tackle the job responsibilities.

Monitoring and Evaluation – I the process that helps improve performance and achieve results. Its goal is to improve current and future management of outputs, outcomes and impact.

Risk audit – Refersto the risk that an auditor may issue an unqualified report due to the failure in detecting material misstatement either due to error or fraud in an organization. For instance, risk assessment may be higher in an entity where separation of duties is not well defined.

Leadership – Is the action of leading a group of people or an organization, or the ability to take charge or be in control of a situation.

Parastatal – A state owned organization or industry, especially in an African country.

Governance – A set of accountabilities, processes, and auditable andmeasurable controls thatensures a company is on track to achieve its set objectives.

Corporate Governance – Is the manner in which the power of a corporation is exercised in thestewardship of the corporation's total portfolio of assets and resources with the objective of maintaining andincreasing shareholder value and satisfaction of other stakeholders in the contextof its corporate mission.

Participatory Monitoring and Evaluation - Form of MandE that allows for increased mutual and active involvement of all relevant stakeholders and their ability to influence control over content of the evaluation outcomes.

Stakeholder– Is any group or individual who can affect or is affected by the achievement of the organization's objectives.

1.11 Structure of the Study

The research project was organized into five chapters. Chapter One comprises of The Background of the study, Statement of the problem, Purpose of the study, Objectives of the study, Research questions relevant to the study, the Significant of the study and Basic assumptions of the Study, the Limitations of the study and its Delimitation, Definitions of Significant Terms relevant and Used in the Study and finally the Organizational of the study. Chapter Two reviewed literature related to the study. It reviewed the literature on the drivers of corporate governance and performance of water service providers and other organizations, as well as assessing literature about the previous studies carried out in the field with a view of addressing the problem that has been raised. Chapter Three contains the design and procedures that were followed. Items to be described included the survey population, sample size and sampling procedures and instrumentation. The data collection and analysis strategies were presented. The presentation and discussion of findings based on the analysis of data was exhaustively discussed in chapter Four. Chapter Five on the hand had the summary findings of

study, the conclusions, policy recommendations, and the implications of thestudy on future research work.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews all literature related to corporate governance practices in state owned organizations and how it affects performance and service delivery. In this chapter, literature was reviewed thematically in accordance with the study objectives listed in the previous chapter. Empirical issues addressed by other scholars were also critically reviewed. Theoretical foundation of the study was highlighted, as well as establishing the conceptualframework and literature gaps in the reviewed literature.

2.2Performance of Water Service Board Projects

Water service boards the world over use projects as a means of organizing activities aimed at achieving desired objectives (Beleiu et al, 2015). Projects are rolled out to achieve a specific objective-the end result. They consume resources and they must be completed within a certain timeframe while meeting quality requirements. An organization‘s inability to meet project timelines, budgets and especially goals significantly impacts its ability to survive—and even thrive (Project Management Institute, 2013). Performance measures for water projects can be associated with attainment or non attainment of intended deliverables, related benefits and meets or does not meet customer satisfaction. Traditionally, performance of a project has been referred to as reaching the objectives and the planned outcome in compliance with predetermined conditions of time, cost, and quality demonstrated in the golden triangle (Beleiu et al, 2015). They however contend that due to increased development of knowledge in the project management field, the golden triangle has been considered inadequate to define project performance. In addition, projects are unique in many ways including size, complexity, objectives, and geographical location among other characteristics. This uniqueness also explains why the criteria for measuring success or failure of projects will vary from one project to another.

At the very beginning of any project, the goals, the deliverables and requirements must be statedin clear terms. This will form a strong foundation of determining the project performance. As already mentioned, a project is successful if its scope is delivered on schedule, it is delivered within budget and, once delivered, it meets the quality expectations of the donor and the beneficiaries.Numerous studies have been conducted to establish why projects fail or succeed. Hyvari (2006) in their study on the success of projects in different organizational conditions established that leadership, communication and external environment greatly influenced project performance. Project success is influenced by the level of knowledge, skills and experience of the project manager and project team, appropriate and consistent use of project management tools, processes and methodologies, alignment of the outcomes of the project to organization strategy, managing the expectations of the project stakeholders and timely management of risk (Jumba, 2013)

2.3 Technology and Performance of WaterProjects

Information technology refers to anything related to computing technology, such as networking, hardware, software, the Internet, or the people that work with these technologies. According to Daft (1997) IT can be defined as the hardware, software, telecommunications, database management, and other information-processing technologies used to store, process, and deliver information. Information technology is commonly used to assist managers with direct control over business functions, personnel and other resources. As managers oversee resource coordination and allocation, it can be difficult to coordinate business functions across various projects. Information technology is one of the key innovations that is frequently implemented to assist in this process (Hobday, 2000). Peansupap and Walker (2005) maintain that IT is often implemented as it is believed to facilitate communication, improve integration, enhance productivity and service delivery (Bjork, 1999).

As organizations grow and change, they depend more and more on information technology for their survival (Feeny and Willcocks, 1998). Companies today implement and use information technology to find solutions to business problems, to improve management decision-making, enhance productivity and quality, and compete for new markets in our global and aggressive business environment (Porter and Millar, 1985). In the 1960's and 70's, information technology was widely employed by many firms mainly for achieving routine clerical and administrative

activities such as processing data related to bookkeeping and accounting activities (Bird and Lehrman, 1993). It was used as a monitor of the firm's internal and external environment; in other words, as a support factor for the other organizational system components (Blili and Raymond, 1993). However, the cost, the distribution, and the fact that it was generally applied to only simple tasks in its early stages discouraged its application to strategic uses in areas such as enhancing the organization's position against competitors, moving into new markets, and providing managers with better information for effective decision making. The advancement in the technological field along with other advancements have enhanced the economies of information technology and greatly expanded its applications (Bird and Lehrman, 1993).

Today, information technology has become not only a tool to process data and record transactions, but also a competitive weapon that can change an industry's structure. Galliers (1994) suggested that because of the rapid pace of technological advances and the impact of information technology on the changing competitive environment, organizations are forced to critically evaluate their management of information and technology resources in order to achieve their strategic objectives. One of the strongest evidences of the impact of IT has been illustrated as coming from the firm-level analysis that is confirmed to a number of developed countries (OECD, 2003). Most of these studies use a combination of growth accounting methods and econometric models to examine samples of industries and firms. For example, (Gretton, 2002), studying firm-level data from the Australian Business Longitudinal Survey, found positive and significant links between the use of IT and growth in both manufacturing and service industry. (Brynjolfsson and Hitt, 2003), investigating US firm-level data, proved that IT has a solid impact on productivity. (Pilat and Wolfl, 2004) examined the role of ICT-producer and key ICT-consumer sectors in explaining overall productivity growth in LDC countries; they found that the impact of ICT-producer sectors is most significant in Finland, Ireland, and Korea whereas ICT-consumer sectors in some countries, remarkably US and Australia, had an impressive growth in the second half of the 1990s. (Hempell, 2004) analyzed comparable panel data of the Dutch and German firms in the service industry and found that ICT capital deepening and innovation have complementary impact on productivity.

The Massachusetts Institute of Technology group in 1991 concluded that information technology is the platform on which success can be built but organizational factors are crucial to realizing the benefits of automation and information process (Morton, 1991). Information technology can be considered to be a series of innovations. Even though the innovations provide organization

with new and different ways of solving problems and enhancing performance, there is still a great deal of research to be done and discussion among researchers and organizational theorists on how innovations should be implemented and managed and how they affect organizations on different levels.

It is widely accepted among many authors and researchers in the organizational field that information technology has a significant effect on the performance of the organization's activities (Bhattacherjee and Hirschheim, 1997; Morris and Westbrook, 1996; Porter and Millar, 1985). For example, information technology applications can be used to improve the level of efficiency of administrative functions in an organization and to enhance the effectiveness of managerial activities. These applications also can be used as tools to impose better organization on tasks and to provide better information to managers. Zuboff (1988) pointed out that information technology applications are strongly altering the way in which production operations are carried out in variety of industries and thus using information technology to create and acquire a competitive advantage.

2.4 Training and Performance of Water Projects

Armstrong, (2001) defines training as the formal and systematic modification of behavior through learning, which occurs as a result of education, instructions and development and planned experience. Training is the process of equipping the workforce with the necessary knowledge, skills and attitude to tackle the job responsibilities. Staff development on the other hand is improvement of the employee competences for future environmental demands and adaptability. Beardwell and Hidden (1994) consider training and development as a planned process to modify attitude, knowledge or skill behavior through learning experiences to achieve effective performance in an activity or range of activities. Corporations are offering a variety of training programs to meet their organizational needs. These include content on IT and systems, processes, procedures and business practices, industry-specific trainings, managerial or supervisory training, interpersonal skills, compliance, sales, executive development, basic skills, new employee orientation, customer service and quality. As Reynolds (2004) points out, training has a complementary role to play in accelerating learning. It should be reserved for situations that justify amore directed expected approach rather than viewing it as a comprehensive and all-

pervasive people development solution. He also commented that the conventional training model has a tendency to emphasize subject –specific knowledge rather than trying to build core learning abilities.

Development is a long term education process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and theoretical knowledge for general purpose. According to Campbell (1971) development implies an individualgrowth and self-realization in a brand base. Cole (1990) suggests a broader view of knowledge and skills acquisition training. He suggests that he is more concerned with employee potential than immediate skills and views employees as adaptable resource aiming at personal growth and realization of potential of an employee. Armstrong (2001) indicates individual development is the progression by individuals in their career with guidance encouragement and help from the manager. Training and Development improves the workforce competence in order to create a competitive advantage and contribute to organizational success. Training and development is also a means for employers to address the employees‘ needs. By offering the training and development opportunities employers help employees develop their own competitive advantage and ensure long term employability, Jackson (2008). Development implies it is an ongoing process and that progress is made over time and this fits also with the emphasis on long life learning.

2.4 Monitoring and Evaluation and Performance of Water Projects

As Armstrong and Baron (1998) opine, performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors. Performance is concerned with improvements in service delivery and employee development,to satisfy the needs and expectations of all the organization’s stakeholders. Implementation of government and program initiatives is most commonly astaged process (Wanna, 2007). Where it is not a staged process, there is value in trying to break the tasks intoseveral manageable steps. Project monitoring and evaluation is an on-going process that traverses the definition, planning, development and implementation stages of a project.

Once a project has been approved and funded, monitoring occurs at two levels; at the project level, and organizational level (Wanna, 2007). At the project level, the sponsor monitors on behalf of the board to ensure riskis being managed, while at the organizational level the BoD monitors the sponsor toensure realization of promised benefits. The board mustoversee some mechanism to monitor the sponsor because it would be a clearconflict of interest to have the sponsor monitor themselves. It would expose theorganization to the risk of having the sponsor change the success criteria if theproject fails to deliver what was originally promised. This is the current practiceand can probably only be overcome with this additional board level discipline.The advantage of having this mechanism is not that targets will cease to change,but that boards will have earlier warning and have more opportunities to cancelprojects if circumstances change and make projects unviable. A board must havethe discipline to intercede and cancel unviable projects because it is too muchto expect a fired-up project sponsor to be

Figure 2. 1: Steps of establishing a monitoring system (Armstrong, 2001)

objective enough to cancel his ownproject. The key governance question at an organizational level is whether thebenefits on target or being realized. As Manasseh (2004) noted, this cannot be answered without somekind of monitoring mechanism and related to this is the question ofwhether appropriate interventions are being directed if the benefits are not ontarget.According

to Manasseh (2004), there are five key steps in establishing a monitoring system in an organization as shown in figure 2.1 above.

The first step is to define roles, inwhich the key result areas and competence requirements are agreed. Next is the performanceagreement or performance-planning phase which defines expectations. Then there is the performancedevelopment stage. Fourth is the implementation phase which focuses on providing feedback onperformance, conducting informal progress reviews, updated objectives andcounseling where necessary. Fifth, performance review phase which isthe formal evaluation stage that can lead to performance ratings (Armstrong, 2001).Providing and demonstrating better value and improving performance is at the centre ofany public sector organization today. In order to do this, organizations need to agree on strategicpriorities and then measure and manage those to achieve better results. However, McCourt andEldridge (2003) found that in most African countries, the public service still practiced theAnnual Confidential Report (ACR) to decide on internal and seniority base promotion. Forinstance in Ethiopia, performance management as part of Civil Service Reform Program (CSRP)has in its original design (Solomon, 2000).

2.5 Risk Auditing and Performance of Water Projects

Risk management is one of the nine knowledge areas propagated by the ProjectManagement Institute (PMI, 2008). The PMI (2008) guide recognizes nine knowledge areas typicalof almost all projects. Each area in itself contains some or all of the projectmanagement processes. Risk management is a difficult aspect of project management (Ahmed, 2007). Theproject manager must be able to recognize and identify the root causes of risks and correlatethem to their effects on project performance. Risk management in the construction projectmanagement context is a comprehensive and systematic way of identifying, analyzing andresponding to risks to achieve the project objectives (ICE, 2005). Major decisionsand influence on the choice of alignment and selection of construction methods are made atthe early stages of a project, making risk management at this stage very essential (Eskesen, et al., 2004).

The construction industry involves many players and is inherently complex. Themajor classifications of construction works are: housing, non- residential building, heavy,highway, utility, and industrial (Clough et al., 2005). Construction projects may be newconstruction or renovation and rehabilitation of existing infrastructure facilities. Mostconstruction work in

Rwanda involves new public and private infrastructure projects. Largeconstruction projects are exposed to risks arising from planning, design and constructioncomplexity, many players, use of many resources and their availability, unpredictableenvironmental factors, the continuously changing economic and political environment, andstatutory regulations (Chapman, 2003).

The risk analysis and management techniques have been described in detail by many Cretu (2011), and Klemetti(2006). Atypical risk management process includes risk identification; risk assessment; risk mitigation;and risk monitoring. Risk identification process attempts to identify the source and type ofrisks. Risk identification involves the recognition of potential risk event conditions in theconstruction project and the clarification of risk responsibilities (Wang, Dulaimi, and Aguria,2004). Risk identification is the basis for analysis and control of risk management andensures risk management effectiveness. The identification and mitigation of project risks arecrucial steps in managing successful projects (Carbone and Tippet, 2004).

2.3.5 Leadership and Performance of Water Projects

Projects are usually unique and often are associated with unknowns, complexity, and uncertainty. Obviously, a project manager's role is more challenging than that of a typical, functional manager. In addition to working across functional and organizational environments, traditionally designed to support functional managers, the project manager has other challenges such as providing leadership without documented, formal authority, and working in matrix organizations where unity of command is an issue (Cleland, 1995). Consequently, project managers are perceived to be leading a diverse set of people with little direct control over the team members (Cleland and Ireland, 2002).

Additionally, projects are managed using teams in a work environment that is complex for two reasons: first, each project is unique, and second, conditions for team selection and motivation are often far from ideal (Smith, 2001) as a typical organization structure presents problems in team selection, and in many organizations a project manager may not have the discretion to select the project team. Compounding the situation further, some of the project team members are engaged in more than one project. Kerzner (2006) observed that projects fail to meet time and cost targets due to poor morale, lack of motivation, poor human relations, poor productivity,

and lack of commitment from employees. It is evident from Kerzner's observation that people-related issues play a crucial role in project performance, underlining the importance of a project manager's management and leadership roles.

It is important to understand the distinction between management and leadership, which is not always obvious. Management is usually focused on classical functions such as planning, organizing, and controlling. In general, management is concerned with making decisions about processes and functions in order to improve operational efficiency and effectiveness. Leadership, on the other hand, is about motivating and guiding people to realize their potential and achieve tougher and challenging organizational goals. Among leadership styles, situational leaders focus on various tasks and relationship behaviors (Hersey and Blanchard, 1996), and transformational leaders may inspire followers, meet their developmental needs, and encourage new approaches and more effort toward problem solving (Selzer and Bass, 1990). One may argue that transactional leadership style**,** which is based on an exchange of reward and work, is more suited to organizational processes, whereas transformational leadership is useful when one is concerned with relations.

Two factors linked with projects underline the importance of management and leadership roles in project performance. First, the project has to manage teams comprising of different disciplines, and second, projects are characterized with complexity, risk, unknowns, and uncertainties. Management functions such as organization, planning, and control are at the core of an efficient and effective use of resources in projects. Leadership assumes similar importance due to project team composition and challenges associated with it. Referring to other studies (Norrie and Walker, 2004) suggested that project management, by definition, is about implementing a change program. Consequently, leadership is considered a determinant of success as it provides vision and ability to cope with change (Kotter, 1990, 1999).

As Turner and Müller (2005) observed, many research studies have discussed the importance and/or style of project leadership in determining project performance (Leban and Zalauf, 2004); however, there is no definitive skill and leadership style mix that is appropriate for handling different types of projects, and project leadership orientation is not related to project structure (Lee-Kelly and Leong, 2003).

Keegan and Hartog (2004), presenting a different perspective from that held by Leban and Zalauf (2004) concluded that there are no significant differences between perceived leadership

styles of line managers and project managers in terms of their transformational leadership behaviour they instead suggested that new leadership theories are to be developed for new forms of organizing with multiple forms of governance, commonly associated with project management.

2.4 Theoretical Framework

As Kerlinger (1986) opined, a theory is a set of interrelated principles and definitions that present a systematic view of the phenomena by specifying relationships among variables with the purpose of explaining natural phenomena. In effect, a theory includes a set of basic assumptions and axioms as the foundation and the body of the theory is composed of logically interrelated, empirically verifiable prepositions. Theoretical frameworks are explanations about the phenomena (Camp, 2001). Theoretical framework provides the research the lens to view the world clearly (Mariam, 2001).The study was be founded on the Stewardship theoryand Stakeholders' theory.

2.4.1 Stewardship Theory

A steward is defined by Davis et al. (1997) as one who protects and maximizes shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximized. In this perspective, stewards are company executives and managers working for the shareholders, protects and make profits for the shareholders. The stewardship theory invokes the notion of a company and its governance based on the applicable company law (Tricker, 1994). This theoretical underpinning is a normative one based on the belief that the directors to whom authority is delegated will exercise stewardship. The theory is predicated on the belief in the just and honest man who acts for the good of others. Stewardship theory stresses not on the perspective of individualism, but rather on the role of top management being as stewards, integrating their goals as part of the organization.Stewardship theory appears to be appropriate for explaining Corporate Governance within the communitarian paradigm (Tricker, 1994).

Stewardship theory offers an alternative to agency theory by suggesting that when a convergence of values exists between principals and agents or when organizations promote unselfish values, responsible behavior results by internal means (De Bruijn andDicke, 2006). Lack of trust referred to by the agency theory regarding authority and ethical behavior is what is replaced by this theory which is one of the key distinguishing features of it. Stewardship theory therefore displays convergence with the sole purpose of corporate governance practices in organizations, which insists that individuals in both leadership and servitude should uphold integrity, which in turn ensures trust among employees in an organization.

2.4.2 Stakeholders Theory

Wheeler et al, (2002) argued that stakeholder theory was derived from a combination of the sociological and organizational disciplines. Stakeholder theory can be defined as any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this include the suppliers, employees and business partners.Friedman and Miles (2006) argued that organizations should consider the interests of stakeholders because they influence the performance of firms in various ways. Mitchell et al. (2006) highlight that stakeholders bear some risks as a result of their direct or indirect investment in a particular organization. A firm is therefore an interrelationship of various stakeholders who influence the organization both externally and internally. According to Freeman et al. (2004), stakeholder theory basically aims at striking a balance between the interests of a corporation's stakeholders and their satisfaction. It tries to identify the purpose of the firm. Identification of the firm's purpose therefore becomes the driving force underlying its activities (Freeman et al., 2004).

2.5 Conceptual framework

A conceptual framework is a scheme of` variables aresearcher operationalize in order to achieve the set objectives (Oso and Onen, 2000).This implies that a conceptual framework is basically a diagrammatic presentation of a theory. This study wasguided by the following conceptual framework, which is used to explainthe interrelationship between variables.

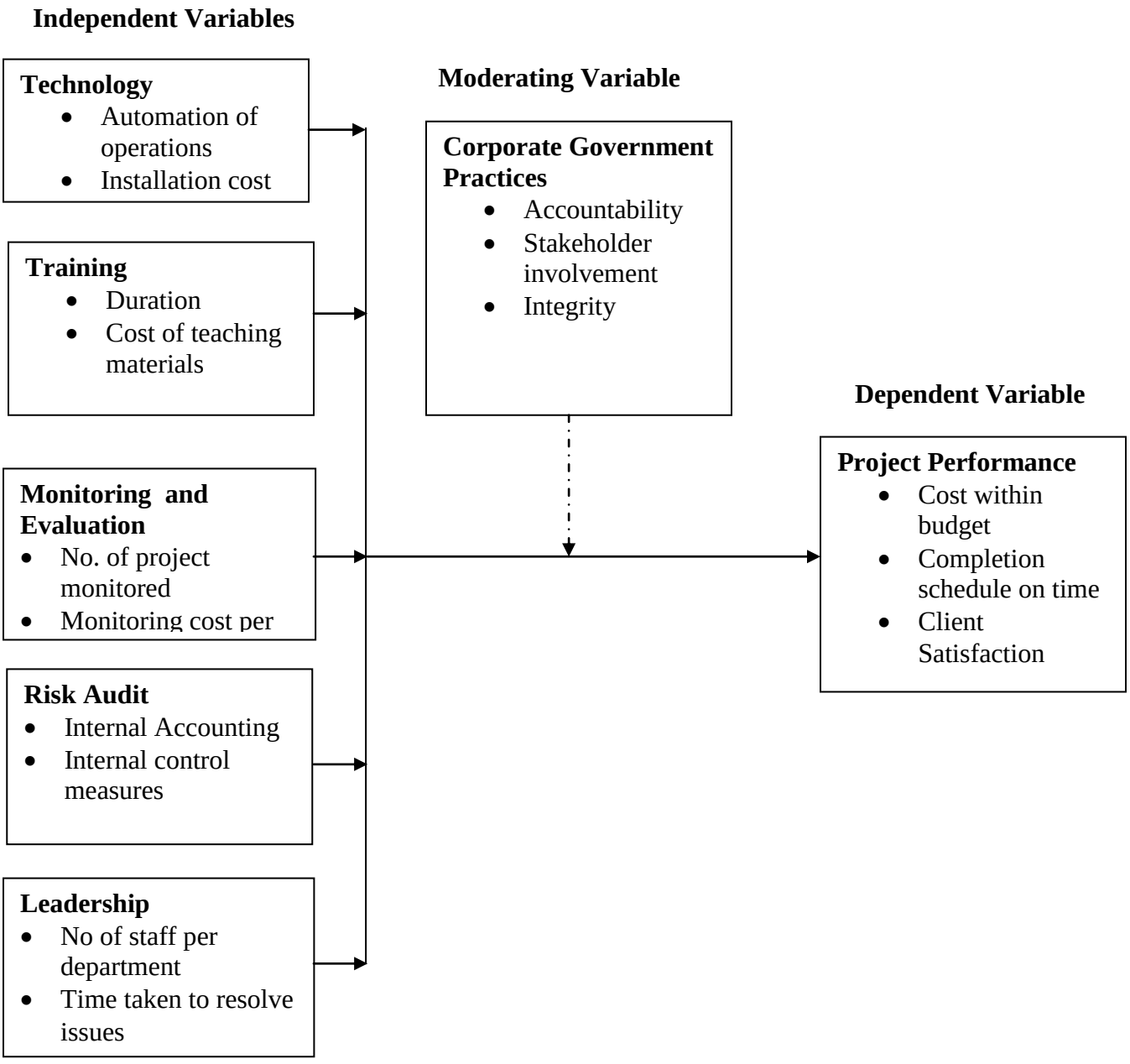

Figure 2.2: Conceptual Framework

TWSB project implementation and WSP service delivery is primarily affected by performance monitoring systems, availability and effective allocation of project funds, openness, transparency and disclosure, as well as stakeholder engagement and trust.

2.6 Summary of the Literature

Citing several research studies, Turner and Müller (2005) argued that success factors vary over different stages of the project life cycle. In a related and a much earlier study of variations in critical success factors in project life cycle stages (Pinto and Prescott, 1987), client acceptance of functions at an early stage of planning was found to be significantly related to project success underlining the importance to determine stakeholder expectations early in the project. Likewise, after a comprehensive literature review of critical success factors of projects from the 1960s to present, Jugdev and Müller (2005) recommended that project managers should, early in the project, identify successindicators which address the needs of key stakeholders, assess them using simple measures, and develop and maintain good and effective communication with key stakeholders.

2.7 Literature Gap

Corporate governance enhances the performance and ensures the conformance of corporations. The financial scandals and collapses in developed economies triggered most of the reviewed literature in the developing economies, without realizing that corporate governance practices used in developed countries are not directly applicable in developing economies because of political, economic, technological and cultural differences (Rabelo and Vasconcelos, 2002). This means that there is a need to develop models of corporate governance that consider the conditions in each developing country and that are not directly borrowed from developed countries. This paper examines how corporate governance practices affect performance of water projects in Tana Water Service Board, with the aim of establishing practices that will enable water service providers to ensure implemented projects meet their mandate.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that will be employed in the study. The areas covered include: research design, target population, sampling procedure, data collection, research instruments, reliability and validity of the study instruments, data analysis, ethical considerations and concludes with operationalization of variables table.

3.2 Research Design

Given the objectives and research variables as highlighted in the conceptual framework, the study employedboth descriptive and explanatory research designs. Descriptive research design combined with graphical illustrations was used to describe various variables of interest as well as measures of central tendency. On the other hand, explanatory research design was used to establish the moderating effect of corporate governance practices on project performance drivers in departments of WSPs under TWSB. As such, the study used both primary and secondary data. Primary source of data used was mainly the questionnaire. Secondary sources include journal articles, government reports, theses and dissertation, and books. This design is used to establish relationships between two or multiple variables of interest. Creswell (2005) posits that explanatory research design can be used to predict an outcome such as performance of manufacturing firms. Consequently, explanatory research design can be used to investigate the influence of corporate governance practices on project performance at TWSB.

3.3 Target population

Target population is defined as the entire aggregation of respondents that meet the designated set of criteria (Singleton and Straits, 2010). It is a set of all members of a real or hypothetical set of people, events or subjects to which a researcher wishes to generalize his/her results (Ngechu, 2004).Tana Water Service Board has a total of four departments with 30 senior and middle managers. The 13 WSPs have a total of 227 management staff. The target population for the study is therefore 257senior and junior managers.

3.4 Sample Size and Sampling Procedure

The study used purposive sampling method to select respondents from the various categories in the area under the TWSB jurisdiction. .

3.4.1 Sample Size

According to Mugenda and Mugenda (2003) a sample is a subset of a particular population selected for the purpose of study to make conclusion about a population. Mugenda (2003) however stresses that if the population size is small, then it is advisable that the researchers does a complete census of the population. This position is also supported by Gupta (2007), which avers that if the researcher has enough resources and time, one can choose to do a complete census of the study if the population size is small. Sampling frame is defined as the complete list of all members of the total population (Saunders and Lewis, 2012). Basing on the Mugenda and Mugenda (2003) rule which posits that a sample size equivalent to 10-30% of the population is representative enough to draw a statistically significant inference about a given population, the study targeted53 respondents, which is 20% of the target population of 256 management employees in all WSPs within Tana Water Service Board.

3.4.2 Sampling Procedure

In order to collect enough data and information, the study sampling frame was put into two categories. In order to carry out this study, a smaller group of 53 respondents were chosen from the total target population of 250 senior and middle management personnel. In the first category

purposive sampling was applied where 14 senior managers were picked because of the leadership position they hold in their respective WSPs. In the second category, simple random sampling was applied to obtain 43 employees in middle level management in their respective organizations.

3.5 Research Instrument – Questionnaire

Since the research work used primary data, the questionnaire was the principal tool for data gathering. This study used the questionnaire as the main instrument of data collection. The questionnaire was the most appropriate instrument due to its ability to collect large amount of information in a reasonably quick span of time and economic manner, the study used a closed ended questionnaire for ease of analysis. Additionally, the tool was suitable as it was good for the quantitative approach which the study adopted.

The questionnaire consists of two section; first section of the questionnaire deal with demographic statistics such as name, age, occupation, marital status, level of education and years of residing in the area. This information provides data to be used in analyzing the demographic statistics based on gender, age and years of residence. The second section has various subsections aimed at obtaining information based on the various variables the study is seeking to address. The respondents were asked to indicate on a five-point scale their perceptions of the various variables and performance of water projects in their respective WSBs. The scale range is: 5- Strongly Agree, 4 - Agree, 3 - Neutral, 2 – Disagree and 1 - Strongly Disagree.

3.5.1 Pilot Study

Pilot testing is an important step in testing to the reliability and validity of the research instruments. Thus a pilot study based on the top and middle management of all the 13 WSPs was conducted. This enabled the researcher to ascertain the suitability of the questionnaire before administering it in the study. Once pilot study is done and the questionnaire is found to be reliable, data was collected from 53management employees from all the 14 organizations.

Accompanying the questionnaire wasa letter of introduction from to authenticate the research as well as assure respondents of confidentiality of the information gathered. In collection of data, the study employed research assistants to hasten the process and ensure professionalism in data collection and entry.

3.5.2 Validity of Research Instruments

The study tested for external validity by discussing the questionnaire with experts in the field of corporate governance in public offices. This is aimed at obtaining crucial expert comments that will be used to modify the questionnaire and improve its validity. The validity test was conducted to ensure that the research instrument measures what it is supposed to measure. The study tested the validity of research instrument by seeking opinion and comments from professors and experts in public corporate governance practices. A pilot test of the questionnaire was done and reviewed with the help of the project supervisor on its relevance to the topic under study. To ensure content validity, the researcher specified the domain of indicators which are relevant to the topic under study and used expert opinion of the supervisor to determine if the content of the research instruments is adequate in addressing research questions. The study then used the pilot study findings to address deficiencies in the research instrument.

3.5.3 Reliability of the Research Instrument

According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a research instrument yields consistent result on data after repeated trials. A reliable instrument is one that produces consistent results when used more than once to collect data from the sample randomly drawn from the same population (Mulusa, 1990). The study conducted factor analysis to select a sub set of variables from a larger set based on the original variables with the highest correlations with, the principal component factors. Reliability analysis was conducted using Cronbach's alpha to determine whether the data gathered on each variable had a significant relationship with the performance of water projects.

Creswell (2012) indicates that a reliable research instrument should have a composite Cronbach Alpha of at least 0.8 for all items under study. Thus, reliability coefficient, α, of 0.7 will be

considered acceptable. However, where α <0., then the research instrument was revised before going for field work to reach acceptable level.

3.6 Data collection Procedure

Data collection is the means by which information is obtained from the selected subject of an investigation (Mugenda and Mugenda, 2003). The researcher sought permission from the University and the National Commission for Science Technology and Innovation (NACOSTI). Data collection involved a self-administered questionnaire. The researcher dropped the questionnaires personally to the respondents. 53 questionnaires were distributed to the senior and mid level managers to fill in. After one to two weeks, duly filled questionnaires were collected for further processing of data at the end of the data collection period**.**

3.7 Data Analysis

Data analysis aims at reporting information collected from respondents of this study. Findings were presented, analyzed and discussed in conjunction with the objectives of the study so as to select the most accurate and quality information from the feedback by the various respondents. This study was expected to produce both quantitative and qualitative data to explain the influence of corporate governance practices on performance of water projects in Tana Water Service Board. Once the questionnaires were received they were coded and edited for completeness and consistency. The data was analyzed by employing descriptive statistics and inferential analysis using statistical package for social science (SPSS). This technique gave simple summaries about the sample data and presented by quantitative descriptions in a manageable form (Orodho, 2003). In carrying out data analysis, the following tests were carried out using SPSS 20 program.

3.7.1 Regression Model

The independent variables generated from the questionnaires were used in regression analysis to estimate the magnitude and direction of drivers of corporate governance practices on

performance of water projects. The five key drivers of corporate governance practice formed a multiple linear regression model specified as shown in the equation below.

$$\boldsymbol{P_i = \beta_0 + \beta_1 Tech_i + \beta_2 Trn_i + \beta_3 ME_i + \beta_4 Rsk_i + \beta_5 Ldsp_i + \varepsilon_i}$$

Where,

$\boldsymbol{p_i}$ = Performance ofproject*i*

$\boldsymbol{Tech_i}$ = Technology effect on project*i*

$\boldsymbol{Trn_i}$ = Training effect on project *i*

$\boldsymbol{ME_i}$ = Monitoring and Evaluation effecton project *i*

$\boldsymbol{Rsk_i}$ = Risk audit effect on project *i*

$\boldsymbol{Ldsp_i}$ = Leadership effect on project *i*

$\boldsymbol{\varepsilon_i}$= White noise error term

$\boldsymbol{\beta's}$= Parameters to be estimated

The results from this model were presented in tables and pie charts in chapter four.

3.7.3 Correlation analysis

Correlation is a way of assessing the relationship between variables. It measures the extent of correspondence between the ordering of two random variables. There is a large amount of resemblance between regression and correlation, with the only difference being their methods of interpretation of the relationships between variables. Correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables. The most common indices used in correlation analysis are Spearman Rank Correlation coefficient and Pearson Correlation coefficient.

As illustrated in the previous section, questionnaires wereused to collect data, before subjecting the collected data in SPSS version 22 for analysis. Cross sectional data was generated from the questionnaires administered. According to Saunders et al. (2012), cross sectional survey is a data collection and analysis approach where respondents are asked questions that were developed in advance. The study employed the use of cross sectional data analysis techniques to test the hypotheses stipulated in chapter one. Descriptive analysis was carried out with the aim of

describing various patterns of key variables of the study. This is in line with Trochim (2006) who argues that descriptive statistics are the preliminary for any quantitative analysis.

3.8 Operationalization of variables

Table 3. 1: Operationalization of Variables

	Objective	Variable	Indicator(s)	Measurement Scale	Data Collection Method	Data Analysis
1		Performance of Water Project	Cost within budget Completion within schedule Client satisfaction	Numerical	Questionnaire	Descriptive
2	To examine the influence of Technology on water project performance at TWSB	Technology (Independent Variable)	Cost within budget Completion within schedule Client satisfaction	Nominal	Questionnaire	Descriptive
3	To analyze the influence of trainingon project performance	Training (Independent Variable)	Cost within budget Completion within schedule Client satisfaction	Nominal	Questionnaire	Descriptive
4	To assess theinfluence MandE on project performance at TWSB	Monitoring and Evaluation (Independent Variable)	Cost within budget Completion within schedule Client satisfaction	Nominal	Questionnaire	Descriptive
5	To assess theinfluence Risk Audit on project performance at TWSB	Risk Audit (Independent Variable)	Cost within budget Completion within schedule Client satisfaction	Nominal	Questionnaire	Descriptive
6	To examine the influence of project manager leadership on water project	Leadership (Independent variable)	Cost within budget Completion within schedule Client satisfaction	Nominal	Questionnaire	Descriptive

3.9 Ethical Considerations

(i) Origins of Research Ethics

Consideration of ethical issues in research has long been a feature of research and most notable has its origins in the 1947 Nuremberg Code following the trials of the Nazi war criminals (Social Research Association, 2003). It is one of important documents in the history of ethics of research and the first of its kind to ensure the rights of subjects. The Nuremberg Code provides such principles as properly formulated scientific experimentation; informed consent and absence of coercion; and beneficence towards research participants. Although this first works majored on research ethics in medical practice, many of the principles have general application; for example regard for human dignity; care for human and animal welfare, consideration of risk, and informed consent of human subjects in research projects (SRA, 2003). Many professional, statutory and regulatory bodies such as Research Council, have adopted either Codes of Practice or Guidelinesin operations.

(ii) Need for Ethical review and the review process

Ethical review becomes necessary where the research involves participation of human subjects (participants) or their data. Ethical considerations across the research community have come to the fore front in recent years. This is due to legislative change in human rights and data protection, as well as increased public concern about the limits of inquiry.

It is on this premise that the study purposes to ensure that the names of respondents and their departments are not made public and by so doing protect the rights of respondents. During data collection, research assistants will ensure that any respondent who opts out of the survey does so without any form coerced. Additionally, the research will seek for clearance certificate from the National Industrial Training Authority and an authority letter from the University of Nairobi clearly stating the purpose of this research.Consent will also be sought from the participants to indicate their willingness to participate in the study. The study will also ensure anonymity when it comes to responses to the study questionnaire. The study will ensure that the information obtained is solely used for research purposes.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents findings and analysis of data obtained on the drivers of corporate governance as a tool to influencing performance of water projects in Tana Water Service Board. Descriptive analysis was done to describe the respondents' demographic profile. The main aim of the objective for descriptive analysis was to understand the profile of the sampled WSP water projects, whereby frequencies, percentages, means and standard deviation were used to describe their characteristics.

4.2 Response Rate

This study targeted all the 13 WSPs under the TWSB, which gave a sample size of 53 respondents. Data was obtained from 50 of the 53 respondents, representing a response rate of 94% which according to the study was significantly a great response rate. The study used structured questionnaires as the main data collection instrument for primary data. The questionnaires had both open and close-ended questions for respondents, with the questionnaire either being dropped in hardcopy, or sent via email to at least one respondent in each of the companies occupying the position of a shareholder, director, senior manager or company secretary. The close-ended questions provided more structured responses to facilitate tangible recommendations. The open-ended questions provided additional information that may not have been captured in the close-ended questions. Secondary data sources were also employed through the use of previous documents or materials to supplement the data received from questionnaires. Secondary data was collected from WASREB annual periodicals and other annual reports from WSPs within TWSB.

4.3 Demographic Information

The study sought to enquire on the respondents' general information including gender, age and level of educational. This general information is presented in subsequent sections.

4.3.1 Gender of the Respondents

The respondents were also asked to indicate their gender. The results are as shown in the table 4.1

Table 4. 1: Gender of the Respondents

	Frequency	**Percent**
Male	27	55
Female	23	45
Total	**50**	**100**

As per the results, 55% of the respondents were male while 45% were female, as clearly depicted in Figure 4.1 below.

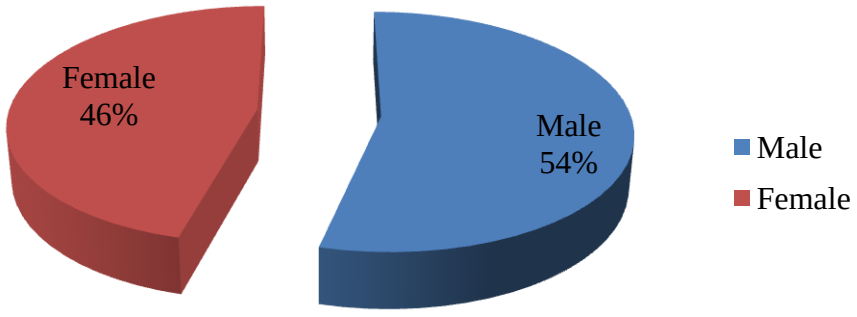

Figure 4. 1: Gender of Respondents

This shows that all the study was gender sensitive and did not show bias to any particular gender when selecting respondents for the survey.

4.3.2 Age of the Respondent

The respondents were also requested to indicate their respective ages. The results are as shown in table 4.3.

Table 4.2: Age of the Respondent

	Frequency	**Percent**
Below 30 years	4	4.3
30- 50 years	31	65.6
Above 50 years	15	30.1
Total	**50**	**100**

According to the study findings, 65.6% of the respondents were aged between 30-50 years, with 30.1% being aged above 50 years, with only a paltry 4.31% aged below 30 years. This clearly shows that majority of respondents in managerial positions within the WSPs are mature enough to have amassed sufficient experience to enable them provide good leadership to their organizations.

With more than 95% of respondents being 30 years and older, it is imperative to conclude that the response had enough expertise to run their respective departments in WSPs, as well as instilling ethics and good governance practices in their subjects to ensure the company meets its set targets and objectives. The study therefore concludes that most of the respondents were mature enough to understand the subject of the study and give reliable and relevant information concerning the subject matter.

4.3.3 Education Level

The respondents were also requested to indicate their education level. The findings show that more than 70% of the respondents have university degree and above, a clear indicator of high literacy levels in the area. This shows that majority of the respondents are well learned enough to comprehend the subject matter of the study. The level education qualifications by the respective respondents as measured in terms of attaining undergraduate masters or post graduate qualifications. The results show that 49% of the respondents had a Bachelor Degree, 18% had a Master's Degree or PhD, while further 13% had a Postgraduate degree. Only 20% had a diploma certificate, though majority reported to being members of professional bodies like ICPAK, ICPSK, Kenya Institute of Human Resource Management,Kenya Institute of Management among others. These results show that the respondents were well informed on the subject of study and thus appropriate for the study and offered the answers to the questionnaires as appropriate as possible. This also implies that most of the WSPs under Tana Water Service Board employ highly educated officers at the top management with the majority having at least a university degree. It is presumed that persons with such qualifications are intellectually able to handle the complex corporate governance issues and dynamic business requirements in their respective companies.

4.4 Drivers of Corporate Governance Practices

This section presents the findings on drivers of corporate governance practices. These include technology, training, monitoring and evaluation, risk audit, as well as leadership.

4.4.1 Technology

This was first driver of corporate governance practices as established by the findings in response to the first objective of the study. The study sought to know from the respondents, the frequency and ease of embracing the use of computers and other forms of modern technology in their operations. The study also wanted to know if the various departments are have computerized their operations and if the automation cost is a hindrance in automating their operations. Responses were as shown below.

i) My department has automated all the operations.

Table 4.6 Rating adequacy of disbursed funds

Response	Frequency	Percentage
Strongly Disagree	16	32
Disagree	10	20
Not sure	5	10
Agree	11	22
Strongly Agree	8	16
Total	**50**	**100**

The findings in table 4.6 above indicate majority of the respondents strongly disagree with the assertion that their departments have fully automated their operations. More than 50 % of the respondents were of the contrary opinion that WSPs should consider computerizing all their operations as well as getting current technological equipment for their project team to improve accuracy of their water dispensing equipment as well as improving their efficiency. 10% expressed reservation on the automation of operations in WSPs, while 38% of the respondents were satisfied with the level of service automation done by WSPs in improving their performance.

ii) The organization can afford to use current technology on new water projects

Table 4.7 Affordability of advanced machinery for the projects

Response	Frequency	Percentage
Strongly Disagree	10	20
Disagree	6	12

Not sure	6	12
Agree	11	22
Strongly Agree	17	34
Total	**50**	**100**

The study findings in table 4.7 show 34% of the respondents strongly agreeing with the assertion that the WSPs are capable of purchasing advanced machinery for construction of water projects, with a further 22% agreeing with the assertion. This therefore rules out the question of cost when it comes to the purchase and utilization of advanced technological machines in construction of water projects. However, 21.6% however expressed reservation on the affordability of advanced construction machinery for water projects, indicating that they are not sure if WSPs are allocated enough funds sufficient to purchase advanced machinery. 32% of the respondents disagreed with the assertion that the WSPs are capable of purchasing advanced machinery for construction of water projects.

4.5.2 Training

The study sought to know the respondents' opinions on the level of training given to employees and the project staff working on water projects in WSPs within Tana Water Service Board. The respondents were asked to indicate how they agreed with the opinion that training on ethics and corporate governance practices had influence on the performance of water projects in WSPs within TWSB. Responses were as shown below.

i) Well trained staff members observe the company's code of conduct

Table 4.8 Influence of training on water project performance

Response	**Frequency**	**Percentage**

Strongly Disagree	9	18
Disagree	8	16
Not sure	5	10
Agree	12	24
Strongly Agree	16	32
Total	**69**	**100**

The study findings in table 4.8 above show that more than 50% of the respondents agree that training has significant influence on the performance of water projects in their respective WSPs within TWSB. Though a significant 34% disagree with this assertion that staff training on integrity and governance has any influence on performance of water projects in tiheir organizations, it goes without saying that a huge percentage of the respondents are in agreement with this statement. This is therefore a clear indicator that training of employees play a significant role in the performance of water projects in WSPs under TWSB.

ii) Corrupt employees lowering performance of water projects in our organization

Table 4.9 Community involvement in project development and management

Variable	**Frequency**	**Percentage**
Strongly Disagree	7	14
Disagree	10	20
Not sure	4	8
Agree	13	13

Strongly Agree	16	32
Total	**50**	**100**

The study findings in table 4.7 above indicate that more than 40% of the respondents agree with the assertion that corruption is one of the greatest threats to the performance of water projects in respective WSPs. It shows that majority of the respondents are of the opinion that WSP management teams should seek to weed out corrupt staff if the organization is to realize the optimum performance of water projects implemented. This, they assert will ensure funds set aside for the projects will be is put to the right use and not misappropriated or embezzled.

4.5.3 Monitoring and Evaluation

The study sought to know the respondents' opinion on the influence of MandE as a driver of corporate governance on performance of water projects in WSPs within TWSB. Respondents were asked to indicate if they agree with an assertion that MandE has significant influence on the performance of water projects. Their responses were as tabulated below.

i) MandE enables the organization to know which water project to implement

Table 4.10 MandE influences performance of water projects

Variable	Frequency	Percentage
Strongly Disagree	10	20
Disagree	8	16
Not sure	4	8
Agree	11	22

Strongly Agree	17	34
Total	**50**	**100**

The study findings in table 4.10 indicate that more than 40% agree with the assertion that monitoring the progress of water projects influences their performance. Majority of the respondents argued that monitoring the project progress enables the management to know which areas need more funding, hence reducing construction delays and necessitating successful completion of all initiated projects.

ii) Evaluation of ongoing projects improves their performance

Table 4.11 Evaluation of projects improves their performance

Variable	**Frequency**	**Percentage**
Strongly Disagree	10	20
Disagree	8	16
Not sure	4	8
Agree	11	22
Strongly Agree	17	34
Total	**50**	**100**

After analyzing the data collected, the findings in table 4.11 above showed that more than 40% agree with the assertion that evaluation of ongoing projects helps the organization know the progress and viability of water projects. Majority of the respondents argued that evaluation

enables the management to know which areas need more attention and which one are either understaffed or underfunded, hence performance of initiated projects.

4.5.4 Risk Audit

The study sought to know the respondents' opinion on the influence of Risk audit as a driver of corporate governance on performance of water projects in WSPs within TWSB. Respondents were asked to indicate if they agree with an assertion that risk assessment has significant influence on the performance of water projects. Their responses were as tabulated below.

*i) **Risk assessment enables the organization management establish the viability of initiated water projects***

Table 4.12 Risk assessment and water project performance

Variable	Frequency	Percentage
Strongly Disagree	8	16
Disagree	10	20
Not sure	4	8
Agree	16	32
Strongly Agree	12	24
Total	**50**	**100**

The findings in table 4.12 above show that more than 50% of the respondents agree with the assertion that risk assessment improve performance of water projects in their organizations. It

was noted that risk audits enabled the management to know the viability of each project undertaken by the organization.

ii) Audit reports help in improving accountability within the organization

Table 4.13 Audit reports improves accountability in the organization

Variable	Frequency	Percentage
Strongly Disagree	8	16
Disagree	7	14
Not sure	5	10
Agree	17	34
Strongly Agree	13	26
Total	**50**	**100**

The study findings in table 4.13 above indicate that more than 50% of the respondents are of the opinion that financial audits and assessment makes employees more accountable hence funds meant for water projects would be efficiently utilized without embezzlement.

4.5.4 Leadership

The study sought to know the respondents' opinion on the influence of leadership as a driver of corporate governance on performance of water projects in WSPs within TWSB. Respondents were asked to indicate if they agree with an assertion that managers' leadership skills have significant influence on the performance of water projects. Their responses were as tabulated below.

i) The organization management academic qualifications influence performance of water projects initiated at the facilities

Table 4.12 Management academic qualification and project performance

Variable	Frequency	Percentage
Strongly Disagree	18	36
Disagree	14	28
Not sure	3	6
Agree	5	10
Strongly Agree	10	20
Total	**50**	**100**

The study findings in table 4.12 above show that majority of the respondents disagree with the assertion that individuals' academic qualifications play a significant role in the performance of water projects in Tana Water Service Board. It was found that more than 60% of the respondents are of the contrary opinion that managers and staff members with higher academic qualifications provided better leadership than those with low academic qualifications, hence improved performance of water.

ii) The managers' years of experience is key to good leadership in WSPs water projects

Table 4.13 Managers' years of experience enhance performance of water projects

Variable	Frequency	Percentage
Strongly Disagree	16	32
Disagree	16	32
Not sure	3	6
Agree	7	14
Strongly Agree	8	16
Total	**50**	**100**

The study findings in table 4.13 above show that majority of the respondents disagree with the assertion that the manager's years of experience play a significant role in the performance of water projects in Tana Water Service Board. It was found that 64% of the respondents are of the contrary opinion that managers and staff members with more years of experience provided better leadership than those who just entered the field, hence improved performance of water.

4.5.5 Moderating effect of Corporate Governance Practices

The study sought to know the moderating effect of corporate governance practices on performance of water projects in WSPs within TWSB. Respondents were asked to indicate if they agree with an assertion that adherence to corporate governance practices influences the performance of water projects. Their responses were as tabulated below.

i) The organization has its internal code of conduct

Table 4.14 Resource allocation and project sustainability

Variable	Frequency	Percentage
Strongly Disagree	10	20
Disagree	8	16
Not sure	5	10
Agree	13	26
Strongly Agree	14	28
Total	**50**	**100**

The study findings in table 4.14 above show that majority of the respondents agree with the assumption that the organization's internal code of conduct plays a significant role in the performance of water projects in Tana Water Service Board. It was found that more than 60% of the respondents are of the opinion that the organization's internal code of conduct plays a significant role in the performance of water projects by enlightening employees on upholding integrity when handling project funds.

4.6 Regression Analysis

4.6.1 Analysis of Variance

The ANOVA test results were as shown in table 4.16 below.

Table 4.16 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.404	4	.101	5.325	.002[b]
	Residual	.664	35	.019		
	Total	1.068	39			

a. Dependent Variable: Performance of water projects in TWSB; Predictors: (Constant), Technology, Training, Monitoring and Evaluation, Risk audit, and Leadership

The results in Table 4.16 show that the F value is 5.325 which is significant at 5% significance level since the P-value (0.002<0.05). This clearly shows that the regression model is important to explain the influence of the deterministic variables on the performance of water projects in TWSB.

4.6.2 Regression Coefficients

Using regression model in SPSS computer application, the study found the regression coefficients as shown in table 4.16 below.

Table 4.16 Regression Coefficients

Model		Unstandardized Coefficient		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.553	.740		8.852	.000
	Technology	.608	.621	.618	-.847	.013
	Training	.336	.012	.335	-2.288	.028
	MandE	.505	.060	.508	2.708	.010
	Risk Audit	.536	.016	.538	2.880	.007
	Leadership	-.036	.160	-.040	2.708	.020

a. Dependent Variable: Performance of water projects in Tana Water Service Board WSPs

From the results on Table 4.16 the resultant regression equation is

$$\boldsymbol{Y_1 = 6.553 + 0.608X_1 + 0.336X_2 + 0.505X_3 + 0.536X_4 - 0.036X_5}$$

The results on show that technology (X_1), training (X_2), MandE (X_3), as well as risk audit (X_4) have significant effect on the performance of water projects. On the contrary, leadership (X_5) portrayed insignificantly inverse effect on the performance of water projects. This clearly indicates that technology, training, MandE, and risk audit have a notable influence on the performance of water projects in WSPs within TWSB, while leadership has an insignificant relationship with project management.

4.7 Correlation Analysis

Correlation analysis is useful in testing the relationship strength between given variables. The values of correlation coefficient varies between -1 and 1 with values close to one (in absolute terms) suggesting perfect correlation. On the other hand, a correlation coefficient close to zero suggests absence of correlation. In this study, Pearson correlation coefficient was used to examine the relationship between performance of water projects and explanatory variables. Correlation analysis was employed to establish the nature and the degree of the interaction between the lead variables in the research. Table 4.17 shows the results obtained

Table 4.17 Correlation Matrix

	Water Project Performance	**Technology**	**Training**	**MandE**	**Risk Audit**	**Leadership**
Water Project Performance	1					
Technology	.681**	1				
Training	.421	.515	1			
MandE	.567	-.267	.669**	1		
Risk Audit	.506	.506	.598**	.671**	1	
Leadership	-.104	.421	-.041	-.096	.011	1

Source: Author (2018)

The results of table 4.17 show that a significantly positive relationship exists between water project performance and technology, with a correlation coefficient of 0.681. There is also a positive relationship between water project performance and training, MandE, and risk audit with correlation coefficients of 0.421, 0.567 and 0.506 respectively. The results also show an inverse

correlation between water project performance and leadership with a correlation coefficient of -0.104.

4.8 Interpretation of Findings

The study examined the influence of drivers of corporate governance on performance of water projects in Tana Water Service Board. The study found that there is a positive relationship between the project performance technology, training, MandE, as well as risk audit which means that any in any of the four drivers will negatively affect the performance of water projects. These findings conform to those of Shaharudin, Samad and Bhat (2009), which found that there exists a direct correlation between modern technology and the performance of construction project. Saharudin et al (2009) also found that lack of accountability by project managers erodes the level of trust between the managers and other stakeholders, which would ultimately lead to the collapse or stalling of the project, since the management cannot clearly account for the monies meant for the project.

The study also shows an adverse effect of leadership and performance of water projects, which means that leadership capabilities of an individual should not be pegged on their academic level or years of experience. These findings concur with those of Rahman, et al. (2009), which posits that higher academic qualifications and management experience in the construction project normally erodes competency of the manpower due to individual pride and complacency, making it more likely that the project will collapse before completion.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four and gives conclusions and recommendations based on the objectives of the study. The purpose of the study was to establish the extent to which drivers of corporate governance practices influence performance of water projects within WSPs under TWSB. The chapter further discusses the limitations of the study and makes recommendations for further research.

5.2 Summary of the Findings, Discussion and Conclusion

The study population comprised of 14organizations, 13 WSPs and the TWSB which plays the oversight role over the 13 WSPs. Questionnaires were used to collect primary data and were sent to senior and mid level managers in each of the targeted WSPs and TWSB. 50 questionnaires were completed and returned, representing a response rate of 94%. The research found out that 55% of the respondents for this study were male and 45% female, implying that the study was gender sensitive. Similarly, majority of the respondents were aged between 30 -50, followed by those aged above 50 years, with very few respondents below 30 years. This could have been influenced by the fact that majority of those in management position are in their prime ages between 30 and 50 years owing to the academic requirement to occupy senior positions.

The study found that there is a positive relationship between the project performance technology, training, MandE, as well as risk audit which means that any in any of the four drivers will negatively affect the performance of water projects. These findings conform to those of Shaharudin, Samad and Bhat (2009), which found that there exists a direct correlation between modern technology and the performance of construction project. Saharudin et al (2009) also

found that lack of accountability by project managers erodes the level of trust between the managers and other stakeholders, which would ultimately lead to the collapse or stalling of the project, since the management cannot clearly account for the monies meant for the project.

The study also shows an adverse effect of leadership and performance of water projects, which means that leadership capabilities of an individual should not be pegged on their academic level or years of experience. These findings concur with those of Rahman, et al. (2009), which posits that higher academic qualifications and management experience in the construction project normally erodes competency of the manpower due to individual pride and complacency, making it more likely that the project will collapse before completion.

The study found out that most WSPs in Tana Water Service Board comply with corporate governance guidelines as issued by WASREB and TWSB. The study further found that corporate governance was as a significant tool that most companies use to improve their performance. Most of the companies had tailored made their own internal corporate governance guidelines and integrated the governance practices into their strategic plans. In this regard, respondents indicated that good governance significantly and positively project planning and execution, operations, marketing strategy, financial planning and budgeting, human resource management, expansion strategy, and procurement of project materials. They further indicated that complying with corporate governance practices had enabled their respective companies achieve the set strategic goals and had resulted to improved project performance.

5.2.1 Technology and Water Project Performance

The study examined the influence of improved technology on performance of water projects in Tana Water Service Board. The study found that there is a positive relationship between the technology and performance of water projects. This means that any changes in technology would have a significant influence on the performance of water projects.

5.2.2 Training and Water Project Performance

Good governance enables a company to attract and retain qualified and competent human resource. Most of the WSPs were observed to have well educated and trained staff which could mean that the organization attracts well educated and trained employees arising from good human resource management and policies. This is deduced from the academic qualification of every respondent who took part in the study.

5.2.3 Monitoring and Evaluation and Water Project Performance

The study assessed the influence of monitoring and evaluation on performance of water projects in Tana Water Service Board. The study found that there is a positive relationship between monitoring and evaluation and performance of water projects. This implies that monitoring and evaluation should be a continuous process through the lifecycle of each water project to ensure the project meets the set goals and objectives.

5.2.4 Risk Audit and Water Project Performance

The study established the correlation between risk audit assessments and performance of water projects in Tana Water Service Board. The study found that there is a positive relationship between the risk audit assessments and performance of water projects. This means that regular risk audit assessments would have a significant influence the performance of water projects.

5.2.5 Leadership and Water Project Performance

The study findings showed an adverse effect of leadership and performance of water projects, which means that leadership capabilities of an individual should not be pegged on their academic level or years of experience. These findings concur with those of Rahman, et al. (2009), which

posits that higher academic qualifications and management experience in the construction project normally erodes competency of the manpower due to individual pride and complacency, making it more likely that the project will collapse before completion.

From the research findings, it is evident that good corporate governance practices in WSPs necessitated by technology, training, MandE, risk audit, and leadership provides conducive environment for performance of water projects initiated. The research found that WSPs that adhere to the practice of their internal corporate governance practiceshave well performing water projects that improve coverage and service delivery. This study therefore concluded that corporate governance practice drivers are an effective tool in enabling improve performance of water projects in TWSB.

5.3 Recommendations of the Study

In line with the findings as discussed in the above chapters of this study, it is evident that the practice of good governance immensely improves the performance of water projects and enhances the WSPs capacity to accomplish their set goals and objectives. This in turn improves their coverage and service delivery to water users. The study therefore recommends that all WSPs in Tana Water Service Board employ the use of advanced technology in their water projects, allow for on-job training for their staff to improve their skills further, ensure monitoring and evaluation is carried out throughout the life of each of the water projects undertaken, carry out frequent risk assessments and financial audits, as well as encouraging good leadership from the management.

5.6 Suggestions for Further Research

This study was assessing the drivers of corporate governance practices on performance of water projects in WSPs under Tana water service boards. The study therefore recommends that another

research be done to determine the effectiveness of leadership as a driver of corporate governance on performance of projects in all water utilities in the country.

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APPENDIX: LETTER OF TRANSMITTAL

DAVID KABERIA

P.O BOX 1183-

MERU, KENYA.

Dear Respondent,

RE: DRIVERS OF CORPORATE GOVERNANCE PRACTICES INFLUENCING PERFORMANCE OF WATER PROJECTS IN KENYA: CASE OF TANA WATER SERVICE BOARD

I am a student at the University of Nairobi and currently pursuing a course of study for the degree in Masters of Project Planning and Management. Pursuant to the pre-requisite course work, I am currently carrying out a study on factors influencing sustainable management of construction solid waste in Kenya. The focus of my research will be water projects in Water Service Providers under Tana Water Service Board.Respondents are not restricted to a certain set of answers. Statements in the research questionnaire are just guides through which you are requested to provide your opinions on the topic under study. Kindly note the data you provide will be used for research purpose only and your identity will be held confidential.

Thank you for your time.

Yours Faithfully,

David Kaberia

APPENDIX I: THE QUESTIONNAIRE

Part A: Background Information

A1.Name of respondent (Optional) _____

A2.Gender of respondent Male [ ] Female [ ]

A3.What is the name of your organization? _____

A4.What is your role in this organization (tick as only one applicable option)?

[ ] Director [ ] Middle-level Manager [ ] Other (Specify) _____

[ ] Senior Manager [ ] Non-Management Staff

A5.Which department or unit do you mainly work under (tick as only one applicable option)?

[ ] Production/Services [ ] Research and Development (RandD)

[ ] Audit and Risk Management [ ] Marketing (including the selling function)

[ ] Human Resource Management [ ] Accounting and Finance.

[ ] Other (Specify) _____

A6.How long in years have you worked with this organization? _____

A7.What is the highest level of education that you have attained?

Primary School [ ] Secondary School [ ]

Post-Secondary Diploma [ ] University Degree [ ]

Master Degree or higher [ ] PHD or higher [ ]

Other (specify) _____

Part B: Technology and performance of water projects in Tana Water Service Board

To what extent do you agree with the following statements about technology within your organization? (SD = Strongly Disagree, D = Disagree, N = Neutral, A= Agree, SA = Strongly Agree, N/A = Not applicable.)

Statement	**SD**	**D**	**N**	**A**	**SA**
B1. In my department/unit, people are encouraged to embrace technology in doing their work					
B2. All operations in my department/unit are automated and computerized.					
B3. One must have the technological know-how to be able to work in my department/unit					
B4. In my department/unit, every staff member has access to a computer or android phone					
B5. My department/unit spends a lot of money in setting up gadgets to ensure technological reprimands employees who do not to adhere to the set code of conduct					

Part C: Training and performance of water projects in Tana Water Service Board

To what extent do you agree with the following statements about training in your organization? (SD = Strongly Disagree, D = Disagree, N = Neutral, A= Agree, SA = Strongly Agree, N/A = Not applicable.)

Statement	**S**	**D**	**N**	**A**	**S**
C1. All members of the board/management team are involved in making key decisions on the leadership of the organization.					
C2. Every shareholder has a right to vote on the board membership during AGM.					
C3. The board and relevant sub-committees have clearly defined roles					
C4. The company differentiates what the board of directors can do and what the top management can do in running of the organization.					
C5. Every employee in the company has his/her job description clearly set out in writing.					

Part D: Monitoring and Evaluation and performance of water projects in Tana Water Service Board

To what extent do you agree with the following statements about monitoring and evaluation systems within your organization?

(SD = Strongly Disagree, D = Disagree, N = Neutral, A= Agree, SA = Strongly Agree)

Statement	**SD**	**D**	**N**	**A**	**SA**
D.1. My organization has appropriate systems of internal control, and performance reporting, which are regularly reviewed.					
D.2. The organization has an audit committee that monitors the integrity of the company's financial information.					
D.3. The audit committee assesses the quality of internal controls with the aim of identifying and managing risks related to compliance with regulations.					
D.4. The audit committee has been working on ensuring efficiency of the internal audit systems by evaluating actions taken by the management on recommendations from previous audits					
D.5. My organization leadership prudently protects the assets and property of the organization, and ensures they are used to deliver on our company objectives					

Part E: Risk Audit and performance of water projects in Tana Water Service Board

To what extent do you agree with the following statements about risk audit systems within your organization?

(SD = Strongly Disagree, D = Disagree, N = Neutral, A= Agree, SA = Strongly Agree)

Statement	SD	D	N	A	SA
E.1. My organization has appropriate systems of internal control, and performance reporting, which are regularly reviewed.					
E.2. The organization has an audit committee that monitors the integrity of the company's financial information.					
E.3. The audit committee assesses the quality of internal controls with the aim of identifying and managing risks related to compliance with regulations.					
E.4. The audit committee has been working on ensuring efficiency of the internal audit systems by evaluating actions taken by the management on recommendations from previous audits					
E.5. My organization leadership prudently protects the assets and property of the organization, and ensures they are used to deliver on our company objectives					

Part F: Leadership and performance of water projects in Tana Water Service Board

To what extent do you agree with the following statements about leadership within your organization?

(SD = Strongly Disagree, D = Disagree, N = Neutral, A= Agree, SA = Strongly Agree)

Statement	SD	D	N	A	SA
F.1. My organization has appropriate systems of internal control, and performance reporting, which are regularly reviewed.					

Statement	SD	D	N	A	SA
F.2. The organization has an audit committee that monitors the integrity of the company's financial information.					
F.3. The audit committee assesses the quality of internal controls with the aim of identifying and managing risks related to compliance with regulations.					
F.4. The audit committee has been working on ensuring efficiency of the internal audit systems by evaluating actions taken by the management on recommendations from previous audits					
F.5. My organization leadership prudently protects the assets and property of the organization, and ensures they are used to deliver on our company objectives					

Part G: Corporate governance practices and performance of water projects in Tana Water Service Board

To what extent do you agree with the following statements about moderating effect of corporate governance practices within your organization?

(SD = Strongly Disagree, D = Disagree, N = Neutral, A= Agree, SA = Strongly Agree)

Statement	SD	D	N	A	SA
G.1. My organization has appropriate systems of internal control, and performance reporting, which are regularly reviewed.					
G.2. The organization has an audit committee that monitors the integrity of the company's financial information.					

Statement	SD	D	N	A	SA
G.3. The audit committee assesses the quality of internal controls with the aim of identifying and managing risks related to compliance with regulations.					
G.4. The audit committee has been working on ensuring efficiency of the internal audit systems by evaluating actions taken by the management on recommendations from previous audits					
G.5. My organization leadership prudently protects the assets and property of the organization, and ensures they are used to deliver on our company objectives					

THANK YOU FOR TAKING TIME TO ANSWER THE QUESTIONS ABOVE

APPENDIX III: WORKPLAN

	2018				
Activities	**January**	**Februa r y**	**March**	**April**	**May**
Proposal Writing	XX		XX		
Pre-Testing Questionnaire			XX		
Proposal Defence					XX
Corrections					XX
Data collection					XX
Data Analysis					XX
Report writing and submission					XX
Project Defense					XX
Post-Defense corrections					XX
Final submission					XX